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H.426

Introduced by Representatives Surprenant of Barnard and Templeman of
Brownington

Referred to Committee on

Date:

Subject: Cannabis; licensed cannabis establishments; cannabis taxes

Statement of purpose of bill as introduced: This bill proposes to permit the
consumption of cannabis anywhere tobacco use is permitted; to increase the
amount of THC permissible in a single package of a cannabis product from 50
milligrams to 100 milligrams; to change the maximum amount of THC
permitted in a single serving of a cannabis product from 5 milligrams to 10
milligrams; to establish a delivery service license initially only available to
social equity applicants; to establish a special event host license to allow the
sale of cannabis to adult consumers for on-site consumption at private events;
to establish a temporary event provider license to allow the sale of cannabis to
adult consumers for on-site consumption, in an event lasting not more than
four days; to allow tier 1 and 2 cultivators to sell cannabis directly to
consumers; and set aside additional portions of the cannabis excise tax revenue
for the Cannabis Business Development Fund and communities that have been
disproportionately impacted by cannabis prohibition in addition to the existing

1 set aside, which would be expanded to cover substance misuse prevention and
2 harm reduction programming.

3 An act relating to the creation of new types of cannabis establishment licenses
4 and the provision of cannabis excise tax revenue to the Cannabis Business
5 Development Fund, communities that have been disproportionately impacted
6 by cannabis prohibition, and substance misuse treatment

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

8 * * * Use of Cannabis in a Public Place* * *

9 Sec. 1. 7 V.S.A. § 831 is amended to read:

10 § 831. DEFINITIONS

11 As used in this chapter:

12 * * *

13 (6) ~~“Public place” means any street, alley, park, sidewalk, public~~
14 ~~building other than individual dwellings, any place of public accommodation~~
15 ~~as defined in 9 V.S.A. § 4501, and any place where the use or possession of a~~
16 ~~lighted tobacco product, tobacco product, or tobacco substitute is prohibited by~~
17 ~~law pursuant to 18 V.S.A. chapter 37. [Repealed]~~

18 Sec. 2. 7 V.S.A. § 833 is amended to read:

19 § 833. ~~CONSUMPTION~~ USE OF CANNABIS IN A PUBLIC PLACE

20 (a) No person shall ~~consume~~ possess lighted cannabis or use flavored oil
21 cannabis products sold prepackaged for use with battery-powered devices in a

1 ~~public place unless specifically authorized by law~~ any place where the use or
2 possession of a lighted tobacco product, tobacco product, or tobacco substitute
3 is prohibited by law pursuant to 18 V.S.A. chapter 37. Violations shall be
4 punished in accordance with 18 V.S.A. § 4230a.

5 (b) This section shall not apply to a location where cannabis is served in
6 compliance with a special event provider licensee or temporary event host
7 licensee.

8 * * * Definitions in Cannabis Establishment Chapter * * *

9 Sec. 3. 7 V.S.A. § 861 is amended to read:

10 § 861. DEFINITIONS

11 As used in this chapter:

12 * * *

13 (8) “Cannabis establishment” means a cannabis cultivator, wholesaler,
14 product manufacturer, retailer, testing laboratory, ~~or~~ integrated licensee,
15 delivery licensee, temporary event provider, or special event host licensed by
16 the Board to engage in commercial cannabis activity in accordance with this
17 chapter.

18 * * *

19 (31) “Special events provider” means a person licensed by the Board to
20 sell cannabis to adult consumers for on-site consumption at private events
21 lasting not more than one week, in accordance with this chapter.

1 (i) cannabis products that are not consumable, including topical
2 preparations; and

3 (ii) cannabis products sold to a dispensary pursuant to ~~18 V.S.A.~~
4 ~~chapter 86~~ chapter 37 of this title and rules ~~adopted pursuant to that chapter;~~

5 * * *

6 (8) Rules concerning delivery services shall include:

7 (A) secure storage of cannabis, cannabis products, and cash in a
8 delivery vehicle; and

9 (B) requirements for proper verification of age of customers and
10 confirmation of Registry status for patients and caregivers.

11 (9) Rules concerning special event providers shall include:

12 (A) limits on the quantity of cannabis that can be provided to each
13 consumer for on-site consumption;

14 (B) requirements for appropriate tax collection;

15 (C) a requirement that materials are posted on-site regarding the
16 hazards of driving while impaired by cannabis;

17 (D) procedures to prevent overconsumption by patrons, including
18 training requirements for staff to recognize the signs of overconsumption of
19 cannabis;

1 (E) requirements to ensure cannabis is only served on a single-
2 serving basis, to adults 21 years of age and older, by a registered employee of
3 the vendor;

4 (F) requirements to ensure that only adults 21 years of age and older
5 are admitted to any areas where cannabis is smoked or vaporized;

6 (G) protections to limit staff from being exposed to cannabis smoke
7 indoors;

8 (H) a requirement that the special event provider provide to the
9 Board prior to an event the location where cannabis is to be served, the
10 quantity of cannabis to be served, and whether individuals under 21 years of
11 age will be present; and

12 (I) a requirement that the licensee indicate in its operating plan
13 whether food, beverages, or entertainment is planned or will be offered at
14 events.

15 (10) Rules concerning temporary event hosts shall include:

16 (A) requirements to ensure proper ventilation;

17 (B) limits on the quantity of cannabis that can be provided to each
18 consumer for on-site consumption;

19 (C) requirements for appropriate tax collection;

20 (D) a requirement that materials are posted on-site regarding the
21 hazards of driving while impaired by cannabis;

1 cannabis establishment license not later than March 1, 2024 and begin issuing
2 delivery service licenses not later than April 1, 2024.

3 (2) If at any time the Board determines that the number of qualified
4 social equity applicants is not sufficient to meet the needs of other licensees,
5 the Board may open the application process to social equity applicants who
6 hold another cannabis establishment license for a period of time the Board
7 deems necessary.

8 (3) The Board shall begin accepting delivery service applications from
9 any applicant regardless of social equity status or other cannabis license
10 holdings not later than January 1, 2030.

11 Sec. 6. 7 V.S.A. § 909b is added to read:

12 § 909b. SPECIAL EVENT PROVIDER LICENSE

13 A special event provider licensed under this chapter may:

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

17 (2) transport, process, package, and sell cannabis and cannabis products
18 to attendees of special events.

19 Sec. 7. TEMPORARY EVENT HOST LICENSE

20 A temporary event host licensed under this chapter may:

1 (e) For petitions filed pursuant to subdivision (a)(1)(B) of this section for a
2 conviction for possession or dispensing of a regulated drug under 18 V.S.A.
3 chapter 84, subchapter 1 in an amount that is no longer prohibited by law or for
4 which criminal sanctions have been removed:

5 (1) The petitioner shall bear the burden of establishing that ~~his or her~~ the
6 petitioner's conviction was based on possessing or dispensing an amount of
7 regulated drug that is no longer prohibited by law or for which criminal
8 sanctions have been removed.

9 (2) There shall be a rebuttable presumption that the amount of the
10 regulated drug specified in the affidavit of probable cause associated with the
11 petitioner's conviction was the amount possessed or dispensed by the
12 petitioner.

13 * * *

14 * * * Cannabis Excise Tax Revenue for

15 Substance Misuse Prevention and Harm Reduction Programming * * *

16 * * * Fiscal Years 2024 and 2025 * * *

17 Sec. 10. 32 V.S.A. § 7909 is amended to read:

18 § 7909. SUBSTANCE MISUSE PREVENTION AND HARM REDUCTION
19 PROGRAMMING FUNDING

20 (a) Thirty percent of the ~~revenues raised by the cannabis excise tax~~
21 ~~imposed by section 7902 of this title, not to exceed \$10,000,000.00 per fiscal~~

1 year, unexpended and unobligated balance of the Cannabis Regulation Fund
2 that is transferred to the General Fund pursuant to 7 V.S.A. § 845(d)(1) shall
3 be used to fund substance misuse prevention, harm reduction, and treatment
4 programming in the subsequent fiscal year.

5 (b) If any General Fund appropriations for substance misuse prevention,
6 harm reduction, and treatment programming remain unexpended at the end of a
7 fiscal year, that balance shall be carried forward and shall only be used for the
8 purpose of funding substance misuse prevention, harm reduction, and
9 treatment programming in the subsequent fiscal year.

10 (c) Any appropriation balance carried forward pursuant to subsection (b) of
11 this section shall be in addition to revenues allocated for substance misuse
12 prevention, harm reduction, and treatment programming pursuant to subsection
13 (a) of this section.

14 Sec. 11. REPEAL

15 2022 Acts and Resolves No. 185, Sec. E.240.2 is repealed.

16 Sec. 12. 2022 Acts and Resolves No.185, Sec. H.100(d) is amended to read:

17 (d) Secs. E.240.1 (7 V.S.A. § 845); ~~E.240.2 (32 V.S.A. § 7909)~~; E.702
18 (Fish and Wildlife); F.100(b), F.101(b), F.102(b) and F.103 (Executive
19 Branch; Exempt Employees, Misc. Statutory Salaries; Fiscal Year 2024);
20 F.104–106 (Judicial Branch; Statutory Salaries, Fiscal Year 2024); F.107
21 (Sheriffs, Statutory Salaries, Fiscal Year 2024); F.108 (State’s Attorney’s;

1 Statutory Salaries; Fiscal Year 2024); and Secs. F.109(a)(2), F.109(b)(3), and
2 F.109(c)(2) (Appropriations; Fiscal Year 2024) shall take effect on July 1,
3 2023.

4 * * * Commencing in Fiscal Year 2026 * * *

5 Sec. 13. 32 V.S.A. § 7909(a) is amended to read:

6 (a) Thirty percent of the ~~unexpended and unobligated balance of the~~
7 ~~Cannabis Regulation Fund that is transferred to the General Fund pursuant to 7~~
8 ~~V.S.A. § 845(d)(1), not to exceed \$10,000,000.00 per fiscal year, revenues~~
9 raised by the cannabis excise tax imposed by section 7902 of this title shall be
10 used to fund substance misuse prevention, harm reduction, and treatment
11 programming in the subsequent fiscal year.

12 Sec. 14. REPEAL

13 2022 Acts and Resolves No. 185, Sec. E.240.6 is repealed.

14 Sec. 15. 2022 Acts and Resolves No. 185, Sec. H.100(b) is amended to read:

15 (b) ~~Secs. Sec. E.240.5 (7 V.S.A. § 845) and E.240.6 (32 V.S.A. § 7909(a))~~
16 shall take effect on July 1, 2025.

17 * * * Cannabis Excise Tax Revenue for the

18 Cannabis Business Development Fund * * *

19 * * * Fiscal Years 2024 and 2025 * * *

20 Sec. 16. 7 V.S.A. § 987 is amended to read:

21 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

1 (a) There is established the Cannabis Business Development Fund, which
2 shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

3 (b) The Fund shall comprise:

4 (1) a one-time contribution of \$50,000.00 per integrated license to be
5 made on or before October 15, 2022; ~~and~~

6 (2) monies allocated to the fund by the General Assembly; and

7 (3) 20 percent of the unexpended and unobligated balance of the
8 Cannabis Regulation Fund that is transferred to the General Fund pursuant to
9 subdivision 845(d)(1) of this title.

10 * * *

11 * * * Commencing in Fiscal Year 2026 * * *

12 Sec. 17. 7 V.S.A. § 987(b)(3) is amended to read:

13 (3) ~~20 percent of the unexpended and unobligated balance of the~~
14 ~~Cannabis Regulation Fund that is transferred to the General Fund pursuant to~~
15 ~~subdivision 845(d)(1) of this title~~ a portion of revenues raised by the cannabis
16 excise tax imposed by 32 V.S.A. § 7902 and transferred pursuant to 32 V.S.A.
17 § 7910.

18 Sec. 18. 32 V.S.A. § 7910 is added to read:

19 § 7910. CANNABIS BUSINESS DEVELOPMENT FUND

1 Twenty percent of the revenues raised by the cannabis excise tax imposed
2 by section 7902 of this title is transferred to the Cannabis Business
3 Development Fund established pursuant to 7 V.S.A. § 987.

4 * * * Cannabis Excise Tax Revenue for

5 Communities Disproportionately Impacted by Cannabis Prohibition * * *

6 * * * Fiscal Years 2024 and 2025 * * *

7 Sec. 19. 32 V.S.A. § 7911 is added to read:

8 § 7911. FUNDING FOR COMMUNITIES THAT HAVE BEEN

9 DISPROPORTIONATELY IMPACTED BY CANNABIS

10 PROHIBITION

11 (a) As used in this section, “communities that have been disproportionately
12 impacted by cannabis prohibition” means a census tract or comparable
13 geographic area that meets at least one of the following criteria:

14 (1) a designated Vermont Opportunity Zone;

15 (2) the area has a poverty rate of at least 20 percent according to the
16 latest federal decennial census;

17 (3) 75 percent or more of the children in the area participate in the
18 federal free lunch program according to reported statistics from the State Board
19 of Education;

20 (4) at least 20 percent of the households in the area receive assistance
21 under the Supplemental Nutrition Assistance Program; or

1 (5) the area has high rates of arrest, conviction, and incarceration related
2 to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

3 (b) Ten percent of the unexpended and unobligated balance of the Cannabis
4 Regulation Fund that is transferred to the General Fund pursuant to 7 V.S.A.
5 § 845(d)(1) shall be distributed by the Cannabis Control Board as grants to
6 communities that have been disproportionately impacted by cannabis
7 prohibition in the subsequent fiscal year.

8 (c) If any General Fund appropriations for grants to communities that have
9 been disproportionately impacted by cannabis prohibition remain unexpended
10 at the end of a fiscal year, that balance shall be carried forward and shall only
11 be used for the purpose of funding grants to communities that have been
12 disproportionately impacted by cannabis prohibition in the subsequent fiscal
13 year.

14 (d) Any appropriation balance carried forward pursuant to subsection (c) of
15 this section shall be in addition to revenues allocated for grants to communities
16 that have been disproportionately impacted by cannabis prohibition pursuant to
17 subsection (b) of this section.

18 * * * Commencing in Fiscal Year 2026 * * *

19 Sec. 20. 32 V.S.A. § 7911(b) is amended to read:

20 (b) Ten percent of the ~~unexpended and unobligated balance of the Cannabis~~
21 ~~Regulation Fund that is transferred to the General Fund pursuant to 7 V.S.A. §~~

1 ~~845(d)(1)~~ revenues raised by the cannabis excise tax imposed by section 7902
2 of this title shall be distributed by the Cannabis Control Board as grants to
3 communities that have been disproportionately impacted by cannabis
4 prohibition in the subsequent fiscal year.

5 * * * Effective Dates * * *

6 Sec. 21. EFFECTIVE DATES

7 (a) Secs. 13 (32 V.S.A. § 7909(a), cannabis excise tax revenue for
8 substance misuse starting in fiscal year 2026); 17 (7 V.S.A. § 987(b)(3),
9 cannabis excise tax revenue for the Cannabis Business Development Fund);
10 18 (32 V.S.A. § 7910, cannabis excise tax revenue for the Cannabis Business
11 Development Fund); and 20 (32 V.S.A. § 7911(b), cannabis excise tax revenue
12 for communities that have been disproportionately impacted by cannabis
13 prohibition) shall take effect on July 1, 2025.

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