TO THE HOUSE OF REPRESENTATIVES:

The Committee on Government Operations and Military Affairs to which
was referred House Bill No. 612 entitled “An act relating to miscellaneous
cannabis amendments” respectfully reports that it has considered the same and
recommends that the bill be amended by striking out all after the enacting
clause and inserting in lieu thereof the following:

Sec. 1. 6 V.S.A. § 562(4) is amended to read:

(4)(A) “Hemp products” or “hemp-infused products” means all products
with the federally defined tetrahydrocannabinol concentration level for hemp
derived from, or made by, processing hemp plants or plant parts, which are
prepared in a form available for commercial sale, including cosmetics,
personal care products, food intended for animal or human consumption, cloth,
cordage, fiber, fuel, paint, paper, construction materials, plastics, and any
product containing one or more hemp-derived cannabinoids, such as
cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), “hemp
products” and “hemp-infused products” do not include any substance,
manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by
administrative rule of the Cannabis Control Board; or
(ii) contains more than 0.3 percent total tetrahydrocannabinol on a dry-weight basis.

(C) A hemp-derived product or substance that is excluded from the definition of “hemp products” or “hemp-infused products” pursuant to subdivision (B) of this subdivision (4) shall be considered a cannabis product as defined by 7 V.S.A. § 831(3); provided, however, that a person duly licensed or registered by the Cannabis Control Board lawfully may possess such products in conformity with the person’s license or hemp processor registration.

Sec. 2. 7 V.S.A. § 861(18) is amended to read:

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

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

§ 868. PROHIBITED PRODUCTS

(a) Except as provided in section 907 of this title relating to a retailer with a medical endorsement, the following are prohibited products and may
not be cultivated, produced, or sold pursuant to a license issued under this chapter:

   (1) cannabis flower with greater than 30 percent tetrahydrocannabinol;
   (2) flavored oil cannabis products sold prepackaged for use with battery-powered devices and any cannabis flower that contains characterizing flavor that is not naturally occurring in the cannabis;
   (3) cannabis products that contain delta-9 tetrahydrocannabinol and nicotine or alcoholic beverages; and
   (4) any cannabis, cannabis products, or packaging of such items that are designed to make the product more appealing to persons under 21 years of age.

   (b)(1) Except as provided by subdivision (2) of this subsection and in section 907 of this title relating to a retailer with a medical endorsement, solid and liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol may be produced by a licensee and sold to another licensee in accordance with subchapter 3 of this chapter but shall not be sold to the public by a licensed retailer or integrated licensee.

   (2) Liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol that are prepackaged for use with battery-powered devices shall be permitted to be sold to the public by a licensed retailer or integrated licensee.
Sec. 4. 7 V.S.A. § 881 is amended to read:

§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

(a) The Board shall adopt rules to implement and administer this chapter in accordance with subdivisions (1)–(8) of this subsection.

(1) Rules concerning any cannabis establishment shall include:

(A) the form and content of license and renewal applications;

(B) qualifications for licensure that are directly and demonstrably related to the operation of a cannabis establishment, including:

(i) a requirement to submit an operating plan, which shall include information concerning:

(I) the type of business organization, the identity of its controlling owners and principals, and the identity of the controlling owners and principals of its affiliates; and

(II) the sources, amount, and nature of its capital, assets, and financing; the identity of its financiers; and the identity of the controlling owners and principals of its financiers;

(ii) a requirement to file an amendment to its operating plan in the event of a significant change in organization, operation, or financing; and

(iii) the requirement for a fingerprint-based criminal history record check and regulatory record check pursuant to section 883 of this title;
(C) oversight requirements, including provisions to ensure that a
licensed establishment complies with State and federal regulatory requirements
governing insurance, securities, workers’ compensation, unemployment
insurance, and occupational health and safety;

(D) inspection requirements;

(E) records to be kept by licensees and the required availability of the
records;

(F) employment and training requirements;

(G) security requirements, including any appropriate lighting,
physical security, video, and alarm requirements;

(H) health and safety requirements;

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

(J) procedures for seed-to-sale traceability of cannabis, including any
requirements for tracking software;

(K) regulation of the storage and transportation of cannabis;

(L) sanitary requirements;
(M) procedures for the renewal of a license, which shall allow renewal applications to be submitted up to 90 days prior to the expiration of the cannabis establishment’s license;

(N) procedures for suspension and revocation of a license;

(O) requirements for banking and financial transactions, including provisions to ensure that the Board, the Department of Financial Regulation, and financial institutions have access to relevant information concerning licensed establishments to comply with State and federal regulatory requirements;

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

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

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

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

(iv) any other requirements, conditions, or limitations on the type or amount of loans or capital investments made by a financier or its affiliates, which the Board, in consultation with the Department of Financial Regulation,
determines are necessary to protect the public health, safety, and general
welfare;

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

(R) advertising and marketing; and

(S) requirements for cannabis control testing of hemp, hemp-infused
products, cannabis, and cannabis products.

* * *

(5) Rules concerning retailers shall include:

(A) requirements for proper verification of age of customers;

(B) restrictions that cannabis shall be stored behind a counter or other
barrier to ensure a customer does not have direct access to the cannabis;

(C) requirements that if the retailer sells hemp or hemp products, the
hemp and hemp products are clearly labeled as such;

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

(E) requirements and procedures for facility inspection to occur at
least annually;
(F) location or siting requirements that increase the geographic distribution of new cannabis retail establishments based on population and market needs; and

(G) requirements for a medical use endorsement.

* * *

Sec. 5. 7 V.S.A. § 907 is amended to read:

§ 907. RETAILER LICENSE

(a) A retailer licensed under this chapter may:

(1) purchase cannabis and cannabis products from a licensed cannabis establishment; and

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

(b) In a single transaction, a retailer may provide one ounce of cannabis or the equivalent in cannabis products, or a combination thereof, to a person 21 years of age or older upon verification of a valid government-issued photograph identification card.

(c)(1) Packaging shall include:

(A) the strain and variety of cannabis contained;

(B) the potency of the cannabis represented by the amount of tetrahydrocannabinol and cannabidiol in milligrams total and per serving;
(C) a “produced on” date reflecting the date that the cultivator finished producing the cannabis;

(D) appropriate warnings as prescribed by the Board in rule; and

(E) any additional requirements contained in rules adopted by the Board in accordance with this chapter.

(2) Packaging shall not be designed to appeal to persons under 21 years of age.

(d) A retailer shall display a safety information flyer at the point of purchase and offer a customer a copy of the flyer with each purchase. A retailer shall inform the customer that if the customer elects not to receive the flyer, the information contained in the flyer is available on the website for the Board. The flyer shall be developed by the Board in consultation with the Department of Health, posted on the Board’s website, and supplied to the retailer free of charge. At a minimum, the flyer or flyers shall contain information concerning the methods for administering cannabis, the amount of time it may take for cannabis products to take effect, the risks of driving under the influence of cannabis, the potential health risks of cannabis use, the symptoms of problematic usage, how to receive help for cannabis abuse, and a warning that cannabis possession is illegal under federal law.

(e) Delivery of cannabis to customers is prohibited, except as provided in subsection (f) of this section.
(f) A retailer may obtain a medical-use endorsement in compliance with rules adopted by the Board and the endorsement shall permit the retailer to:

(1) sell tax-free cannabis and cannabis products to registered patients directly or through their registered caregivers:

   (A) that are otherwise prohibited for sale to non-medical customers pursuant to subdivisions 868(a)(1) and (b)(1) of this title;

   (B) that are otherwise prohibited for sale to non-medical customers if they are determined to be appropriate for use by a registered patient as determined by the Board through rulemaking; and

   (C) quantities in excess of the single transaction limit in subsection (b) of this section provided they do not exceed the per patient possession limit in section 952 of this title.

(2) deliver cannabis and cannabis products to registered patients directly or through their registered caregivers; and

(3) allow registered patients to purchase directly or through their registered caregivers cannabis and cannabis products without leaving their vehicles.

Sec. 6. 7 V.S.A. § 910 is amended to read:

§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

The following fees shall apply to each person or product licensed by the Board:
(4) Retailers.

(A) Retailers that sell cannabis and cannabis products to consumers shall be assessed an annual licensing fee of $10,000.00.

(B) Retailers that include a medical-use endorsement shall be assessed an annual licensing fee of $10,250.00.

Sec. 7. 7 V.S.A. § 951(8) is amended to read:

(8) “Qualifying medical condition” means:

(A) cancer, multiple sclerosis, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, glaucoma, Crohn’s disease, Parkinson’s disease, post-traumatic stress disorder, ulcerative colitis, or the treatment of these conditions, if the disease or the treatment results in severe, persistent, and intractable symptoms; or

(B) a disease or medical condition or its treatment that is chronic, debilitating, and produces one or more of the following intractable symptoms: cachexia or wasting syndrome, chronic pain, severe nausea, or seizures.

Sec. 8. 7 V.S.A. § 955 is amended to read:

§ 955. REGISTRATION; FEES

(a) A registration card shall expire one year after the date of issuance for patients with a qualifying medical condition of chronic pain and the caregivers
who serve those patients. For all other patients and the caregivers who serve
those patients, a registration card shall expire three years after the date of
issuance. A patient or caregiver may renew the card according to protocols
adopted by the Board.

(b) The Board shall charge and collect a $50.00 registration and renewal
fee for patients and caregivers. Fees shall be deposited in the Cannabis
Regulation Fund as provided in section 845 of this title.

Sec. 9. 7 V.S.A. § 977 is amended to read:

§ 977. FEES

(a) The Board shall charge and collect the following fees for dispensaries:

(1) a one-time $2,500.00 application fee;

(2) a $20,000.00 registration fee for the first year of operation;

(3) an annual renewal fee of $25,000.00 for a subsequent year of
operation; and

(4) an annual Registry identification or renewal card fee of $50.00 to
be paid by the dispensary for each owner, principal, financier, and employee of
the dispensary.

(b) Fees shall be deposited in the Cannabis Regulation Fund as provided in
section 845 of this title.

Sec. 10. 7 V.S.A. § 978(f) is amended to read:
(f) The Board may charge and collect fees for review of advertisements.

[Repealed.]

Sec. 11. 18 V.S.A. § 4230(d) is amended to read:

(d) Cannabis-infused cannabis-infused products. Only the portion of a cannabis-infused product that is attributable to cannabis shall count toward the possession limits of this section. The weight of cannabis that is attributable to cannabis-infused products shall be determined according to methods set forth in rule by the Department of Public Safety in accordance with chapter 86 of this title (therapeutic use of cannabis) Cannabis Control Board.

Sec. 12. 20 V.S.A. § 2730(b) is amended to read:

(b) The term “public building” does not include:

* * *

(5) A farm building that is used in the outdoor cultivation of cannabis by a person licensed pursuant to 7 V.S.A. chapter 33 in accordance with such chapter and related rules.

Sec. 13. 32 V.S.A. § 7902 is amended to read:

§ 7902. CANNABIS EXCISE TAX

(a) There is imposed a cannabis excise tax equal to 14 percent of the sales price of each retail sale in this State of cannabis and cannabis products, including food or beverages.
(b) The tax imposed by this section shall be paid by the purchaser to the
retailer or integrated licensee. Each retailer or integrated licensee shall collect
from the purchaser the full amount of the tax payable on each taxable sale.

(c) The tax imposed by this section is separate from and in addition to the
general sales and use tax imposed by chapter 233 of this title. The tax imposed
by this section shall not be part of the sales price to which the general sales and
use tax applies. The cannabis excise tax shall be separately itemized from the
general sales and use tax on the receipt provided to the purchaser.

(d) The following sales shall be exempt from the tax imposed under this
section:

   (1) sales under any circumstances in which the State is without power to
       impose the tax; and

   (2) sales made by any dispensary as authorized under 7 V.S.A. chapter
       37 or any retailer licensed with a medical-use endorsement as authorized under
       7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold
       only to registered qualifying patients directly or through their registered
       caregivers. A retailer that sells cannabis or cannabis products that are exempt
       from tax pursuant to this subdivision shall retain information pertaining to each
       exempt transaction as required by the Commissioner of Taxes.

Sec. 14. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED
Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title:

* * *

(55) Cannabis and cannabis products, as defined under 7 V.S.A. § 831, sold by any dispensary as authorized under 7 V.S.A. chapter 37 or any retailer licensed with a medical-use endorsement as authorized under 7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold only to registered qualifying patients directly or through their registered caregivers. A retailer that sells cannabis or cannabis products that are exempt from tax pursuant to this subdivision shall retain information pertaining to each exempt transaction as required by the Commissioner of Taxes.

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Sec. 15. TRANSFER AND APPROPRIATION

Notwithstanding 7 V.S.A. § 845(c), in fiscal year 2025:

(1) $500,000.00 is transferred from the Cannabis Regulation Fund established pursuant to 7 V.S.A. § 845 to the Cannabis Business Development Fund established pursuant to 7 V.S.A. § 987; and

(2) $500,000.00 is appropriated from the Cannabis Business Development Fund to the Agency of Commerce and Community Development
to fund technical assistance and provide loans and grants pursuant to 7 V.S.A. § 987.

Sec. 16. CULTIVATOR LICENSE MORATORIUM

(a) Notwithstanding 2020 Acts and Resolves No. 164, Sec. 8, except as provided in subsection (b) of this section, the Board shall not issue any new cultivator licenses between July 1, 2024 and July 1, 2026, but may renew the licenses of cultivators who meet the requirements under law.

(b) The Board may accept applications for new cultivator licenses November 1 through November 30, 2024 and shall act on such applications no later than March 1, 2025.

Sec. 17. EFFECTIVE DATES

Sec. 6 shall take effect on July 1, 2025, and the remainder of the act shall take effect on passage.

(Committee vote: ____________)
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Representative __________

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FOR THE COMMITTEE