

1. TITLE OF RULE FILING:

Rule 1: Licensing of Cannabis Establishments

2. PROPOSED NUMBER ASSIGNED BY THE SECRETARY OF STATE

23P011

3. ADOPTING AGENCY:

Cannabis Control Board

4. PRIMARY CONTACT PERSON:

(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).

Name: Gabriel M. Gilman

Agency: Cannabis Control Board

Mailing Address: 89 Main Street, Montpelier, VT 05620-7001

Telephone: (802) 261-1510 Fax:

E-Mail: gabriel.gilman@vermont.gov

Web URL *(WHERE THE RULE WILL BE POSTED)*:

<https://ccb.vermont.gov/>

5. SECONDARY CONTACT PERSON:

(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).

Name: Kimberley Lashua

Agency: Cannabis Control Board

Mailing Address: 89 Main Street, Montpelier, VT 05620-7001

Telephone: (802) 836-7708 Fax:

E-Mail: kimberley.lashua@vermont.gov

6. RECORDS EXEMPTION INCLUDED WITHIN RULE:

(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?) Yes

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

7 V.S.A. § 901a

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

The exemption keeps information confidential that is related to public safety, security, transportation, and trade secrets in order to keep citizens safe and participants in the cannabis industry on a fair commercial playing field.

7. LEGAL AUTHORITY / ENABLING LEGISLATION:

(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).

7 V.S.A. §§ 843(a) (creating the Cannabis Control Board; 843(b) (1) (charging the Board with rulemaking); 843(c) (1) (providing that the Board shall have a chair).

8. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:

The rule responds directly to statutory directives to adopt rules pertaining to designated topics set out in statute, to include 7 V.S.A. §§ 865 (education), 866 (youth), 881 (retail establishments generally, cultivators, manufacturers, wholesalers, retailers, and testing laboratories), 883 (background checks), 884 (identification cards), 901 (licenses), 902 (applications), 903 (prioritization), 904 (cultivation), 907 (retail).

9. THE FILING HAS CHANGED SINCE THE FILING OF THE PROPOSED RULE.

10. THE AGENCY HAS INCLUDED WITH THIS FILING A LETTER EXPLAINING IN DETAIL WHAT CHANGES WERE MADE, CITING CHAPTER AND SECTION WHERE APPLICABLE.

11. SUBSTANTIAL ARGUMENTS AND CONSIDERATIONS WERE RAISED FOR OR AGAINST THE ORIGINAL PROPOSAL.

12. THE AGENCY HAS INCLUDED COPIES OF ALL WRITTEN SUBMISSIONS AND SYNOPSES OF ORAL COMMENTS RECEIVED.

13. THE AGENCY HAS INCLUDED A LETTER EXPLAINING IN DETAIL THE REASONS FOR THE AGENCY'S DECISION TO REJECT OR ADOPT THEM.

14. CONCISE SUMMARY (150 WORDS OR LESS):

Rule 1 regulates the licensing of any person or entity that seeks to participate in the legal market for cannabis. The rule explains Vermont's tiered cannabis licensure system; the essential requirements to obtain the various licenses the Board administers; and background check requirements, presumptively disqualifying convictions, and how to overcome a presumption of disqualification. The rule further explains how license applications are prioritized, establishes a system for issuing identification cards,

and sets out what is required of licensees when material changes are planned in their ownership, location, or operations. Proposed amendments clarify ambiguous definitions, address high-THC hemp-derived products, recognize a new extraction method, announce a standard for determining when an individual has overcome presumptive disqualification, and make other updates reflecting maturation of the new cannabis marketplace.

15. EXPLANATION OF WHY THE RULE IS NECESSARY:

The Cannabis Control Board is charged with implementing and regulating a legal market for cannabis in Vermont. This rule is necessary to implement and regulate that market. Although Title 7, chapter 31 provides a robust statutory architecture for cannabis licensing, that architecture must be supplemented through administrative rulemaking in order to provide clarity and transparency as to the detailed administrative mechanics by which the cannabis licensing program is operationalized by the Board.

16. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY:

This is not a new rule, but rather a set of amendments to an existing rule. There is extensive factual basis for these rule amendments, the rule amendments are rationally connected to the factual basis, and the Board believes the rule amendments makes sense to a reasonable person.

In formulating these rules the Board received extensive information from agencies with expertise on relevant portions, incorporated the experience of other states in implementing and regulating their own cannabis markets, and considered input from many prospective market participants and others who are affected by the cannabis market in Vermont.

The decisions embodied by these amendments are directly and rationally connected to the input the Board has received. The decisions made by the Board in drafting this rule will make sense to a reasonable person.

**17. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES
AFFECTED BY THIS RULE:**

This rule most directly affects persons and entities seeking to become licensed cannabis establishments in Vermont. It also affects individuals who seek to participate in the legal cannabis market as consumers, businesses that may service the cannabis industry, the Health Department, the Agency of Agriculture, Food, and Markets, the Board of Natural Resources, the Agency of Natural Resources, and others.

18. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):

On the whole, these rule amendments will have limited economic impact. Most are technical and will have no economic impact; three reasonably might be expected to have material impact to some stakeholders. The first relevant amendment will increase the economic viability of outdoor cannabis cultivators by allowing a limited use of lighting in the spring to lengthen the growing season. The second relevant amendment will lower compliance costs for Board licensees that alter their ownership structure. And the third relevant amendment will require manufacturers of hemp-derived edible products be licensed by the Board if they produce edibles with potentially intoxicating amounts of tetrahydrocannabinol (THC). This is an essential public safety measure to ensure that intoxicating THC products are regulated by the Board, in accordance with legislative intent.

19. A HEARING WAS HELD.

20. HEARING INFORMATION

(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION.

Date: 5/10/2023

Time: 10:00 AM

Street Address: 89 Main Street, Montpelier, VT

Zip Code: 05620-7001

Date: 5/15/2023

Time: 06:00 PM
Street Address: 89 Main Street, Montpelier, VT
Zip Code: 05620-7001

Date:
Time: AM
Street Address:
Zip Code:

Date:
Time: AM
Street Address:
Zip Code:

21. **DEADLINE FOR COMMENT (NO EARLIER THAN 7 DAYS FOLLOWING LAST HEARING):**

5/22/2023

KEYWORDS (PLEASE PROVIDE AT LEAST 3 KEYWORDS OR PHRASES TO AID IN THE SEARCHABILITY OF THE RULE NOTICE ONLINE).

Cannabis
Cannabis Control Board
Cannabis Establishment
Licensing
Licensing Cannabis Establishments



VERMONT

CANNABIS CONTROL BOARD

89 Main Street Montpelier, VT 05602 | ccb.vermont.gov

August 15, 2023

General Assembly
Legislative Committee on Administrative Rules
State House Room 10
115 State Street
Montpelier, Vermont 05633-5301

Re: 23P011–Rule 1: Licensing of Cannabis Establishments

Chair Squirrel and Members:

Herewith, please find the Cannabis Control Board's final proposed rule filing concerning the rule captioned above.

The rule is the product of substantial public outreach and incorporates feedback received not only at two public rule hearings, but also at multiple CCB meetings and outreach events since. To ensure all participants had an opportunity to comment upon proposals to amend the rule, the Board republished an intermediate draft and held open the public comment period until the July meeting at which the final text was approved.

In keeping with conventional practice, this rule is filed with markup comparing it to the adopted rule it proposes to amend. Markup comparing the initial proposed rule to the final proposed rule is available at your request, as are recordings of the public hearings and boards hearings at which the rule was discussed.

Please do not hesitate to contact me at the number below if the members or staff have questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'G. Gilman', written over a horizontal line.

Gabriel M. Gilman
General Counsel
tel. 802.261.1510
gabriel.gilman@vermont.gov



VERMONT

CANNABIS CONTROL BOARD

89 Main Street Montpelier, VT 05602 | ccb.vermont.gov

August 15, 2023

General Assembly
Legislative Committee on Administrative Rules
State House Room 10
115 State Street
Montpelier, Vermont 05633-5301

Re: 23P011—Amendments Following Initial Proposed Rule Filing

Chair Squirrel and Members:

The proposed rule filed herewith has been amended since filing with the Secretary of State. Amendments were provoked by stakeholder feedback received during the notice and comment period and by internal editorial and legal review.

Each amendment is listed and explained below. Pursuant to 3 V.S.A. § 841(b)(2) explanatory notes identify substantial arguments that were accommodated or overruled.

Section: 1.1.4(b)

Change: Applicability section amended to reflect Board's new statutory responsibility for synthetic and hemp-derived cannabinoids. See 7 V.S.A. § 862a (eff. May 1, 2022).

Reason: Technical.

Known Objections: None.

Section: 1.3.3(a)

Change: Section concerning Tier 3 manufacturers amended to clarify that hydrocarbon extraction must occur in a building under DFS jurisdiction.

Reason: Clarification and consistency. Smaller manufacturers are separately prohibited from using hydrocarbon extraction in buildings outside DFS jurisdiction.

Known Objections: None.

Section: 1.3.4

Change: Amended to clarify that tier changes may be sought at any time, not just at annual renewal.

Reason: Requested by commenter. Accurately reflects existing office policy and improves flexibility for licensees.

Known Objections: None.

Section: 1.9

Change: Subsections The former (b) and (e) have been stricken.

Reason: Provisions concerning contribution to the cannabis business development fund and sourcing from Tier 1 cultivators were pertinent to the startup of the regulated adult-use market but are unnecessary now that the market is operating.

Known Objections: None. Integrated licensees called to our attention the need to remove the outdated sections.

Section: 1.4.8 & 1.20

Change: Reference to 7 V.S.A. § 901(h) updated to refer to § 901a

Reason: Act 65 (2023) moved privacy provisions to a new section 901a.

Known Objections: None.

Section: 1.11.3

Change: Second sentence amended for clarity at recommendation of commenter. “Will” changed to “may” to protect Board discretion to protect the marketplace.

Reason: Clarifying; requested by commenter.

Known Objections: None.

Section: 1.16.5(b)

Change: Preposition “of” added where previously omitted.

Reason: Technical.

Known Objections: None.

We are grateful for the Committee’s thoughtful review of the proposed rule. Should you have questions in advance of the Committee’s review of the rule, please do not hesitate to call or email.

Very truly yours,



Gabriel M. Gilman

General Counsel

tel. 802.261.1510

gabriel.gilman@vermont.gov

Adopting Page

Instructions:

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

1. TITLE OF RULE FILING:

Rule 1: Licensing of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **AN AMENDMENT OF AN EXISTING RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

Adopted Rule #: 22-008. Rule 1: Licensing of Cannabis Establishments. Effective Date: 3/29/2022.



INTERAGENCY COMMITTEE ON ADMINISTRATIVE RULES (ICAR) MINUTES

Meeting Date/Location: January 9, 2023, virtually via Microsoft Teams

Members Present: Chair Sean Brown, Brendan Atwood, Diane Bothfeld, Jennifer Mojo, John Kessier, Diane Sherman, Mike Obuchowski and Donna Russo-Savage

Members Absent: Jared Adler

Minutes By: Melissa Mazza-Paquette

- 2:01 PM meeting called to order, welcome and introductions.
- Review and approval of minutes from the December 12, 2022 meeting.
- Original agenda approved as drafted with the following change:
 - The next scheduled meeting was moved from Monday, February 13, 2023 to Wednesday, February 22, 2023, 2:00 PM.
- No public comments made.
- Presentation of Proposed Rules on pages 2-8 to follow.
 1. HazMat Transportation & Motor Carrier Safety Standards, Agency of Transportation, Department of Motor Vehicles, page 2
 2. Rule 1: Licensing of Cannabis Establishments, Cannabis Control Board, page 3
 3. Rule 2: Regulation of Cannabis Establishments, Cannabis Control Board, page 4
 4. Rule 4: Compliance and Enforcement, Cannabis Control Board, page 5
 5. Home Visiting Rule, Vermont Department of Health, page 6
 6. STep Ahead Recognition System (STARS) Rules, Department for Children and Families, page 7
 7. Privacy of Consumer Financial and Health Information, Department of Financial Regulation, page 8
- Other business: Diane Bothfeld noted her upcoming retirement from the State of Vermont this month and therefore this was her last ICAR meeting.
- 3:32 PM meeting adjourned.

Proposed Rule: Rule 1: Licensing of Cannabis Establishments, Cannabis Control Board

Presented By: Brynn Hare

Motion made to accept the rule by Diane Bothfeld, seconded by John Kessler, and passed unanimously with the following recommendations:

1. Proposed Filing Coversheet:
 - a. #6: Include the specific citation, who the entity is and who is authorized to sign.
 - b. #7: Revise to include how the rule is within the authority of the agency.
 - c. #8 and #9: Include more details as to proposed changes and what the proposed rule specifically is doing.
 - d. #10, 2nd paragraph: Change 'heard' to 'considered'.
 - e. #12: Check for spelling and grammar.
 - f. #12, 3rd sentence: Expand upon for clarity.
 - g. #14: Include details for a virtual option once known.
2. Economic Impact Analysis:
 - a. #3: Include the estimated costs and benefits anticipated.
 - b. #6, 2nd sentence: Clarify 'that may' language.
 - c. #6, Paragraph beginning with 'Third...': For clarity, be more specific regarding 'few businesses' – perhaps include a range.
3. Public Input Maximization Plan: Include all ways the proposed rule will be publicized outside of the CCB website.

DRAFT

Economic Impact Analysis

Instructions:

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

1. TITLE OF RULE FILING:

Rule 1: Licensing of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. CATEGORY OF AFFECTED PARTIES:

LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:

The rule amendments are largely technical edits that clarify the rule. Generally speaking, however, the categories of people who are affected by this rule include cannabis businesses, cannabis consumers, existing medical cannabis businesses, testing facilities, bank and insurance industries, the Cannabis Control Board, and local governments. The extraordinary

economic benefits that derive from a legal cannabis market, including the jobs created, will continue.

4. IMPACT ON SCHOOLS:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:

Schools are not affected by these rule amendments.

5. ALTERNATIVES: CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.

Schools are not affected by these rule amendments.

6. IMPACT ON SMALL BUSINESSES:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):

Most amendments will not affect small businesses; three could:

First, a proposed change to the definition of outdoor cultivation will increase the economic viability of Vermont's many outdoor cultivators by allowing them to manage crop in a more efficient manner.

Second, a proposed change to the license renewal processes will lower compliance costs for some entities that change their ownership structure by relieving them of administrative burdens attendant to more complex changes.

Third, a requirement that manufacturers of hemp-derived products must be licensed by the Board if they include an intoxicating amount of THC will raise compliance costs for businesses in Vermont that have asserted a right to sell high-THC products derived from hemp artificially fortified with concentrated THC. This change is necessary to ensure public health and safety, and is in accordance with the legislature's intention that the Board regulate intoxicating THC products. The change will also promote marketplace fairness and parity for all businesses selling products with intoxicating THC content.

7. **SMALL BUSINESS COMPLIANCE:** *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.*

Two of the proposed amendments that impact small businesses are beneficial to them.

Manufacturers of hemp-derived products can avoid the compliance burden of becoming licensed by the Board by not selling products that include intoxicating amounts of THC. Hemp-derived product manufacturers currently sell a lot of non-intoxicating CBD products that do not require Board approval. They may continue to do so.

8. **COMPARISON:**

COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:

As noted, at least two of the proposed amendments will benefit businesses. For hemp-derived intoxicating THC products, the alternative would be to allow intoxicating products on the market in a completely unregulated manner. This is contrary to legislative intent. The change does not burden these manufacturers to any greater degree than any other THC product manufacturers. Every such entity will now be treated equally.

The rule has already built in lower compliance burdens for small cultivators in order to ease the burden on small businesses.

9. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

The Board created the original rule with extraordinary public input. The original filing for Rule 1, from March of 2022, provides extensive documentation of that input. Over the course of the first 9 months of cannabis market operation the Board has implemented the rules and observed their practical application. They have also received extensive public feedback, both during the public comment periods of the Board's

meetings, and in written feedback gathered through the Board's comments portal on its website. These observations and public input comprise the analysis informing these amendments.

Environmental Impact Analysis

Instructions:

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

1. TITLE OF RULE FILING:

Rule 1: Licensing of Cannabis Establishments

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Cannabis Control Board

3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*

The act of licensing itself, which entails the submission and review of applications through a website portal has a minimal environmental impact.

4. There will be minimal greenhouse gas impact due to the licensing process.

5. WATER: *EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):*

Nothing in the proposed amendments to Rule 1 will impact water.

6. **LAND:** *EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):*

The entire cannabis market in the state of Vermont can be served by growing a total of 15 acres of cannabis. Currently less than 15 acres has been licensed for outdoor grows. For that reason, no proposed amendment will have more than a negligible impact on land in Vermont.

7. **RECREATION:** *EXPLAIN HOW THE RULE IMPACT RECREATION IN THE STATE:*

There will be no impact on recreation.

8. **CLIMATE:** *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*

No proposed amendment will have a climate impact.

9. **OTHER:** *EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:*

10. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

For the original environmental analysis, included in the original filing for Rule 1 from March 2022, the Board relied on a review of the proposed rules by Jacob Policzer, an outside expert in environmental and sustainability issues related to cannabis. The analysis of these amendments is based on a review of that original filing to understand where the proposed amendments might affect the original analysis.

Public Input

4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:

The Board has relied extensively on the expertise of other Vermont state government agencies in its work and development of its rules, including the Department of Health, the Agency of Agriculture, Food and Markets, and the Natural Resources Board.

The Board will continue to seek the advice of experienced regulators to ensure any changes that may be made during the notice and comment period are consistent with the best practices of regulatory experts in the relevant field.

Incorporation by Reference

THIS FORM IS ONLY REQUIRED WHEN INCORPORATING MATERIALS BY REFERENCE. PLEASE REMOVE PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the incorporation by reference statement, an agency describes any materials that are incorporated into the rule by reference and how to obtain copies.

This form is only required when a rule incorporates materials by referencing another source without reproducing the text within the rule itself (e.g., federal or national standards, or regulations).

Incorporated materials will be maintained and available for inspection by the Agency.

1. TITLE OF RULE FILING:

Rule 1: Licensing of Cannabis Establishments

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3. DESCRIPTION (*DESCRIBE THE MATERIALS INCORPORATED BY REFERENCE*):

The Board incorporated a portion of the Code of Federal Regulations regarding Disadvantaged Business Enterprises into its definition of social equity applicant. This rule references Board Rule 2, filed at the same time as this rule.

4. FORMAL CITATION OF MATERIALS INCORPORATED BY REFERENCE:

The citations for the incorporated regulations are: 49 C.F.R. § 26.67(a)(1) and (b)(2)-(3), 49 C.F.R. § 26.69 and 49 C.F.R. § 26.71. The Secretary of State has given Board Rule 2 the citation: 21P039.

5. OBTAINING COPIES: (*EXPLAIN WHERE THE PUBLIC MAY OBTAIN THE MATERIAL(S) IN WRITTEN OR ELECTRONIC FORM, AND AT WHAT COST*):

Copies of the relevant sections may be found here at no cost: <https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-D/section-26.67>,

[https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-D/section-26.69,](https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-D/section-26.69)
[https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-D/section-26.71.](https://www.ecfr.gov/current/title-49/subtitle-A/part-26/subpart-D/section-26.71)

Other Board rules can be accessed at no cost on the Board's website: <https://ccb.vermont.gov/>.

6. MODIFICATIONS (*PLEASE EXPLAIN ANY MODIFICATION TO THE INCORPORATED MATERIALS E.G., WHETHER ONLY PART OF THE MATERIAL IS ADOPTED AND IF SO, WHICH PART(S) ARE MODIFIED*):

The federal regulations are modified as described in proposed Rule 1.1.3(k) and (l).

Run Spell Check

**STATE OF VERMONT
CANNABIS CONTROL BOARD**

RULE 1: LICENSING OF CANNABIS ESTABLISHMENTS

- 1.1 General Provisions
 - 1.1.1 Authority
 - 1.1.2 Scope and Purpose
 - 1.1.3 Definitions
 - 1.1.4 Applicability
 - 1.1.5 Time
 - 1.1.6 Severability
- 1.2 License Application Format and Fees
 - 1.2.1 Form
 - 1.2.2 Fees
- 1.3 License Tiers
 - 1.3.1 Cultivation License Tiers
 - 1.3.2 Retail License Tiers
 - 1.3.3 Manufacturing License Tiers
 - 1.3.4 Changing Tiers
- 1.4 License Application Requirements for All License Types
 - 1.4.1 Operating plans
 - 1.4.2 Record Checks
 - 1.4.3 Financiers
 - 1.4.4 Compliance and Management Plans
 - 1.4.5 Insurance, Taxation, and Banking Requirements
 - 1.4.6 Location Information
 - 1.4.7 Security
 - 1.4.8 Information Sharing with State Agencies
 - 1.4.9 Plans Related to Positive Impact Criteria
 - 1.4.10 Statement of Truthfulness and Accuracy
- 1.5 License Application Requirements for Cultivators
 - 1.5.1 Location Information
 - 1.5.2 Water and Wastewater Requirements
 - 1.5.3 Indoor Cultivators
- 1.6 License Application Requirements for Manufacturers
- 1.7 License Application Requirements for Retailers
- 1.8 License Application Requirements for Testing Laboratories
- 1.9 License Application Requirements for Integrated Licensees
- 1.10 License Application Acceptance Periods

- 1.11 Criminal Records and License Qualification Determinations
 - 1.11.1 Effect of Criminal Records on Application
 - 1.11.2 Presumptive Disqualification
 - 1.11.3 Overcoming Presumptive Disqualification
- 1.12 Issuance of Licenses
- 1.13 Prequalification Approval
 - 1.13.1 Purpose of Prequalification Approval
 - 1.13.2 Limits of Prequalification Approval
 - 1.13.3 Forms and Fees for Prequalification Approval
 - 1.13.4 Prequalification Approval Application Acceptance Periods
 - 1.13.5 Prequalification Approval Application and Issuance
 - 1.13.6 Converting a Prequalification Approval to a Full License Application
- 1.14 Priority of Board Considerations for License Applications
- 1.15 License Renewal Procedures
 - 1.15.1 License Renewal Timeframes
 - 1.15.2 License Renewal Form and Fees
 - 1.15.3 License Renewal Information Requirements
 - 1.15.4 Conditions For Renewal
- 1.16 Cannabis Establishment Identification Cards
 - 1.16.1 Identification Cards for Owners and Principals
 - 1.16.2 Forms and Fees for Cannabis Establishment Identification Cards
 - 1.16.3 Application Requirements for Cannabis Establishment Identification Cards
 - 1.16.4 Qualification for Cannabis Establishment Identification Cards
 - 1.16.5 Temporary Work Permit
 - 1.16.6 Ongoing Duty to Disclose
 - 1.16.7 Identification Card Renewal
- 1.17 Change of License Control or Change of License Location Requires a License Renewal Application
- 1.18 Waiver Provisions for Tier 1 Cultivators
- 1.19 Applicant's Ongoing Duty to Disclose
- 1.20 Confidentiality
- ~~1.1 General Provisions~~
 - ~~1.1.1 Authority~~
 - ~~1.1.2 Scope and Purpose~~
 - ~~1.1.3 Definitions~~
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 - ~~1.1.5 Time~~
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1. Rule 1: Licensing of Cannabis Establishments

Not every applicable prohibition, restriction, and requirement is contained in this rule. All Cannabis Establishments must abide by the prohibitions, restrictions, and requirements of Chapter 33, Title 7 of the Vermont Statutes. Cannabis Establishments must also abide by all other applicable laws, including but not limited to worker's compensation laws and tax laws.

1.1 General Provisions

1.1.1 Authority

The Cannabis Control Board adopts this rule pursuant to 7 V.S.A. §§ 881, 883, 884, 901, 902, 903, Section 8 of Act 164 (2020), and other applicable law.

1.1.2 Scope and Purpose

The Board is charged with implementing and regulating a legal market for Cannabis in Vermont. This rule regulates the licensing of Cannabis Establishments.

1.1.3 Definitions

All definitions in 7 V.S.A. § 861 shall apply to this rule. The following definitions shall also apply:

- (a) "Commercial bank" has the same meaning as defined in 8 V.S.A. § 11101(15).
- ~~(b)~~ "Employee" has the same meaning as defined in 21 V.S.A. § 481(5), provided that the applicable exceptions shall be 21 V.S.A. § 481(5)(B), (G), and (H).
- ~~(e)~~(b) "Entity" means any person, as defined in 7 V.S.A. § 861(23), that is not a natural person.
- ~~(d)~~(c) "Flammable Solvent" means a liquid that has a flash point below 100 degrees Fahrenheit.
- ~~(e)~~(d) "Greenhouse" means a structure or a thermally isolated area of a building that maintains a specialized sunlit environment exclusively for, and essential to, the cultivation or maintenance of Cannabis plants and that is in use for a period of 180 days or more each calendar year.
- ~~(f)~~(e) "Home occupancy business" means a business operated on the premises of an individual's home or property where the individual is domiciled.
- ~~(g)~~(f) "Indoor cultivation" means growing Cannabis using artificial lighting.
- ~~(h)~~(g) "Interest holder" has the same meaning as defined in 11A V.S.A. § 11.01(11).
- ~~(i)~~(h) "Inventory Tracking System" means a method implemented by the Board for tracing all Cannabis and Cannabis Products grown, manufactured, and sold in Vermont.
- ~~(j)~~(i) "Licensee" means a person who has been issued a license pursuant to this rule. A licensee does not include a person who has been issued a prequalification approval.
- ~~(k)~~(j) "Outdoor cultivation" means growing Cannabis in ~~an expanse of open or cleared ground or in a structure that~~ a manner that does not use artificial lighting, provided that

outdoor cultivators may use the minimum amount of artificial lighting necessary to keep photoperiod plants in a vegetative state. Artificial lighting for outdoor cultivation must not extend beyond May 1st in a calendar year or past when the specific cultivar can sustain vegetative growth under natural sunlight, whichever comes first. and is not a greenhouse

~~(h)~~(k) “Physical site of operations” means:

- i. A cultivator’s grow site,
- ii. A wholesaler’s product storage facility,
- iii. A manufacturer’s site of manufacture,
- iv. A retailer’s store location, or
- v. A testing laboratory’s testing facility.

~~(m)~~(l) “Prequalification approval” means a certification issued by the Board, in accordance with this rule, prior to a person’s approval as a licensee. A prequalification approval does not permit the recipient to operate a Cannabis Establishment.

(m) “Social equity applicant” means either a “social equity individual applicant” or a “social equity business applicant” as those terms are defined in this rule.

(n) “Social equity individual applicant” means an individual who is a resident of Vermont and who meets one or more of the following criteria:

- i they are a socially disadvantaged individual, as defined below,
- ii they have been incarcerated in a jail or prison facility subsequent to sentencing for a cannabis-related offense, or
- iii they have a family member who has been incarcerated in a jail or prison facility subsequent to sentencing for a cannabis-related offense.

1 For the purposes of this definition, “family member” shall mean the following: a spouse, domestic partner (as defined in 17 V.S.A. §2414(e)(1)), child, step-child who resided with the family member when the child was a minor, minor in their guardianship, legal guardian, parent, sibling, grandparent, or grandchild.

~~(o)~~ “Social equity business applicant” means:

- ~~(i)~~ A corporation, partnership, or other business entity that meets the federal standards for Disadvantaged Business Enterprises (DBEs) as set forth in 49 C.F.R. §§ 26.69 and 26.71, except as provided in subdivision (1~~i~~) of this subsection 1.1.3(~~o~~~~p~~)(~~i~~), even if the entity has not applied for any federal DBE programs. In determining whether a business applicant meets the federal standards for DBEs, the Board will consider only participants in the business who meet the definition of socially disadvantaged individual as defined by section 1.1.3(~~p~~~~q~~)(~~i~~) of this rule and who are residents of Vermont.

1 The requirements of subparts 49 C.F.R. § 26.69(b)(1), (2), and (3) shall not apply to this subsection (~~o~~~~p~~). The majority-interest requirement of 49 C.F.R. § 26.69(b) itself shall apply.

- ~~iii~~ A corporation, partnership, or other business entity that is at least 51% owned by a social equity individual applicant as defined in subsection 1.1.3(n)(ii) and (iii) of this rule.

(p) “Socially disadvantaged individual” is an individual who meets at least one of the following criteria:

- i They meet the criteria for social disadvantage as set forth in the following federal regulations regarding DBEs: 49 C.F.R. § 26.67(a)(1) and (b)(2)-(3) to the extent permitted in subdivision 1.1.3(p)(i)(1) of this section, whether or not they have applied for any DBE programs, provided that no person shall be excluded from this definition because of their citizenship or immigration status.

- 1 For the purposes of this rule, the rebuttable presumption in 49 C.F.R. § 26.67(a)(1) shall be applied only to Black Americans and Hispanic Americans.

- ii They are (1) from a community that has historically been disproportionately impacted by cannabis prohibition and (2) able to demonstrate to the Board that they were personally harmed by the disproportionate impact. In assessing this personal harm, the Board may consider factors indicative of long-term consequences such as lost educational impacts, lost or employment opportunities, or housing insecurity.

- ii1 For the purposes of this subsection, “community” includes, but is not limited to, a person who resided for the majority of their youth prior to turning 18 in a household that was eligible for Federal Distribution Program on Indian Reservations (FDPIR) benefits or that received Supplemental Nutrition Assistance Program (SNAP) benefits, or currently resides in a household that is eligible for FDPIR or that receives SNAP benefits. For the purposes of this subsection, community does not mean professional or civic associations, social organizations, clubs, advocacy organizations, or hobbyist groups. A prior association with cannabis is not, by itself, sufficient to constitute a community.

1.1.4 Applicability

This rule applies to:

- ~~(a) This rule applies to persons who engage in the transfer or sale of Cannabis or Cannabis Products, including transfers or sales related to cultivating, manufacturing, wholesaling, or retailing Cannabis or Cannabis Products, except that this rule does not apply to activities regulated by Chapters 35 and 37 of Title 7 of the Vermont statutes and by Rule 3 of the Board’s rules. This rule also applies to those who provide laboratory testing services to persons who engage in the transfer or sale of Cannabis or Cannabis Products.~~
- (b) Persons who engage in the transfer or sale of non-intoxicating hemp-derived products, as distinguished by Board rule from potentially intoxicating hemp-derived products, that contain more than 1.51 milligram of tetrahydrocannabinol per serving. Persons who engage in the transfer or sale of synthetic cannabinoids and potentially intoxicating hemp-derived cannabinoids, including delta-8 and delta-10 tetrahydrocannabinol.

1.1.5 Time

- (a) In computing any time period, measured in days, that is established or allowed by this rule or by order of the Board or Chair:
 - (1) the day of the act or event that triggers the period shall be excluded;

- (2) every day, including intermediate Saturdays, Sundays, and legal holidays shall be counted;
 - (3) the last day of the period shall be counted, but if the last day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday.
- (b) A “legal holiday” means:
- (1) any day declared a holiday by the President or Congress of the United States; and
 - (2) any day declared a holiday by the State of Vermont.

1.1.6 Severability

If any portion of this rule is found to be invalid, the remaining portion of the rule shall remain in force and effect.

1.2 License Application Format and Fees

1.2.1 Form

Applicants are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.

1.2.2 Fees

Applicants will be required to pay fees, or demonstrate that they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reductions for social equity applicants.

1.3 License Tiers

The Board establishes the following tiers for cultivation, retail, and manufacturing licenses, provided that if statute is not in agreement with this section, statute will dictate the tiers and supersede this section. If statute supersedes this section, the Board will construct its application process according to statute and will provide guidance readily available to the general public plainly describing the statutorily mandated tiers.

1.3.1 Cultivation License Tiers

(a) Outdoor Cultivation:

- i.

Tier	Max Sq Ft of Total Plant Canopy
------	---------------------------------

1	1,000
2	2,500
3	5,000
4	10,000
5	20,000
6	37,500

ii. For tiers 1-6 of the outdoor cultivation tiers in this subsection (a), the Board will presume that each plant occupies no more than 8 square feet of space. For this reason, cultivators will be presumed to be compliant with the plant canopy limits if they comply with the following plant count limits:

1. Tier 1: 125
2. Tier 2: 312
3. Tier 3: 625
4. Tier 4: 1250
5. Tier 5: 2,500
6. Tier 6: 4,687

Growing more than the maximum plant count for the cultivator's tier will not be a violation of the plant canopy limit if the cultivator can show the plants occupy no more than the maximum square footage permitted for their tier.

- iii. Applicants will be required to state on their application if they will measure their plant canopy by square footage or by plant count equivalent.
- iv. Plants do not need to be contiguous, but they must be planted within the same school property account number (SPAN) or within two abutting SPANs. A SPAN will be considered abutting if it shares a boundary with a SPAN, or if it is adjacent to a SPAN and is separated only by a river, stream, or public highway.

(b) Indoor Cultivation:

Tier	Max Sq Ft of Total Plant Canopy
1	1,000
2	2,500
3	5,000
4	10,000
5	15,000
6	25,000

(c)

i. Mixed Cultivation:

Tier	Nature of Business
1	May cultivate up to 1,000 sq ft of plant canopy indoors and up to 125 plants outdoors at the same premises
2	May cultivate up to 2,500 sq ft of plant canopy indoors and up to 312 plants outdoors at the same premises
3	May cultivate up to 1,000 sq ft of plant canopy indoors and up to 625 plants outdoors at the same premises
4	May cultivate up to 1,000 sq ft of plant canopy indoors and up to 1250 plants outdoors at the same premises
5	May cultivate up to 1,000 sq ft of plant canopy indoors and up to 2,500 plants outdoors at the same premises

- ii. Plants in ~~the outdoor portion of~~ a mixed cultivator's crop do not need to be contiguous, but they must be planted within the same school property account number (SPAN) or within two abutting SPANs. A SPAN will be considered abutting if it shares a boundary with a SPAN, or if it is adjacent to a SPAN and is separated only by a river, stream, or public highway.

1.3.2 Retail License Tiers

Retail – Storefront: This tier is a stand-alone retail location that sells Cannabis and Cannabis Products to consumers.

1.3.3 Manufacturing License Tiers

No manufacturer may violate a prohibition on manufacturing processes contained in 18 V.S.A. § 4230h.

- (a) Tier 3 Manufacturer: A tier 3 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 3 manufacturer may produce Cannabis Products using all lawful methods of extraction; provided, however, that any extraction method reserved for Tier 3 manufacturers must ~~hydrocarbon extraction may not occur in~~

any building not under the jurisdiction of the Division of Fire Safety.

- (b) Tier 2 Manufacturer: A tier 2 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 2 manufacturer may produce Cannabis Products using the following methods but may not utilize ~~unapproved flammable solvent chemical extraction, or flammable solvent chemical synthesis, or supercritical CO₂ extraction:~~
- i. Water-Based Extraction: extraction using only water, ice, or other freezing substrate or process as approved by the Board.
 - ii. Food-Based Extraction: extraction using propylene glycol, glycerin, butter, coconut or olive oil, other typical cooking fats, or alcohol as approved by the Board.
 - iii. Heat/Pressure-Based Extraction: extraction using heat and/or pressure as approved by the Board.
- (c) Tier 1 Manufacturer: A tier 1 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 1 manufacturer may produce Cannabis Products using the same methods as a tier 2 manufacturer, but not a tier 3 manufacturer. A tier 1 manufacturer must be a home occupancy business with no more than one employee, and under \$540,000 in gross revenue each year.

1.3.4 Changing Tiers

~~A licensee may apply to change to a different tier within their license type at any time by filing a renewal application upon renewal of their license pursuant to section 1.15 of this rule, provided that they meet all other renewal requirements. This provision will not apply to Tier 1 Outdoor Cultivators, who may apply to move to a higher outdoor tier at any time using a method approved by the Board. Upon renewal, the licensee must pay the fees associated with the tier they seek to enter.~~

1.4 License Application Requirements for All License Types

The requirements in this section apply to all license types authorized under 7 V.S.A. § 901.

1.4.1 Operating plans

Applicants must present an operating plan, which shall include all requirements of 7 V.S.A. § 881(a)(1)(B)(i) and, to the extent they are not required by that provision, the following elements:

- (a) The proposed Cannabis Establishment's legal name and any registered alternate name under which it may conduct business.
- (b) The name of the individual who will serve as primary point of contact with the Board and an email address where the individual can be contacted.
- (c) The type of license sought and, if relevant, the license tier.

- (d) Documentation that the applicant is an entity registered to do business in Vermont;
- (e) A federal tax identification number and social security numbers for each principal of the proposed Cannabis Establishment and each natural person who controls the proposed Cannabis Establishment.
- (f) A list of the principals of the proposed Cannabis Establishment.
- (g) A list of all persons having control of the proposed Cannabis Establishment.
- (h) Whenever a person having control of a Cannabis Establishment is an entity, the applicant must provide:
 - i. a list of the principals of any entities having control of the Cannabis Establishment; and
 - ii. a list of natural persons who control any entities having control of the Cannabis Establishment.

Lists provided pursuant to this subsection 1.4.1(h) shall include without limitation natural persons who have control by way of beneficial ownership or record ownership. Intervening entities do not relieve an applicant of the obligation of disclosure under this provision.

- (i) Documentation and description, including the persons involved, of any contractual, management, or other agreement that explicitly or implicitly conveys control over the Cannabis Establishment.
- (j) For each person identified in (f) through (i) of this subsection, disclose whether that person would be required to be identified pursuant to (f) through (i) of any other license application.
- (k) Documentation disclosing whether any person named in sections (f) through (i) of this subsection is a controlling interest holder in a past or present Cannabis-related business in another jurisdiction.

1.4.2 Record Checks

An applicant, principal of an applicant, and person who controls an applicant, who is a natural person, shall be 21 years of age or older and shall consent to the release of his or her criminal and administrative records.

Each applicant, principal of an applicant, and person who controls an applicant, who is a natural person, shall submit the following:

- (a) the individual's full legal name and any aliases;
- (b) the individual's address;
- (c) the individual's date of birth;
- (d) a photocopy of the individual's driver's license or other government-issued identification card;
- (e) a full set of fingerprints in a form and manner as determined by the Board;
- (f) any other authorization or disclosure deemed necessary by the Board for the purpose of conducting a background check;
- (g) a description of any criminal action against an applicant, principal, or person who controls an applicant in any jurisdiction that resulted in a conviction, guilty plea, plea of nolo contendere or admission to sufficient facts;

- (h) a description of any civil action that was commenced or resolved in the preceding 10 years in any jurisdiction in which the applicant, principal, or person who controls an applicant is or was a named party;
- (i) a description of any administrative action taken against the applicant, principal, or person who controls an applicant in any jurisdiction;
- (j) a description of any disciplinary action against a license, registration, or certification held by the applicant, principal, or person having control of an applicant, such as a suspension or revocation, including, but not limited to, a license to prescribe or distribute controlled substances; and
- (k) a description of any license denial, and the reasons for denial, in any jurisdiction.

The Board at its discretion may request any of the information described in subsections (g) through (k) of this section 1.4.2 for any natural person an applicant discloses pursuant to section 1.4.1(h) of this rule.

1.4.3 Financiers

- (a) Applicants must disclose documentation detailing the sources and amounts of capital resources available to the applicant from any person that will be contributing capital resources to the applicant for the purposes of establishing or operating the proposed Cannabis Establishment.
- (b) In addition to the disclosure requirements for applicants, principals, and persons who control an applicant in section 1.4.1 of this rule, financiers of applicants who do not fall into one of those categories must be 21 years of age and may be subject to the following requirements at the Board's discretion, provided that this subsection shall not apply to commercial banks:
 - i. A requirement to disclose information to the Board or the Department of Financial Regulation;
 - ii. a requirement to conduct a background check for natural persons who are financiers or who control financiers;
 - iii. a requirement to disclose principals and natural persons who control a financier to the same extent required by section 1.4.1(h) of this rule; and
 - iv. requirements to ensure that a financier complies with any applicable State and federal laws governing financial institutions, licensed lenders, and other financial service providers.

1.4.4 Compliance and Management Plans

All applicants must:

- (a) submit a contingency and continuity plan that addresses the dispersal or disposal of inventory in the event of an abrupt closure;
- (b) submit a timeline for beginning operations of the Cannabis Establishment;
- (c) attest that they will comply with applicable municipal ordinances; and
- (d) attest that they will comply with required inspections or permits from other state and local agencies (for example, certificates of occupancy).

Applicants who intend to hire, or who have hired, employees must provide:

- (e) an overview of positions and staffing levels;
- (f) an overview of general roles and responsibilities of staff;
- (g) an overview of the management structure; and
- (h) employee hiring and training plan, including safety training.

1.4.5 Insurance, Taxation, and Banking Requirements

Each applicant shall submit the following:

- (a) documentation of insurance coverage as required by Board Rule 2.2.2;
- (b) ~~documentation of bond or third party escrow, to the satisfaction of the Board, for costs related to cessation of operation of a Cannabis Establishment costs in an amount to be determined by Board guidance;~~
- (c) documentation of compliance with, or plan to comply with, worker's compensation requirements, if applicable;
- (d) confirmation of current Vermont tax compliance, or confirmation of a plan with the Department of Taxes to come into compliance, provided that this does not apply to tax liability from income related to Cannabis businesses;
- (e) school property account number at the physical site of operations;
- (f) authorization to release information to other state agencies, or to banking entities with whom the applicant seeks to bank; and
- (g) sufficient documentation, as determined by the Board, of one of the following:
 - i. a deposit account with a financial institution; or
 - ii. evidence of an attempt to open such an account along with a cash management plan.

1.4.6 Location Information

Applicants must provide both:

- (a) A business address as well as precise location information for the physical site of operations for the proposed Cannabis Establishment. A business address does not have to correspond with the physical site of operations. The location information for the physical site of operations must be in the form of GPS coordinates. GPS coordinates must be provided in Decimal Degrees (DD) format.
- (b) Proof that the applicant has a right to occupy the physical site of operations, through proof of ownership, a lease, or other document demonstrating a right to occupy and use the property, or proof that such a right will exist prior to the start of Cannabis Establishment operations.

1.4.7 Security

All applicants must submit a plan to comply with security requirements relevant to any license or licenses they seek to obtain, as required by Board Rule 2.

1.4.8 Information Sharing with State Agencies

By applying, an applicant consents to the Board sharing applicant information with other Vermont state agencies, including, but not limited to, the Department of Financial Regulation, the Department of Labor, and the Department of Taxes. Information deemed confidential by 7 V.S.A. § 901(h) will remain confidential even if it is in the possession of another state agency.

1.4.9 Plans Related to Positive Impact Criteria

(a) For the purposes of this section, “Employee” has the same meaning as defined in 21 V.S.A. § 481(5), provided that the applicable exceptions shall be 21 V.S.A. § 481(5)(B), (G), and (H).

(b) To the extent required in subsection (c), applicants must include plans related to the criteria listed in subsections (d) and (e). Failure to do so will not result in disqualification of their application but will pause their license approval process until they provide the relevant plan information. To the extent required by this section and section 1.15.3 of this rule, reports related to these criteria will be required for license renewal.

(c) Applicants that are not testing laboratories must show plans for completion of the criteria in subsection (d) and (e) to the following extent:

- i. Corporations, partnerships, or other business entities that are not sole proprietorships, and any applicants with plans to hire 2 to 10 employees, must show plans to satisfy at least one criteria from subsection (d) and at least one criteria from subsection (e).
- ii. All applicants that plan to hire more than 10 employees must show plans to satisfy at least 3 criteria from subsections (d) and at least three criteria from subsection (e).

iii. For retailers, a plan to pay the applicable taxes on behalf of a medical patient registered pursuant to 7 V.S.A. § 953 and Rule 3.2 may count toward one of the criteria they would otherwise need to meet in either subsection (d) or (e).

(d) To the extent required by subsection (c) of this section, applicants must propose plans to recruit, hire, and implement a development ladder for minorities, women, or individuals who have historically been disproportionately impacted by cannabis prohibition using the following options:

- i. Inclusive hiring and contracting plans.
- ii. A plan for providing a livable wage.
- iii. Adopting and supporting incubator or accelerator programs that seek to assist businesses that meet the definition of a social equity applicant or are minority or women-owned, including but not limited to providing:
 1. grants or access to capital;
 2. workforce re-entry training or programming;
 3. cultivation, manufacturing, or retail space;
 4. management training or other forms of industry-specific technical training;or
5. mentorship from experts;

iv. A contribution or contributions to the Cannabis Business Development Fund established by 7 V.S.A. § 987.

(d)(e) To the extent required by subsection (c)(b) of this section, applicants must propose plans to incorporate principles of environmental resiliency or sustainability, including energy efficiency, using the following options:

- i. Sustainable agricultural practices.
- ii. Sourcing energy from renewables.
- iii. Exceeding minimum waste standards, as provided by Board Rule 2.2.8, or exceeding minimum efficiency standards as provided by Board Rule 2.5, if applicable.
- iv. Contribute to anti-pollution efforts, which could include but is not limited to the use of carbon off-sets.

1.4.10 Statement of Truthfulness and Accuracy

All applicants shall attest to the truthfulness and accuracy of the information contained in their application.

1.5 License Application Requirements for Cultivators

The requirements in this section apply to applications for a cultivator license.

1.5.1 Location Information

In addition to the information required in subsection 1.4.5 of this rule, an applicant must provide:

- (a) A diagram or a site plan of the physical site of operation that is clearly legible and includes:
 - i. north arrow;
 - ii. standard scale;
 - iii. size of property in acres (for outdoor cultivator) or total square feet (for indoor cultivator);
 - iv. total plant canopy dimensions;
 - v. for outdoor cultivators, use of land and structures that share the property;
 - vi. for indoor cultivators, a diagram of how non-cultivation parts of the facility will be utilized.
- (b) A map showing the boundaries of the planned growing area, provided that this requirement applies only to outdoor cultivator Tiers 2-6.
- (c) The location for outdoor cultivators must comply with Board Rule 2.4.4 regarding visibility from a public road.

1.5.2 Water and Wastewater Requirements

General water supply and municipal wastewater requirements:

- (a) Cultivators on a municipal water supply must submit a letter from the water utility certifying the utility's capacity to provide a sufficient quantity of water to the applicant at the physical site of operation.

- (b) Cultivators using municipal wastewater, or other offsite wastewater system, must submit a letter certifying the wastewater system's capacity to accept the quantity and anticipated strength of wastewater from the physical site of operation.

Tier 5 and 6 Cultivator applicants must:

- (c) state the following if their water use and wastewater generation are covered by the Wastewater System and Potable Water Supply Rule, as adopted by the Department of Environmental Conservation:
 - i. where they are planning on withdrawing water;
 - ii. by what means will they withdraw and, if necessary, store the water prior to use;
 - iii. when on-site water is also used for potable/sanitary purposes for workers;
 - iv. how many people may be on-site in a given day;
- (d) specify the volume and strength of the wastewater that the facility anticipates generating, using design flows from the Wastewater System and Water Supply Rule where appropriate and specify how it will be treated and disposed;
- (e) state whether the Cannabis Establishment needs to comply with the Indirect Discharge Rules and Underground Injection Control Rules as adopted by the Department of Environmental Conservation; and
- (f) describe the anticipated means of collecting, storing, treating, and discharging wastewater.

1.5.3 Indoor Cultivators

Indoor cultivation Cannabis Establishments must identify whether their water supply and wastewater systems must comply with any applicable portion of the Department of Environmental Conservation's Drinking Water and Groundwater Protection Division rules.

1.6 License Application Requirements for Manufacturers

The requirements in this section apply to applications for a manufacturing license.

Manufacturers must indicate whether they are planning to utilize solvent-based extraction.

1.7 License Application Requirements for Retailers

The requirements in this section apply to applications for a retail license.

~~Retailers must indicate whether any intended sale items will contain CBD, hemp, or a hemp-derived compound, or is a consumable item that is not intoxicating~~ comply with all relevant statutes and Board rules related to CBD, hemp, and hemp-derived compounds.

1.8 License Application Requirements for Testing Laboratories

The requirements in this section apply to applications for a testing laboratory license.

Applications for testing laboratories may be reviewed for qualification by the Board or a Board designee.

At its discretion, the Board may waive or reduce licensing requirements, including fees, for a laboratory that has a current certification under the Cannabis Quality Control Program established by the Vermont Agency of Agriculture, Food and Markets under 6 V.S.A. § 567.

A testing laboratory applicant must submit:

- (a) current laboratory accreditation certificates, or proof of certification under the Cannabis Quality Control Program established by the Vermont Agency of Agriculture, Food and Markets under 6 V.S.A. § 567;
- (b) laboratory quality assurance manual or procedures which document the lab quality control system, and an outline of the quality management system;
- (c) the laboratory standard operating procedures for analysis of Cannabis and Cannabis Products;
- (d) a master list of all analytical and non-analytical (i.e., safety and training) standard operating procedures indicating the latest revision and review dates and current effective dates;
- (e) documentation of educational and technical credentials for all key technical and management personnel;
- (f) current organization chart, including reporting relationships;
- (g) example Certificates of Analysis (CoA) to be issued by the laboratory for each test area, containing all information required in a CoA;
- (h) the latest proficiency results for Cannabis testing or similar matrix (i.e., food, solids,) for all test areas in which it states it is certified, if available;
- (i) proof of analytical proficiency.

1.9 License Application Requirements for Integrated Licensees

The requirements in this section apply to applications for an integrated license.

An integrated license applicant must meet all requirements in sections 1.4-1.8 of this rule, and must also submit:

- (a) A plan to provide reduced cost or free Cannabis to patients with documented, verified financial hardship who are utilizing the dispensary operation;
- ~~(b) a plan to ensure 25% of Cannabis flower sold is obtained from tier 1 cultivators,~~
- ~~(e)(b) _____ a list of products purchased by registered patients in the preceding 12 months;~~
- ~~(d) plan to ensure continuity of products for patients accessing the dispensary operation; and~~
- ~~(e)(c) _____ plan to contribute \$50,000 to the Cannabis business development fund by October 1, 2022; and~~
- ~~(f)(d) _____ attestation of good standing with respect to their medical Cannabis dispensary license in accordance with 7 V.S.A. § 903(a)(1). For the purposes of this subsection (f), good standing shall mean the dispensary is in compliance with Chapter 86 of Title 18 of the Vermont Statutes, and with all associated rules.~~

1.10 License Application Acceptance Periods

- (a) The Board will accept license applications in accordance with legislatively mandated time periods.
- (b) Other than legislatively mandated time periods, the Board may open or close acceptance periods for applications at its discretion, provided that the Board will give public notice no less than 30 days prior to opening and 30 days prior to closing an application acceptance period.
- (c) The Board may set separate application acceptance periods for each of the license types and may set separate application acceptance periods for each tier within tiered license types.
- (d) Other than legislatively mandated application acceptance periods, the Board may open application periods at their discretion, subject to the following limitations:
 - i. the Board shall accept applications for license types, other than cultivation license types, for no less than 30 days each calendar year; and
 - ii. the Board shall accept applications for Tiers 1 and 2 of both indoor and outdoor cultivation license types for no less than 30 days each calendar year. The 30-day window for this subdivision 1.10(d)(ii) must open no later than February 1 of each calendar year.
- (e) Nothing in this section 1.10 shall be interpreted to impact the license renewal process governed by section 1.15 of this rule.

1.11 Criminal Records and License Qualification Determinations

1.11.1 Effect of Criminal Records on Application

Except as provided in 1.11.2, no criminal offense committed by an applicant, the principal of an applicant, or a person who owns or controls an applicant, will have a negative effect on their application or disqualify them from obtaining a license.

1.11.2 Presumptive Disqualification

Convictions for offenses in the following categories presumptively disqualify an applicant, the principal of an applicant, or a person who controls an applicant from gaining a license to operate a Cannabis Establishment, provided that a person may overcome the presumption as specified in section 1.11.3:

- (a) A listed crime as defined in subsection 13 V.S.A. § 5301(7) or the equivalent in another jurisdiction;
- (b) A conviction for an offense in 13 V.S.A. chapter 64 or the equivalent in another jurisdiction;
- (c) a state or federal felony offense involving fraud, deceit, or embezzlement;
- (d) convictions that demonstrate an ongoing involvement with organized criminal enterprises, including violent gangs and drug cartels;

- (e) trafficking of a regulated substance other than Cannabis. For the purposes of this subsection (c), trafficking will mean a violation of 18 V.S.A. §§ 4231(c), 4233(c), 4233a(b), 4234a(c), or a non-violent drug distribution offense in another jurisdiction that carries a maximum penalty of 30 years of incarceration or greater;
- (f) dispensing cannabis to a person under 21 years of age in violation of 18 V.S.A. § 4230f, or the equivalent offense in another jurisdiction;
- (g) misdemeanor convictions that occurred within the 2 years preceding the application; except for non-violent offenses; or
- (h) felony convictions that occurred within the 5 years preceding the application, except for non-violent offenses.

1.11.3 Overcoming Presumptive Disqualification

The Board may deem an individual qualified to obtain a license even if they were convicted of an offense enumerated in section 1.11.2. ~~A person will~~ may be deemed qualified if the Board finds that ~~granting them a license~~ licensure will not pose a threat to jeopardize the public health and safety or undermine the integrity of the legal cannabis market ~~safety of the legal cannabis market or the general public.~~ In making this decision, the Board shall consider the following factors:

- (a) The nature and seriousness of the crime or offense;
- (b) The circumstances under which the crime or offense occurred;
- (c) The date of the crime or offense;
- (d) The age of the person when the crime or offense was committed;
- (e) Whether the individual committed subsequent offenses;
- (f) Any social conditions that may have contributed to the commission of the crime or offense;
- (g) The nature and responsibility of the position that the person with a conviction would hold, has held, or currently holds; and
- (h) Any evidence of rehabilitation.

License applications will allow applicants to provide additional information related to these factors, if relevant.

1.12 Issuance of Licenses

- (a) The Board shall issue licenses to applicants who meet all requirements for their licenses contained in this rule and all requirements for their licenses contained in Chapter 33 of Title 7 of the Vermont Statutes.
- (b) Notwithstanding subsection (a) of this section 1.12, the Board retains the right to deny a license to an applicant that the Board finds would threaten public health or safety if the applicant were to obtain a license. Such a decision shall be supported by written findings.
- (c) Applicants who falsely attest to the truthfulness and accuracy of the information in their application will be deemed unqualified for a license. If an applicant applies for a license again subsequent to such a denial, the Board may request additional information from the applicant, at the Board's discretion, to assess the truthfulness and accuracy of the subsequent application.

- (d) A licensee, the principal of a licensee, or person who controls a licensee, whose license has been revoked pursuant to Board Rule 4, may not obtain a license until at least 1 year has passed since the revocation took effect.
- (e) A grant or denial of a license under this section 1.12 shall constitute a final decision of the Board for the purposes of appeals pursuant to 7 V.S.A. § 847.

1.13 Prequalification Approval

1.13.1 Purpose of Prequalification Approval

The Board at its discretion may choose to issue prequalification approvals, in accordance with this section, for the purposes of smoothing the application process for applicants as well as assisting the Board in anticipating the structure of the market.

1.13.2 Limits of Prequalification Approval

A prequalification approval does not permit the recipient to operate a Cannabis Establishment. An applicant does not become a licensed Cannabis Establishment, and is not permitted to operate, until the Board issues the applicant a license subsequent to the submission of the applicant's complete and successful application in accordance with this rule.

1.13.3 Forms and Fees for Prequalification Approval

- (a) Those applying for prequalification approval are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.
- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.13.4 Prequalification Approval Application Acceptance Periods

The Board may choose to accept prequalification approval applications at its discretion. It will provide public notice of its intention to accept prequalification approval applications no less than 30 days prior to opening the acceptance period. It will provide public notice of its intention to close a prequalification approval application acceptance period no less than 30 days prior to closure.

1.13.5 Prequalification Approval Application and Issuance

- (a) Prequalification approval applications shall consist of the materials required by sections 1.4.1 and 1.4.2 of this rule.
- (b) The Board shall certify a prequalification approval for any prequalification approval application that meets the requirements of subsections 1.4.1 and 1.4.2 of this rule and is not in violation of 7 V.S.A. § 901(d)(3).

1.13.6 Converting a Prequalification Approval to a Full License Application

Prequalification approvals shall remain valid for 365 days from the date of issuance. They may be rescinded by the Board if the Board learns that information provided in the prequalification approval application was not truthful or accurate. Persons with a prequalification approval must do the following to convert their prequalification approval into a full license application:

- (a) update all information submitted in accordance with section 1.13.5 of this rule; and
- (b) provide all other applicant information required by this rule.

1.14 Priority of Board Considerations for License Applications

- (a) The Board shall consider applications under a priority system that is laid out in a policy readily available to the public.
- (b) The policy shall give top priority to social equity applicants when considering applications.
- (c) The policy shall also utilize the factors listed in 7 V.S.A. § 903(a).

1.15 License Renewal Procedures

1.15.1 License Renewal Timeframes

- (a) Licenses are valid for the time period provided in 7 V.S.A. § 901, except as provided in section 1.17 of this rule.
- (b) The Board will send notice for license renewals no less than 120 days prior to the expiration of a license-; however, non-receipt shall not excuse a licensee from the licensee's duty to maintain continuous licensure or the consequences of failing to do so.
- (c) Renewal applications may be submitted up to 90 days prior to their expiration.
- (d) A licensee must apply for renewal no less than 30 days prior to the license's expiration date, provided that:
 - i. if a licensee fails to meet this deadline, they may submit a renewal application accompanied by a written explanation for the untimely filing, and
 - ii. the Board may accept such a renewal application and, if necessary, continue the licensee's existing license until such time as the renewal process is completed.
- (e) If a licensee files a timely and complete renewal application but does not receive a response from the Board prior to the expiration date for their license their license shall continue to be valid until such time as the Board provides a response, at which time their license will be renewed if the application is granted or terminated if it is not.
- (f) A licensee who does not submit a license renewal application prior to the expiration of their license is no longer a licensee upon the date their license expires. Such a person may no longer operate the Cannabis Establishment.

1.15.2 License Renewal Form and Fees

- (a) Licensees must apply for renewal in a format determined by the Board. The Board will make the application form readily accessible to the public.

- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.15.3 License Renewal Information Requirements

Licenseses must submit the following information with their renewal applications, if applicable:

- (a) efficiency to the extent required by Board Rule 2.5.6;
- (b) a description of changes or adjustments to an outdoor cultivation site, if any, providing the same type of location information as required by sections 1.4.5 and 1.5.1 of this rule;
- (c) all other updates to the information submitted in a licensee's application or prior renewal application; and
- (d) information regarding progress on the licensee's required goals as required by section 1.4.9 of this rule.

Nothing in this section should be interpreted to supersede or alter a licensee's continuing duty to disclose as provided by Board Rule 2.11.

1.15.4 Conditions For Renewal

The Board shall renew the license of a licensee that meets the following requirements:

- (a) Remains in compliance with this rule, with all other relevant Board Rules, and with the provisions of Chapter 33 of Title 7 of the Vermont Statutes, provided that Notices of Violation will be dealt with in accordance with subsection (d) of this section 1.15.4;
- (b) has paid any fee required by 1.15.2;
- (c) has provided the information required by 1.15.3; and
- (d) is in good standing with the Board. For the purposes of this section, good standing is defined as having no unpaid or otherwise unsatisfied final Notice of Violation against the licensee issued pursuant to Board Rule 4, provided that:
 - 1. a Notice of Violation will not be considered final for the purposes of this section until all appeals have been exhausted or waived, and
 - 2. A licensee who is complying with a Board-approved plan to remediate harm stemming from a violation will be considered in good standing.

A licensee whose license has been suspended or revoked pursuant to Board Rule 4 will not be considered a licensee for the purposes of this section. License reinstatement in those circumstances, if available, is governed by Board Rule 4.

1.16 Cannabis Establishment Identification Cards

1.16.1 Identification Cards for Owners and Principals

- (a) For the purposes of this section, an "owner" means a natural person who controls, or shares control of, a Cannabis Establishment.
- (b) All owners and principals will be issued Cannabis Establishment identification cards upon the issuance of a license to operate a Cannabis Establishment.

1.16.2 Forms and Fees for Cannabis Establishment Identification Cards

- (a) Those applying for identification cards are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.
- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.16.3 Application Requirements for Cannabis Establishment Identification Cards

To apply for a Cannabis Establishment identification card the following information must be submitted:

- (a) the individual's full legal name and any aliases;
- (b) the individual's address;
- (c) the individual's date of birth;
- (d) a photocopy of the individual's driver's license or other government-issued identification card;
- (e) a full set of fingerprints in a form and manner as determined by the Board;
- (f) any other authorization or disclosure deemed necessary by the Board for the purpose of conducting a background check;
- (g) a listing of criminal convictions, including any pending offenses;
- (h) information listed in section 1.11.3 of this rule, if applicable;
- (i) if the applicant holds or has held a similar card in another jurisdiction, the name of the issuing authority, and the approximate dates held; and
- (j) if a similar card is or has been held in another jurisdiction, whether that card was revoked and the reason for revocation.

1.16.4 Qualification for Cannabis Establishment Identification Cards

Individuals who submit a complete application for an identification card will be issued a card after a background check is complete, except that:

- (a) No individual under 21 years of age will be issued an identification card; and
- (b) the Board may deny an individual an identification card if an applicant has a record of any of the following:
 - i. a presumptively disqualifying criminal offense as defined in 1.11.2, provided that the Board will also consider mitigating factors as defined in 1.11.3;
 - ii. diversion of Cannabis from a past Cannabis Establishment employer in the regulated market in Vermont or another state;
 - iii. failure to disclose required information on their application;
 - iv. revocation of a similar identification card from Vermont or another jurisdiction in the last 2 years, or more than twice;
 - v. fraudulent use of the identification card in Vermont or other jurisdictions including, but not limited to, tampering, falsifying, altering, modifying,

- duplicating, or allowing another person to use, tamper, falsify, alter, modify, or duplicate the card;
 - vi. failure to notify the Board of a lost, stolen, or destroyed card; and
 - vii. failure to notify the Board of convictions pending at the time of application or convictions that occur after the card is issued.
- (c) The Board will retain discretion to issue identification cards to individuals who have a record of behavior as outlined in subsection (b) if they demonstrate evidence of rehabilitation or show mitigating social factors surrounding the behavior. Identification card applications will allow for individuals to provide such evidence or explanation, if relevant.

1.16.5 Temporary Work Permit

- (a) Upon receipt of an application for an identification card and prior to the completion of a background check the Board will issue a temporary work permit allowing the individual to work at a Cannabis Establishment if the applicant is over 21 years old and discloses no record of behavior related to 1.16.4(b) of this rule, except that the Board retains discretion to deny a temporary license to any applicant if the Board has knowledge of such a record.
- (b) The Board may withdraw a temporary permit if ~~they gain knowledge of~~ it learns of behavior related to 1.16.4(b) after issuing a permit.
- (c) If an application for an identification card discloses behavior related to 1.16.4(b) of this rule, the Board retains discretion to issue a temporary work permit if the Board determines it can do so consistent with public health and safety.
- (d) A temporary permit will expire after 4 months, or upon the issuance or denial of an identification card, whichever comes first. If a temporary permit expires before the Board decides whether to issue or deny an identification card, the Board shall issue a new temporary permit card.

1.16.6 Ongoing Duty to Disclose

The holder of an identification card has an ongoing duty to fully and transparently disclose any information relevant to the criteria in section 1.16.4 of this rule.

1.16.7 Identification Card Renewal

- (a) All holders of identification cards will undergo a background check by the Board prior to renewal.
- (b) Requests to renew identification cards will be considered pursuant to the standard in section 1.16.4 of this rule.
- (c) Identification cards will expire in accordance with the timeline provided by 7 V.S.A. § 884. Identification cards will have an expiration date printed on them.
- (d) Requests to renew identification cards will adhere to the following timeline:
 - i. A card holder must apply for renewal no less than 30 days prior to the card's expiration date, provided that:

1. if a card holder fails to meet this deadline, they may submit a renewal application accompanied by a written explanation for the untimely filing, and
 2. the Board may accept such a renewal application and, if necessary, continue the card holder's existing card until such time as the renewal process is completed.
- ii. If a card holder files a timely and complete renewal application but does not receive a response from the Board prior to the expiration date for their card the card shall continue to be valid until such time as the Board provides a response, at which time their card will be renewed if the application is granted or terminated if it is not.
 - iii. A card holder who does not submit a license renewal application prior to the expiration of their card is no longer a card holder upon the date their card expires. Such a person may no longer work at a Cannabis Establishment.
- (e) Upon the final expiration of an identification card the holder of the card must return it to the Board or must destroy it.

1.17 Change of License Control or Change of License Location Requires a License Renewal Application

- (a) Either of the following changes to a license requires a licensee to submit a license renewal application in accordance with the terms of this section and section 1.15 of this rule:
- i. When an interest holder who has control of a licensee will be changed, including by adding a person who will be an interest holder and will have control, removing a person who is an interest holder and has control, or transferring control from one person who is an interest holder to another person who is an interest holder. This provision does not apply in the event of the death of an interest holder who has control of a licensee. In such instances the licensee shall notify the Board of the death at the time the license is to be renewed pursuant to 7 V.S.A. § 901 section 1.15.1 of this rule. The Board may waive this subsection 1.17(a)(i) at its discretion for de minimis changes in control, but in every case licensees will be required to notify the Board of changes in control.
 - ii. When a licensee wishes to change the physical site of operations for their license.
- (b) A licensee may not consummate a change of control before the Board approves their license renewal application.
- (c) A licensee may not move to a new physical site of operations before the Board approves their license renewal application.
- (d) A license renewal application submitted pursuant to this section 1.17 may be submitted at any time, including during the time a licensee's regular renewal application would be submitted pursuant to section 1.15.1 of this rule. For renewal application submitted during the regular renewal timeframe, licensees may submit one renewal application that satisfies section 1.15 and this section 1.17.
- (e) The renewal must have all application information updated to reflect the proposed changes of control or change of location. These updates must include, but are not limited to, updates of the information required in sections 1.4.1, 1.4.2, and 1.4.6 of this rule.

- (f) A licensee who fails to renew their license prior to consummating a change of control or moving to a new location will be considered a licensee who failed to renew their license before it expired, as provided in section 1.15.1(f) of this rule.
- (g) The fees required by section 1.15.2 of this rule will apply to renewal applications submitted pursuant to this section, provided that the Board will retain discretion to waive or reduce fees for such renewals.
- (h) A change of control that results in a social equity licensee no longer meeting the qualifications to be a social equity applicant could trigger a requirement that the new licensee repay fee waivers from prior years, in accordance with the fee waiver or reduction policy that the Board will make readily accessible to the public.
- (i) Upon Board approval of a license renewal application submitted pursuant to this section the time period for which a license remains valid, as provided by 7 V.S.A. § 901, will start again.
- (j) If the Board does not approve a license renewal application submitted pursuant to this section, the licensee may not proceed with the proposed change in control or the proposed move. The licensee's existing license will remain in effect until such time as renewal would otherwise have been required by 7 V.S.A. § 901.
- (k) A licensee who has been granted a license to change location pursuant to this section shall not be considered to be in violation of the license location restrictions of 7 V.S.A. § 901 during the move from one location to another, provided that:
 - i. the move may not last longer than 60 days from the grant of the new license, and
 - ii. the Board retains discretion to find the licensee in violation of Board rules if, in the Board's judgment, the licensee is utilizing this provision to effectively subvert the location limitations of 7 V.S.A. § 901 by operating their Cannabis Establishment out of both locations.

1.18 Waiver Provisions for Tier 1 Cultivators

Tier 1 indoor cultivators, tier 1 outdoor cultivators, and tier 1 mixed cultivators are not required to comply with the requirements of the following subsections of this rule:

- (a) 1.4.2(g), provided that licensees must provide such a description upon renewal for any criminal action that may have occurred in the prior year;
- (b) 1.4.2(h), provided that licensees must provide such a description upon renewal for any civil action that may have been commenced or resolved in the prior year;
- (c) 1.4.4(a), provided that licensees must provide the plan upon renewal;
- (d) 1.4.4(b);
- (e) 1.4.4(c);
- (f) 1.4.4(e), provided that licensees must provide the overview upon renewal;
- (g) 1.4.4(f), provided that licensees must provide the overview upon renewal;
- (h) 1.4.4(g), provided that licensees must provide the overview upon renewal;
- (i) 1.4.4(h), provided that licensees must provide the plan upon renewal;
- (j) 1.4.5(b);
- (k) 1.5.2(a), if the cultivation establishment will be a home occupancy business; and
- (l) 1.5.2(b), if the cultivation establishment will be a home occupancy business.

1.19 Applicant's Ongoing Duty to Disclose

An applicant has an ongoing duty to fully and transparently update their application while it is pending if there are changes to any information submitted in their application.

1.20 Confidentiality

Application materials will be kept confidential by the Board to the extent required by 7 V.S.A. § 901a(h).

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STATE OF VERMONT
CANNABIS CONTROL BOARD

RULE 1: LICENSING OF CANNABIS ESTABLISHMENTS

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- 1.20 Confidentiality

1. Rule 1: Licensing of Cannabis Establishments

Not every applicable prohibition, restriction, and requirement is contained in this rule. All Cannabis Establishments must abide by the prohibitions, restrictions, and requirements of Chapter 33, Title 7 of the Vermont Statutes. Cannabis Establishments must also abide by all other applicable laws, including but not limited to worker's compensation laws and tax laws.

1.1 General Provisions

1.1.1 Authority

The Cannabis Control Board adopts this rule pursuant to 7 V.S.A. §§ 881, 883, 884, 901, 902, 903, Section 8 of Act 164 (2020), and other applicable law.

1.1.2 Scope and Purpose

The Board is charged with implementing and regulating a legal market for Cannabis in Vermont. This rule regulates the licensing of Cannabis Establishments.

1.1.3 Definitions

All definitions in 7 V.S.A. § 861 shall apply to this rule. The following definitions shall also apply:

- (a) "Commercial bank" has the same meaning as defined in 8 V.S.A. § 11101(15).
- (b) "Entity" means any person, as defined in 7 V.S.A. § 861(23), that is not a natural person.
- (c) "Flammable Solvent" means a liquid that has a flash point below 100 degrees Fahrenheit.
- (d) "Greenhouse" means a structure or a thermally isolated area of a building that maintains a specialized sunlit environment exclusively for, and essential to, the cultivation or maintenance of Cannabis plants and that is in use for a period of 180 days or more each calendar year.
- (e) "Home occupancy business" means a business operated on the premises of an individual's home or property where the individual is domiciled.
- (f) "Indoor cultivation" means growing Cannabis using artificial lighting.
- (g) "Interest holder" has the same meaning as defined in 11A V.S.A. § 11.01(11).
- (h) "Inventory Tracking System" means a method implemented by the Board for tracing all Cannabis and Cannabis Products grown, manufactured, and sold in Vermont.
- (i) "Licensee" means a person who has been issued a license pursuant to this rule. A licensee does not include a person who has been issued a prequalification approval.
- (j) "Outdoor cultivation" means growing Cannabis in a manner that does not use artificial lighting, provided that outdoor cultivators may use the minimum amount of artificial lighting necessary to keep photoperiod plants in a vegetative state. Artificial lighting for outdoor cultivation must not extend beyond May 1st in a calendar year or past when the specific cultivar can sustain vegetative growth under natural sunlight, whichever comes first.

- (k) “Physical site of operations” means:
- i. A cultivator’s grow site,
 - ii. A wholesaler’s product storage facility,
 - iii. A manufacturer’s site of manufacture,
 - iv. A retailer’s store location, or
 - v. A testing laboratory’s testing facility.
- (l) “Prequalification approval” means a certification issued by the Board, in accordance with this rule, prior to a person’s approval as a licensee. A prequalification approval does not permit the recipient to operate a Cannabis Establishment.
- (m) “Social equity applicant” means either a “social equity individual applicant” or a “social equity business applicant” as those terms are defined in this rule.
- (n) “Social equity individual applicant” means an individual who is a resident of Vermont and who meets one or more of the following criteria:
- i they are a socially disadvantaged individual, as defined below,
 - ii they have been incarcerated in a jail or prison facility subsequent to sentencing for a cannabis-related offense, or
 - iii they have a family member who has been incarcerated in a jail or prison facility subsequent to sentencing for a cannabis-related offense.
 - 1 For the purposes of this definition, “family member” shall mean the following: a spouse, domestic partner (as defined in 17 V.S.A. §2414(e)(1)), child, step-child who resided with the family member when the child was a minor, minor in their guardianship, legal guardian, parent, sibling, grandparent, or grandchild.
- (o) “Social equity business applicant” means:
- i A corporation, partnership, or other business entity that meets the federal standards for Disadvantaged Business Enterprises (DBEs) as set forth in 49 C.F.R. §§ 26.69 and 26.71, except as provided in subdivision (1) of this subsection 1.1.3(o)(i), even if the entity has not applied for any federal DBE programs. In determining whether a business applicant meets the federal standards for DBEs, the Board will consider only participants in the business who meet the definition of socially disadvantaged individual as defined by section 1.1.3(p)(i) of this rule and who are residents of Vermont.
 - 1 The requirements of subparts 49 C.F.R. § 26.69(b)(1), (2), and (3) shall not apply to this subsection (o). The majority-interest requirement of 49 C.F.R. § 26.69(b) itself shall apply.
 - ii A corporation, partnership, or other business entity that is at least 51% owned by a social equity individual applicant as defined in subsection 1.1.3(n)(ii) and (iii) of this rule.
- (p) “Socially disadvantaged individual” is an individual who meets at least one of the following criteria:
- i They meet the criteria for social disadvantage as set forth in the following federal regulations regarding DBEs: 49 C.F.R. § 26.67(a)(1) and (b)(2)-(3) to the extent permitted in subdivision 1.1.3(p)(i)(1) of this section, whether or not they have applied for any DBE programs, provided that no person shall be excluded from this definition because of their citizenship or immigration status.

- 1 For the purposes of this rule, the rebuttable presumption in 49 C.F.R. § 26.67(a)(1) shall be applied only to Black Americans and Hispanic Americans.
- ii They are (1) from a community that has historically been disproportionately impacted by cannabis prohibition and (2) able to demonstrate to the Board that they were personally harmed by the disproportionate impact. In assessing this personal harm, the Board may consider factors indicative of long-term consequences such as lost educational or employment opportunities, or housing insecurity.
 - 1 For the purposes of this subsection, “community” includes, but is not limited to, a person who resided for the majority of their youth prior to turning 18 in a household that was eligible for Federal Distribution Program on Indian Reservations (FDPIR) benefits or that received Supplemental Nutrition Assistance Program (SNAP) benefits, or currently resides in a household that is eligible for FDPIR or that receives SNAP benefits. For the purposes of this subsection, community does not mean professional or civic associations, social organizations, clubs, advocacy organizations, or hobbyist groups. A prior association with cannabis is not, by itself, sufficient to constitute a community.

1.1.4 Applicability

This rule applies to:

- (a) Persons who engage in the transfer or sale of Cannabis or Cannabis Products, including transfers or sales related to cultivating, manufacturing, wholesaling, or retailing Cannabis or Cannabis Products, except that this rule does not apply to activities regulated by Chapters 35 and 37 of Title 7 of the Vermont statutes and by Rule 3 of the Board’s rules. This rule also applies to those who provide laboratory testing services to persons who engage in the transfer or sale of Cannabis or Cannabis Products.
- (b) Persons who engage in the transfer or sale of synthetic cannabinoids and potentially intoxicating hemp-derived cannabinoids, including delta-8 and delta-10 tetrahydrocannabinol.

1.1.5 Time

- (a) In computing any time period, measured in days, that is established or allowed by this rule or by order of the Board or Chair:
 - (1) the day of the act or event that triggers the period shall be excluded;
 - (2) every day, including intermediate Saturdays, Sundays, and legal holidays shall be counted;
 - (3) the last day of the period shall be counted, but if the last day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday.
- (b) A “legal holiday” means:
 - (1) any day declared a holiday by the President or Congress of the United States; and
 - (2) any day declared a holiday by the State of Vermont.

1.1.6 Severability

If any portion of this rule is found to be invalid, the remaining portion of the rule shall remain in force and effect.

1.2 License Application Format and Fees

1.2.1 Form

Applicants are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.

1.2.2 Fees

Applicants will be required to pay fees, or demonstrate that they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reductions for social equity applicants.

1.3 License Tiers

The Board establishes the following tiers for cultivation, retail, and manufacturing licenses, provided that if statute is not in agreement with this section, statute will dictate the tiers and supersede this section. If statute supersedes this section, the Board will construct its application process according to statute and will provide guidance readily available to the general public plainly describing the statutorily mandated tiers.

1.3.1 Cultivation License Tiers

(a) Outdoor Cultivation:

i.

Tier	Max Sq Ft of Total Plant Canopy
1	1,000
2	2,500
3	5,000
4	10,000
5	20,000
6	37,500

- ii. For tiers 1-6 of the outdoor cultivation tiers in this subsection (a), the Board will presume that each plant occupies no more than 8 square feet of space. For this reason, cultivators will be presumed to be compliant with the plant canopy limits if they comply with the following plant count limits:

- 1. Tier 1: 125
- 2. Tier 2: 312
- 3. Tier 3: 625
- 4. Tier 4: 1250
- 5. Tier 5: 2,500
- 6. Tier 6: 4,687

Growing more than the maximum plant count for the cultivator’s tier will not be a violation of the plant canopy limit if the cultivator can show the plants occupy no more than the maximum square footage permitted for their tier.

- iii. Applicants will be required to state on their application if they will measure their plant canopy by square footage or by plant count equivalent.
- iv. Plants do not need to be contiguous, but they must be planted within the same school property account number (SPAN) or within two abutting SPANs. A SPAN will be considered abutting if it shares a boundary with a SPAN, or if it is adjacent to a SPAN and is separated only by a river, stream, or public highway.

(b) Indoor Cultivation:

Tier	Max Sq Ft of Total Plant Canopy
1	1,000
2	2,500
3	5,000
4	10,000
5	15,000
6	25,000

(c)

- i. Mixed Cultivation:

Tier	Nature of Business
1	May cultivate up to 1,000 sq ft of plant canopy indoors and up to 125 plants outdoors at the same premises

2 May cultivate up to 2,500 sq ft of plant canopy indoors and up to 312 plants outdoors at the same premises

3 May cultivate up to 1,000 sq ft of plant canopy indoors and up to 625 plants outdoors at the same premises

4 May cultivate up to 1,000 sq ft of plant canopy indoors and up to 1250 plants outdoors at the same premises

5 May cultivate up to 1,000 sq ft of plant canopy indoors and up to 2,500 plants outdoors at the same premises

- ii. Plants in a mixed cultivator's crop do not need to be contiguous, but they must be planted within the same school property account number (SPAN) or within two abutting SPANs. A SPAN will be considered abutting if it shares a boundary with a SPAN, or if it is adjacent to a SPAN and is separated only by a river, stream, or public highway.

1.3.2 Retail License Tiers

Retail – Storefront: This tier is a stand-alone retail location that sells Cannabis and Cannabis Products to consumers.

1.3.3 Manufacturing License Tiers

No manufacturer may violate a prohibition on manufacturing processes contained in 18 V.S.A. § 4230h.

- (a) Tier 3 Manufacturer: A tier 3 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 3 manufacturer may produce Cannabis Products using all lawful methods of extraction; provided, however, that any extraction method reserved for Tier 3 manufacturers must occur in a building under the jurisdiction of the Division of Fire Safety.
- (b) Tier 2 Manufacturer: A tier 2 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 2 manufacturer may produce Cannabis Products using the following methods but may not utilize flammable solvent chemical extraction, flammable solvent chemical synthesis, or supercritical CO₂ extraction:

- i. Water-Based Extraction: extraction using only water, ice, or other freezing substrate or process as approved by the Board.
 - ii. Food-Based Extraction: extraction using propylene glycol, glycerin, butter, coconut or olive oil, other typical cooking fats, or alcohol as approved by the Board.
 - iii. Heat/Pressure-Based Extraction: extraction using heat and/or pressure as approved by the Board.
- (c) Tier 1 Manufacturer: A tier 1 manufacturer may purchase, process, manufacture, transfer, and sell Cannabis as well as finished and in-process Cannabis Products to other Licensees but not directly to consumers. A tier 1 manufacturer may produce Cannabis Products using the same methods as a tier 2 manufacturer, but not a tier 3 manufacturer. A tier 1 manufacturer must be a home occupancy business with no more than one employee, and under \$50,000 in gross revenue each year.

1.3.4 Changing Tiers

A licensee may apply to change to a different tier within their license type at any time by filing a renewal application pursuant to section 1.15 of this rule. Upon renewal, the licensee must pay the fees associated with the tier they seek to enter.

1.4 License Application Requirements for All License Types

The requirements in this section apply to all license types authorized under 7 V.S.A. § 901.

1.4.1 Operating plans

Applicants must present an operating plan, which shall include all requirements of 7 V.S.A. § 881(a)(1)(B)(i) and, to the extent they are not required by that provision, the following elements:

- (a) The proposed Cannabis Establishment's legal name and any registered alternate name under which it may conduct business.
- (b) The name of the individual who will serve as primary point of contact with the Board and an email address where the individual can be contacted.
- (c) The type of license sought and, if relevant, the license tier.
- (d) Documentation that the applicant is an entity registered to do business in Vermont;
- (e) A federal tax identification number and social security numbers for each principal of the proposed Cannabis Establishment and each natural person who controls the proposed Cannabis Establishment.
- (f) A list of the principals of the proposed Cannabis Establishment.
- (g) A list of all persons having control of the proposed Cannabis Establishment.
- (h) Whenever a person having control of a Cannabis Establishment is an entity, the applicant must provide:
 - i. a list of the principals of any entities having control of the Cannabis Establishment; and
 - ii. a list of natural persons who control any entities having control of the Cannabis

Establishment.

Lists provided pursuant to this subsection 1.4.1(h) shall include without limitation natural persons who have control by way of beneficial ownership or record ownership.

Intervening entities do not relieve an applicant of the obligation of disclosure under this provision.

- (i) Documentation and description, including the persons involved, of any contractual, management, or other agreement that explicitly or implicitly conveys control over the Cannabis Establishment.
- (j) For each person identified in (f) through (i) of this subsection, disclose whether that person would be required to be identified pursuant to (f) through (i) of any other license application.
- (k) Documentation disclosing whether any person named in sections (f) through (i) of this subsection is a controlling interest holder in a past or present Cannabis-related business in another jurisdiction.

1.4.2 Record Checks

An applicant, principal of an applicant, and person who controls an applicant, who is a natural person, shall be 21 years of age or older and shall consent to the release of his or her criminal and administrative records.

Each applicant, principal of an applicant, and person who controls an applicant, who is a natural person, shall submit the following:

- (a) the individual's full legal name and any aliases;
- (b) the individual's address;
- (c) the individual's date of birth;
- (d) a photocopy of the individual's driver's license or other government-issued identification card;
- (e) a full set of fingerprints in a form and manner as determined by the Board;
- (f) any other authorization or disclosure deemed necessary by the Board for the purpose of conducting a background check;
- (g) a description of any criminal action against an applicant, principal, or person who controls an applicant in any jurisdiction that resulted in a conviction, guilty plea, plea of nolo contendere or admission to sufficient facts;
- (h) a description of any civil action that was commenced or resolved in the preceding 10 years in any jurisdiction in which the applicant, principal, or person who controls an applicant is or was a named party;
- (i) a description of any administrative action taken against the applicant, principal, or person who controls an applicant in any jurisdiction;
- (j) a description of any disciplinary action against a license, registration, or certification held by the applicant, principal, or person having control of an applicant, such as a suspension or revocation, including, but not limited to, a license to prescribe or distribute controlled substances; and
- (k) a description of any license denial, and the reasons for denial, in any jurisdiction.

The Board at its discretion may request any of the information described in subsections (g) through (k) of this section 1.4.2 for any natural person an applicant discloses pursuant to section 1.4.1(h) of this rule.

1.4.3 Financiers

- (a) Applicants must disclose documentation detailing the sources and amounts of capital resources available to the applicant from any person that will be contributing capital resources to the applicant for the purposes of establishing or operating the proposed Cannabis Establishment.
- (b) In addition to the disclosure requirements for applicants, principals, and persons who control an applicant in section 1.4.1 of this rule, financiers of applicants who do not fall into one of those categories must be 21 years of age and may be subject to the following requirements at the Board's discretion, provided that this subsection shall not apply to commercial banks:
 - i. A requirement to disclose information to the Board or the Department of Financial Regulation;
 - ii. a requirement to conduct a background check for natural persons who are financiers or who control financiers;
 - iii. a requirement to disclose principals and natural persons who control a financier to the same extent required by section 1.4.1(h) of this rule; and
 - iv. requirements to ensure that a financier complies with any applicable State and federal laws governing financial institutions, licensed lenders, and other financial service providers.

1.4.4 Compliance and Management Plans

All applicants must:

- (a) submit a contingency and continuity plan that addresses the dispersal or disposal of inventory in the event of an abrupt closure;
- (b) submit a timeline for beginning operations of the Cannabis Establishment;
- (c) attest that they will comply with applicable municipal ordinances; and
- (d) attest that they will comply with required inspections or permits from other state and local agencies (for example, certificates of occupancy).

Applicants who intend to hire, or who have hired, employees must provide:

- (e) an overview of positions and staffing levels;
- (f) an overview of general roles and responsibilities of staff;
- (g) an overview of the management structure; and
- (h) employee hiring and training plan, including safety training.

1.4.5 Insurance, Taxation, and Banking Requirements

Each applicant shall submit the following:

- (a) documentation of insurance coverage as required by Board Rule 2.2.2;
- (b) ~~documentation of bond or third party escrow, to the satisfaction of the Board, for costs related to cessation of operation of a Cannabis Establishment in an amount to be determined by Board guidance;~~
- (c) documentation of compliance with, or plan to comply with, worker's compensation requirements, if applicable;
- (d) confirmation of current Vermont tax compliance, or confirmation of a plan with the Department of Taxes to come into compliance, provided that this does not apply to tax liability from income related to Cannabis businesses;
- (e) school property account number at the physical site of operations;
- (f) authorization to release information to other state agencies, or to banking entities with whom the applicant seeks to bank; and
- (g) sufficient documentation, as determined by the Board, of one of the following:
 - i. a deposit account with a financial institution; or
 - ii. evidence of an attempt to open such an account along with a cash management plan.

1.4.6 Location Information

Applicants must provide both:

- (a) A business address as well as precise location information for the physical site of operations for the proposed Cannabis Establishment. A business address does not have to correspond with the physical site of operations. The location information for the physical site of operations must be in the form of GPS coordinates. GPS coordinates must be provided in Decimal Degrees (DD) format.
- (b) Proof that the applicant has a right to occupy the physical site of operations, through proof of ownership, a lease, or other document demonstrating a right to occupy and use the property, or proof that such a right will exist prior to the start of Cannabis Establishment operations.

1.4.7 Security

All applicants must submit a plan to comply with security requirements relevant to any license or licenses they seek to obtain, as required by Board Rule 2.

1.4.8 Information Sharing with State Agencies

By applying, an applicant consents to the Board sharing applicant information with other Vermont state agencies, including, but not limited to, the Department of Financial Regulation, the Department of Labor, and the Department of Taxes. Information deemed confidential by 7 V.S.A. § 901a will remain confidential even if it is in the possession of another state agency.

1.4.9 Plans Related to Positive Impact Criteria

- (a) For the purposes of this section, "employee" has the same meaning as defined in 21 V.S.A. § 481(5), provided that the applicable exceptions shall be 21 V.S.A. § 481(5)(B),

(G), and (H).

- (b) To the extent required in subsection (c), applicants must include plans related to the criteria listed in subsections (d) and (e). Failure to do so will not result in disqualification of their application but will pause their license approval process until they provide the relevant plan information. To the extent required by this section and section 1.15.3 of this rule, reports related to these criteria will be required for license renewal.
- (c) Applicants that are not testing laboratories must show plans for completion of the criteria in subsection (d) and (e) to the following extent:
 - i. Corporations, partnerships, or other business entities that are not sole proprietorships, and any applicants with plans to hire 2 to 10 employees, must show plans to satisfy at least one criteria from subsection (d) and at least one criteria from subsection (e).
 - ii. All applicants that plan to hire more than 10 employees must show plans to satisfy at least 3 criteria from subsections (d) and at least three criteria from subsection (e).
 - iii. For retailers, a plan to pay the applicable taxes on behalf of a medical patient registered pursuant to 7 V.S.A. § 953 and Rule 3.2 may count toward one of the criteria they would otherwise need to meet in either subsection (d) or (e).
- (d) To the extent required by subsection (c) of this section, applicants must propose plans to recruit, hire, and implement a development ladder for minorities, women, or individuals who have historically been disproportionately impacted by cannabis prohibition using the following options:
 - i. Inclusive hiring and contracting plans.
 - ii. A plan for providing a livable wage.
 - iii. Adopting and supporting incubator or accelerator programs that seek to assist businesses that meet the definition of a social equity applicant or are minority or women-owned, including but not limited to providing:
 - 1. grants or access to capital;
 - 2. workforce re-entry training or programming;
 - 3. cultivation, manufacturing, or retail space;
 - 4. management training or other forms of industry-specific technical training;
 - or
 - 5. mentorship from experts;
 - iv. A contribution or contributions to the Cannabis Business Development Fund established by 7 V.S.A. § 987.
- (e) To the extent required by subsection (c) of this section, applicants must propose plans to incorporate principles of environmental resiliency or sustainability, including energy efficiency, using the following options:
 - i. Sustainable agricultural practices.
 - ii. Sourcing energy from renewables.
 - iii. Exceeding minimum waste standards, as provided by Board Rule 2.2.8, or exceeding minimum efficiency standards as provided by Board Rule 2.5, if applicable.
 - iv. Contribute to anti-pollution efforts, which could include but is not limited to the use of carbon off-sets.

1.4.10 Statement of Truthfulness and Accuracy

All applicants shall attest to the truthfulness and accuracy of the information contained in their application.

1.5 License Application Requirements for Cultivators

The requirements in this section apply to applications for a cultivator license.

1.5.1 Location Information

In addition to the information required in subsection 1.4.5 of this rule, an applicant must provide:

- (a) A diagram or a site plan of the physical site of operation that is clearly legible and includes:
 - i. north arrow;
 - ii. standard scale;
 - iii. size of property in acres (for outdoor cultivator) or total square feet (for indoor cultivator);
 - iv. total plant canopy dimensions;
 - v. for outdoor cultivators, use of land and structures that share the property;
 - vi. for indoor cultivators, a diagram of how non-cultivation parts of the facility will be utilized.
- (b) A map showing the boundaries of the planned growing area, provided that this requirement applies only to outdoor cultivator Tiers 2-6.
- (c) The location for outdoor cultivators must comply with Board Rule 2.4.4 regarding visibility from a public road.

1.5.2 Water and Wastewater Requirements

General water supply and municipal wastewater requirements:

- (a) Cultivators on a municipal water supply must submit a letter from the water utility certifying the utility's capacity to provide a sufficient quantity of water to the applicant at the physical site of operation.
- (b) Cultivators using municipal wastewater, or other offsite wastewater system, must submit a letter certifying the wastewater system's capacity to accept the quantity and anticipated strength of wastewater from the physical site of operation.

Tier 5 and 6 Cultivator applicants must:

- (c) state the following if their water use and wastewater generation are covered by the Wastewater System and Potable Water Supply Rule, as adopted by the Department of Environmental Conservation:
 - i. where they are planning on withdrawing water;
 - ii. by what means will they withdraw and, if necessary, store the water prior to use;
 - iii. when on-site water is also used for potable/sanitary purposes for workers;
 - iv. how many people may be on-site in a given day;

- (d) specify the volume and strength of the wastewater that the facility anticipates generating, using design flows from the Wastewater System and Water Supply Rule where appropriate and specify how it will be treated and disposed;
- (e) state whether the Cannabis Establishment needs to comply with the Indirect Discharge Rules and Underground Injection Control Rules as adopted by the Department of Environmental Conservation; and
- (f) describe the anticipated means of collecting, storing, treating, and discharging wastewater.

1.5.3 Indoor Cultivators

Indoor cultivation Cannabis Establishments must identify whether their water supply and wastewater systems must comply with any applicable portion of the Department of Environmental Conservation's Drinking Water and Groundwater Protection Division rules.

1.6 License Application Requirements for Manufacturers

The requirements in this section apply to applications for a manufacturing license.

Manufacturers must indicate whether they are planning to utilize solvent-based extraction.

1.7 License Application Requirements for Retailers

The requirements in this section apply to applications for a retail license.

Retailers must comply with all relevant statutes and Board rules related to CBD, hemp, and hemp-derived compounds.

1.8 License Application Requirements for Testing Laboratories

The requirements in this section apply to applications for a testing laboratory license.

Applications for testing laboratories may be reviewed for qualification by the Board or a Board designee.

At its discretion, the Board may waive or reduce licensing requirements, including fees, for a laboratory that has a current certification under the Cannabis Quality Control Program established by the Vermont Agency of Agriculture, Food and Markets under 6 V.S.A. § 567.

A testing laboratory applicant must submit:

- (a) current laboratory accreditation certificates, or proof of certification under the Cannabis Quality Control Program established by the Vermont Agency of Agriculture, Food and Markets under 6 V.S.A. § 567;
- (b) laboratory quality assurance manual or procedures which document the lab quality control system, and an outline of the quality management system;

- (c) the laboratory standard operating procedures for analysis of Cannabis and Cannabis Products;
- (d) a master list of all analytical and non-analytical (i.e., safety and training) standard operating procedures indicating the latest revision and review dates and current effective dates;
- (e) documentation of educational and technical credentials for all key technical and management personnel;
- (f) current organization chart, including reporting relationships;
- (g) example Certificates of Analysis (CoA) to be issued by the laboratory for each test area, containing all information required in a CoA;
- (h) the latest proficiency results for Cannabis testing or similar matrix (i.e., food, solids,) for all test areas in which it states it is certified, if available;
- (i) proof of analytical proficiency.

1.9 License Application Requirements for Integrated Licensees

The requirements in this section apply to applications for an integrated license.

An integrated license applicant must meet all requirements in sections 1.4-1.8 of this rule, and must also submit:

- (a) A plan to provide reduced cost or free Cannabis to patients with documented, verified financial hardship who are utilizing the dispensary operation;
- (b) a list of products purchased by registered patients in the preceding 12 months;
- (c) plan to ensure continuity of products for patients accessing the dispensary operation; and
- (d) attestation of good standing with respect to their medical Cannabis dispensary license in accordance with 7 V.S.A. § 903(a)(1). For the purposes of this subsection (f), good standing shall mean the dispensary is in compliance with Chapter 86 of Title 18 of the Vermont Statutes, and with all associated rules.

1.10 License Application Acceptance Periods

- (a) The Board will accept license applications in accordance with legislatively mandated time periods.
- (b) Other than legislatively mandated time periods, the Board may open or close acceptance periods for applications at its discretion, provided that the Board will give public notice no less than 30 days prior to opening and 30 days prior to closing an application acceptance period.
- (c) The Board may set separate application acceptance periods for each of the license types and may set separate application acceptance periods for each tier within tiered license types.
- (d) Other than legislatively mandated application acceptance periods, the Board may open application periods at their discretion, subject to the following limitations:

- i. the Board shall accept applications for license types, other than cultivation license types, for no less than 30 days each calendar year; and
 - ii. the Board shall accept applications for Tiers 1 and 2 of both indoor and outdoor cultivation license types for no less than 30 days each calendar year. The 30-day window for this subdivision 1.10(d)(ii) must open no later than February 1 of each calendar year.
- (e) Nothing in this section 1.10 shall be interpreted to impact the license renewal process governed by section 1.15 of this rule.

1.11 Criminal Records and License Qualification Determinations

1.11.1 Effect of Criminal Records on Application

Except as provided in 1.11.2, no criminal offense committed by an applicant, the principal of an applicant, or a person who owns or controls an applicant, will have a negative effect on their application or disqualify them from obtaining a license.

1.11.2 Presumptive Disqualification

Convictions for offenses in the following categories presumptively disqualify an applicant, the principal of an applicant, or a person who controls an applicant from gaining a license to operate a Cannabis Establishment, provided that a person may overcome the presumption as specified in section 1.11.3:

- (a) A listed crime as defined in subsection 13 V.S.A. § 5301(7) or the equivalent in another jurisdiction;
- (b) A conviction for an offense in 13 V.S.A. chapter 64 or the equivalent in another jurisdiction;
- (c) a state or federal felony offense involving fraud, deceit, or embezzlement;
- (d) convictions that demonstrate an ongoing involvement with organized criminal enterprises, including violent gangs and drug cartels;
- (e) trafficking of a regulated substance other than Cannabis. For the purposes of this subsection (c), trafficking will mean a violation of 18 V.S.A. §§ 4231(c), 4233(c), 4233a(b), 4234a(c), or a non-violent drug distribution offense in another jurisdiction that carries a maximum penalty of 30 years of incarceration or greater;
- (f) dispensing cannabis to a person under 21 years of age in violation of 18 V.S.A. § 4230f, or the equivalent offense in another jurisdiction;
- (g) misdemeanor convictions that occurred within the 2 years preceding the application; except for non-violent offenses; or
- (h) felony convictions that occurred within the 5 years preceding the application, except for non-violent offenses.

1.11.3 Overcoming Presumptive Disqualification

The Board may deem an individual qualified to obtain a license even if they were convicted of an offense enumerated in section 1.11.2. A person may be deemed qualified if the Board finds

that licensure will not jeopardize the public health and safety or undermine the integrity of the legal cannabis market. In making this decision, the Board shall consider the following factors:

- (a) The nature and seriousness of the crime or offense;
- (b) The circumstances under which the crime or offense occurred;
- (c) The date of the crime or offense;
- (d) The age of the person when the crime or offense was committed;
- (e) Whether the individual committed subsequent offenses;
- (f) Any social conditions that may have contributed to the commission of the crime or offense;
- (g) The nature and responsibility of the position that the person with a conviction would hold, has held, or currently holds; and
- (h) Any evidence of rehabilitation.

License applications will allow applicants to provide additional information related to these factors, if relevant.

1.12 Issuance of Licenses

- (a) The Board shall issue licenses to applicants who meet all requirements for their licenses contained in this rule and all requirements for their licenses contained in Chapter 33 of Title 7 of the Vermont Statutes.
- (b) Notwithstanding subsection (a) of this section 1.12, the Board retains the right to deny a license to an applicant that the Board finds would threaten public health or safety if the applicant were to obtain a license. Such a decision shall be supported by written findings.
- (c) Applicants who falsely attest to the truthfulness and accuracy of the information in their application will be deemed unqualified for a license. If an applicant applies for a license again subsequent to such a denial, the Board may request additional information from the applicant, at the Board's discretion, to assess the truthfulness and accuracy of the subsequent application.
- (d) A licensee, the principal of a licensee, or person who controls a licensee, whose license has been revoked pursuant to Board Rule 4, may not obtain a license until at least 1 year has passed since the revocation took effect.
- (e) A grant or denial of a license under this section 1.12 shall constitute a final decision of the Board for the purposes of appeals pursuant to 7 V.S.A. § 847.

1.13 Prequalification Approval

1.13.1 Purpose of Prequalification Approval

The Board at its discretion may choose to issue prequalification approvals, in accordance with this section, for the purposes of smoothing the application process for applicants as well as assisting the Board in anticipating the structure of the market.

1.13.2 Limits of Prequalification Approval

A prequalification approval does not permit the recipient to operate a Cannabis Establishment.

An applicant does not become a licensed Cannabis Establishment, and is not permitted to operate, until the Board issues the applicant a license subsequent to the submission of the applicant's complete and successful application in accordance with this rule.

1.13.3 Forms and Fees for Prequalification Approval

- (a) Those applying for prequalification approval are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.
- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.13.4 Prequalification Approval Application Acceptance Periods

The Board may choose to accept prequalification approval applications at its discretion. It will provide public notice of its intention to accept prequalification approval applications no less than 30 days prior to opening the acceptance period. It will provide public notice of its intention to close a prequalification approval application acceptance period no less than 30 days prior to closure.

1.13.5 Prequalification Approval Application and Issuance

- (a) Prequalification approval applications shall consist of the materials required by sections 1.4.1 and 1.4.2 of this rule.
- (b) The Board shall certify a prequalification approval for any prequalification approval application that meets the requirements of subsections 1.4.1 and 1.4.2 of this rule and is not in violation of 7 V.S.A. § 901(d)(3).

1.13.6 Converting a Prequalification Approval to a Full License Application

Prequalification approvals shall remain valid for 365 days from the date of issuance. They may be rescinded by the Board if the Board learns that information provided in the prequalification approval application was not truthful or accurate. Persons with a prequalification approval must do the following to convert their prequalification approval into a full license application:

- (a) update all information submitted in accordance with section 1.13.5 of this rule; and
- (b) provide all other applicant information required by this rule.

1.14 Priority of Board Considerations for License Applications

- (a) The Board shall consider applications under a priority system that is laid out in a policy readily available to the public.
- (b) The policy shall give top priority to social equity applicants when considering applications.
- (c) The policy shall also utilize the factors listed in 7 V.S.A. § 903(a).

1.15 License Renewal Procedures

1.15.1 License Renewal Timeframes

- (a) Licenses are valid for the time period provided in 7 V.S.A. § 901, except as provided in section 1.17 of this rule.
- (b) The Board will send notice for license renewals no less than 120 days prior to the expiration of a license; however, non-receipt shall not excuse a licensee from the licensee's duty to maintain continuous licensure or the consequences of failing to do so.
- (c) Renewal applications may be submitted up to 90 days prior to their expiration.
- (d) A licensee must apply for renewal no less than 30 days prior to the license's expiration date, provided that:
 - i. if a licensee fails to meet this deadline, they may submit a renewal application accompanied by a written explanation for the untimely filing, and
 - ii. the Board may accept such a renewal application and, if necessary, continue the licensee's existing license until such time as the renewal process is completed.
- (e) If a licensee files a timely and complete renewal application but does not receive a response from the Board prior to the expiration date for their license their license shall continue to be valid until such time as the Board provides a response, at which time their license will be renewed if the application is granted or terminated if it is not.
- (f) A licensee who does not submit a license renewal application prior to the expiration of their license is no longer a licensee upon the date their license expires. Such a person may no longer operate the Cannabis Establishment.

1.15.2 License Renewal Form and Fees

- (a) Licensees must apply for renewal in a format determined by the Board. The Board will make the application form readily accessible to the public.
- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.15.3 License Renewal Information Requirements

Licensees must submit the following information with their renewal applications, if applicable:

- (a) efficiency to the extent required by Board Rule 2.5.6;
- (b) a description of changes or adjustments to an outdoor cultivation site, if any, providing the same type of location information as required by sections 1.4.5 and 1.5.1 of this rule;
- (c) all other updates to the information submitted in a licensee's application or prior renewal application; and
- (d) information regarding progress on the licensee's required goals as required by section 1.4.9 of this rule.

Nothing in this section should be interpreted to supersede or alter a licensee's continuing duty to disclose as provided by Board Rule 2.11.

1.15.4 Conditions For Renewal

The Board shall renew the license of a licensee that meets the following requirements:

- (a) Remains in compliance with this rule, with all other relevant Board Rules, and with the provisions of Chapter 33 of Title 7 of the Vermont Statutes, provided that Notices of Violation will be dealt with in accordance with subsection (d) of this section 1.15.4;
- (b) has paid any fee required by 1.15.2;
- (c) has provided the information required by 1.15.3; and
- (d) is in good standing with the Board. For the purposes of this section, good standing is defined as having no unpaid or otherwise unsatisfied final Notice of Violation against the licensee issued pursuant to Board Rule 4, provided that:
 1. a Notice of Violation will not be considered final for the purposes of this section until all appeals have been exhausted or waived, and
 2. A licensee who is complying with a Board-approved plan to remediate harm stemming from a violation will be considered in good standing.

A licensee whose license has been suspended or revoked pursuant to Board Rule 4 will not be considered a licensee for the purposes of this section. License reinstatement in those circumstances, if available, is governed by Board Rule 4.

1.16 Cannabis Establishment Identification Cards

1.16.1 Identification Cards for Owners and Principals

- (a) For the purposes of this section, an "owner" means a natural person who controls, or shares control of, a Cannabis Establishment.
- (b) All owners and principals will be issued Cannabis Establishment identification cards upon the issuance of a license to operate a Cannabis Establishment.

1.16.2 Forms and Fees for Cannabis Establishment Identification Cards

- (a) Those applying for identification cards are required to submit an application in a format determined by the Board. The Board will make the application form readily accessible to the public.
- (b) Applicants will be required to pay fees, or show they qualify for a fee waiver or reduction, in accordance with a fee schedule and waiver or reduction policy that the Board will make readily accessible to the public. The fee waiver or reduction policy will include a schedule of waivers and reduction for social equity applicants.

1.16.3 Application Requirements for Cannabis Establishment Identification Cards

To apply for a Cannabis Establishment identification card the following information must be submitted:

- (a) the individual's full legal name and any aliases;

- (b) the individual's address;
- (c) the individual's date of birth;
- (d) a photocopy of the individual's driver's license or other government-issued identification card;
- (e) a full set of fingerprints in a form and manner as determined by the Board;
- (f) any other authorization or disclosure deemed necessary by the Board for the purpose of conducting a background check;
- (g) a listing of criminal convictions, including any pending offenses;
- (h) information listed in section 1.11.3 of this rule, if applicable;
- (i) if the applicant holds or has held a similar card in another jurisdiction, the name of the issuing authority, and the approximate dates held; and
- (j) if a similar card is or has been held in another jurisdiction, whether that card was revoked and the reason for revocation.

1.16.4 Qualification for Cannabis Establishment Identification Cards

Individuals who submit a complete application for an identification card will be issued a card after a background check is complete, except that:

- (a) No individual under 21 years of age will be issued an identification card; and
- (b) the Board may deny an individual an identification card if an applicant has a record of any of the following:
 - i. a presumptively disqualifying criminal offense as defined in 1.11.2, provided that the Board will also consider mitigating factors as defined in 1.11.3;
 - ii. diversion of Cannabis from a past Cannabis Establishment employer in the regulated market in Vermont or another state;
 - iii. failure to disclose required information on their application;
 - iv. revocation of a similar identification card from Vermont or another jurisdiction in the last 2 years, or more than twice;
 - v. fraudulent use of the identification card in Vermont or other jurisdictions including, but not limited to, tampering, falsifying, altering, modifying, duplicating, or allowing another person to use, tamper, falsify, alter, modify, or duplicate the card;
 - vi. failure to notify the Board of a lost, stolen, or destroyed card; and
 - vii. failure to notify the Board of convictions pending at the time of application or convictions that occur after the card is issued.
- (c) The Board will retain discretion to issue identification cards to individuals who have a record of behavior as outlined in subsection (b) if they demonstrate evidence of rehabilitation or show mitigating social factors surrounding the behavior. Identification card applications will allow for individuals to provide such evidence or explanation, if relevant.

1.16.5 Temporary Work Permit

- (a) Upon receipt of an application for an identification card and prior to the completion of a background check the Board will issue a temporary work permit allowing the individual to work at a Cannabis Establishment if the applicant is over 21 years old and discloses no

record of behavior related to 1.16.4(b) of this rule, except that the Board retains discretion to deny a temporary license to any applicant if the Board has knowledge of such a record.

- (b) The Board may withdraw a temporary permit if it learns of behavior related to 1.16.4(b) after issuing a permit.
- (c) If an application for an identification card discloses behavior related to 1.16.4(b) of this rule, the Board retains discretion to issue a temporary work permit if the Board determines it can do so consistent with public health and safety.
- (d) A temporary permit will expire after 4 months, or upon the issuance or denial of an identification card, whichever comes first. If a temporary permit expires before the Board decides whether to issue or deny an identification card, the Board shall issue a new temporary permit card.

1.16.6 Ongoing Duty to Disclose

The holder of an identification card has an ongoing duty to fully and transparently disclose any information relevant to the criteria in section 1.16.4 of this rule.

1.16.7 Identification Card Renewal

- (a) All holders of identification cards will undergo a background check by the Board prior to renewal.
- (b) Requests to renew identification cards will be considered pursuant to the standard in section 1.16.4 of this rule.
- (c) Identification cards will expire in accordance with the timeline provided by 7 V.S.A. § 884. Identification cards will have an expiration date printed on them.
- (d) Requests to renew identification cards will adhere to the following timeline:
 - i. A card holder must apply for renewal no less than 30 days prior to the card's expiration date, provided that:
 - 1. if a card holder fails to meet this deadline, they may submit a renewal application accompanied by a written explanation for the untimely filing, and
 - 2. the Board may accept such a renewal application and, if necessary, continue the card holder's existing card until such time as the renewal process is completed.
 - ii. If a card holder files a timely and complete renewal application but does not receive a response from the Board prior to the expiration date for their card the card shall continue to be valid until such time as the Board provides a response, at which time their card will be renewed if the application is granted or terminated if it is not.
 - iii. A card holder who does not submit a license renewal application prior to the expiration of their card is no longer a card holder upon the date their card expires. Such a person may no longer work at a Cannabis Establishment.
- (e) Upon the final expiration of an identification card the holder of the card must return it to the Board or must destroy it.

1.17 Change of License Control or Change of License Location Requires a License Renewal Application

- (a) Either of the following changes to a license requires a licensee to submit a license renewal application in accordance with the terms of this section and section 1.15 of this rule:
 - i. When an interest holder who has control of a licensee will be changed, including by adding a person who will be an interest holder and will have control, removing a person who is an interest holder and has control, or transferring control from one person who is an interest holder to another person who is an interest holder. This provision does not apply in the event of the death of an interest holder who has control of a licensee. In such instances the licensee shall notify the Board of the death at the time the license is to be renewed pursuant to 7 V.S.A. § 901 section 1.15.1 of this rule. The Board may waive this subsection 1.17(a)(i) at its discretion for de minimis changes in control, but in every case licensees will be required to notify the Board of changes in control.
 - ii. When a licensee wishes to change the physical site of operations for their license.
- (b) A licensee may not consummate a change of control before the Board approves their license renewal application.
- (c) A licensee may not move to a new physical site of operations before the Board approves their license renewal application.
- (d) A license renewal application submitted pursuant to this section 1.17 may be submitted at any time, including during the time a licensee's regular renewal application would be submitted pursuant to section 1.15.1 of this rule. For renewal application submitted during the regular renewal timeframe, licensees may submit one renewal application that satisfies section 1.15 and this section 1.17.
- (e) The renewal must have all application information updated to reflect the proposed changes of control or change of location. These updates must include, but are not limited to, updates of the information required in sections 1.4.1, 1.4.2, and 1.4.6 of this rule.
- (f) A licensee who fails to renew their license prior to consummating a change of control or moving to a new location will be considered a licensee who failed to renew their license before it expired, as provided in section 1.15.1(f) of this rule.
- (g) The fees required by section 1.15.2 of this rule will apply to renewal applications submitted pursuant to this section, provided that the Board will retain discretion to waive or reduce fees for such renewals.
- (h) A change of control that results in a social equity licensee no longer meeting the qualifications to be a social equity applicant could trigger a requirement that the new licensee repay fee waivers from prior years, in accordance with the fee waiver or reduction policy that the Board will make readily accessible to the public.
- (i) Upon Board approval of a license renewal application submitted pursuant to this section the time period for which a license remains valid, as provided by 7 V.S.A. § 901, will start again.
- (j) If the Board does not approve a license renewal application submitted pursuant to this section, the licensee may not proceed with the proposed change in control or the proposed move. The licensee's existing license will remain in effect until such time as renewal would otherwise have been required by 7 V.S.A. § 901.

- (k) A licensee who has been granted a license to change location pursuant to this section shall not be considered to be in violation of the license location restrictions of 7 V.S.A. § 901 during the move from one location to another, provided that:
 - i. the move may not last longer than 60 days from the grant of the new license, and
 - ii. the Board retains discretion to find the licensee in violation of Board rules if, in the Board's judgment, the licensee is utilizing this provision to effectively subvert the location limitations of 7 V.S.A. § 901 by operating their Cannabis Establishment out of both locations.

1.18 Waiver Provisions for Tier 1 Cultivators

Tier 1 indoor cultivators, tier 1 outdoor cultivators, and tier 1 mixed cultivators are not required to comply with the requirements of the following subsections of this rule:

- (a) 1.4.2(g), provided that licensees must provide such a description upon renewal for any criminal action that may have occurred in the prior year;
- (b) 1.4.2(h), provided that licensees must provide such a description upon renewal for any civil action that may have been commenced or resolved in the prior year;
- (c) 1.4.4(a), provided that licensees must provide the plan upon renewal;
- (d) 1.4.4(b);
- (e) 1.4.4(c);
- (f) 1.4.4(e), provided that licensees must provide the overview upon renewal;
- (g) 1.4.4(f), provided that licensees must provide the overview upon renewal;
- (h) 1.4.4(g), provided that licensees must provide the overview upon renewal;
- (i) 1.4.4(h), provided that licensees must provide the plan upon renewal;
- (j) 1.4.5(b);
- (k) 1.5.2(a), if the cultivation establishment will be a home occupancy business; and
- (l) 1.5.2(b), if the cultivation establishment will be a home occupancy business.

1.19 Applicant's Ongoing Duty to Disclose

An applicant has an ongoing duty to fully and transparently update their application while it is pending if there are changes to any information submitted in their application.

1.20 Confidentiality

Application materials will be kept confidential by the Board to the extent required by 7 V.S.A. § 901a.

VERMONT GENERAL ASSEMBLY

The Vermont Statutes Online

Title 7 : Alcoholic Beverages, Cannabis, And Tobacco

Chapter 031 : Cannabis

Subchapter 002 : Cannabis Control Board

(Cite as: 7 V.S.A. § 843)

Londeree, Vicki (LNG-HBE) Londeree, Vicki (LNG-HBE) 2 0 2023-03-03T11:58:00Z
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[Section 843 repealed effective July 1, 2024.]

843. Cannabis Control Board; duties; members

(a) Creation. There is created within the Executive Branch an independent commission named the Cannabis Control Board for the purpose of safely, equitably, and effectively implementing and administering the laws enabling access to adult-use cannabis in Vermont.

(b) Duties. The duties of the Board shall be:

(1) rulemaking in accordance with this chapter, chapters 33-37 of this title, and 3 V.S.A. chapter 25;

(2) administration of a program for licensed cannabis establishments, which shall include compliance and enforcement;

(3) administration of the Medical Cannabis Registry on and after March 1, 2022;

(4) administration of a program for licensed medical cannabis dispensaries, which shall include compliance and enforcement, on and after March 1, 2022; and

(5) submission of an annual budget to the Governor.

(c) Membership.

(1) The Board shall be composed of a chair and two members appointed by the Governor in accordance with sections 841 and 842 of this title.

(2) All Board members shall serve for a term of three years or until a successor is appointed and shall be eligible for reappointment, provided that no member may serve

more than three terms.

(3) A vacancy created before the expiration of a term shall be filled in the same manner as the original appointment for the unexpired portion of the term. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of subdivision (2) of this subsection.

(4) A member may be removed only for cause by the remaining members of the Commission in accordance with the Vermont Administrative Procedure Act. The Board shall adopt rules pursuant to 3 V.S.A. chapter 25 to define the basis and process for removal.

(d) Conflicts of interest.

(1) No Board member shall, during his or her term or terms on the Board, be an officer of, director of, organizer of, employee of, consultant to, or attorney for any person subject to regulation by the Board.

(2) No Board member shall participate in creating or applying any law, rule, or policy or in making any other determination if the Board member, individually or as a fiduciary, or the Board member's spouse, parent, or child wherever residing or any other member of the Board member's family residing in his or her household has an economic interest in the matter before the Board or has any more than a de minimus interest that could be substantially affected by the proceeding.

(3) No Board member shall, during his or her term or terms on the Board, solicit, engage in negotiations for, or otherwise discuss future employment or a future business relationship of any kind with any person subject to supervision or regulation by the Board.

(4) No Board member may appear before the Board or any other State agency on behalf of a person subject to supervision or regulation by the Board for a period of one year following his or her last day as a member of the Cannabis Control Board.

(e) Salaries. The Chair and all members of the Board shall be full-time State employees and shall be exempt from the State classified system. The Chair shall receive compensation equal to two-thirds that of a Superior Court judge, and other members shall receive compensation equal to one-half that of a Superior Court judge.

(f) Executive Director. The Board shall appoint an Executive Director who shall be an attorney with experience in legislative or regulatory matters. The Director shall be a full-time State employee, shall be exempt from the State classified system, and shall serve at the pleasure of the Board. The Director shall be responsible for:

(1) supervising and administering the operation and implementation of this chapter and chapters 35 and 37 of this title and the rules adopted by the Board as directed by the Board;

(2) assisting the Board in its duties and administering the licensing requirements of this chapter and chapters 35 and 37 of this title;

(3) acting as Secretary to the Board, but as a nonvoting member of the Board;

(4) employing such staff as may be required to carry out the functions of the Board;
and

(5) preparing an annual budget for submission to the Board.

(g) Consultant. The Board is authorized to hire a consultant as needed to assist with its duties under this section.

(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 14 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;

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

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

(F) the Chair of the Substance Misuse Prevention Oversight and Advisory Council or designee;

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

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

(I) one member with an expertise in municipal issues, appointed by the Senate Committee on Committees;

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

(K) one member with an expertise in criminal justice reform, appointed by the Attorney General;

(L) the Secretary of Natural Resources or designee;

(M) the Chair of the Cannabis for Symptom Relief Oversight Committee or designee; and

(N) one member appointed by the Vermont Cannabis Trade Association.

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

(3) The Board may establish subcommittees within the advisory committee to accomplish its work.

(4) Members of the advisory committee who are not otherwise compensated by the member's employer for attendance at meetings shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. 1010 for not more than six meetings annually. These payments shall be made from the Cannabis Regulation Fund. (Added 2019, No. 164 (Adj. Sess.), 2, eff. Oct. 7, 2020; amended 2021, No. 62, 2, eff. June 7, 2021; repealed on July 1, 2024 by 2019, No. 164 (Adj. Sess.), 6e(3).)



Proposed Rules Postings

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Deadline For Public Comment

Deadline: May 22, 2023

Please submit comments to the agency or primary contact person listed below, before the deadline.

Rule Details

Rule Number:	23P011
Title:	Rule 1: Licensing of Cannabis Establishments.
Type:	Standard
Status:	Proposed
Agency:	Vermont Cannabis Control Board
Legal Authority:	7 V.S.A. §§ 843(a); 843(b)(1); and 843(c)(1).
Summary:	Rule 1 regulates the licensing of any person or entity that seeks to participate in the legal market for cannabis. The rule explains Vermont's tiered cannabis licensure system; the essential requirements to obtain the various licenses the Board administers; and background check requirements, presumptively

disqualifying convictions, and how to overcome a presumption of disqualification. The rule further explains how license applications are prioritized, establishes a system for issuing identification cards, and sets out what is required of licensees when material changes are planned in their ownership, location, or operations. Proposed amendments clarify ambiguous definitions, address high-THC hemp-derived products, recognize a new extraction method, announce a standard for determining when an individual has overcome presumptive disqualification, and make other updates reflecting maturation of the new cannabis marketplace.

Persons Affected:

This rule most directly affects persons and entities seeking to become licensed cannabis establishments in Vermont. It also affects individuals who seek to participate in the legal cannabis market as consumers, businesses that may service the cannabis industry, the Health Department, the Agency of Agriculture, Food, and Markets, the Board of Natural Resources, the Agency of Natural Resources, and others.

Economic Impact:

On the whole, these rule amendments will have limited economic impact. Most are technical and will have no economic impact; three reasonably might be expected to have material impact to some stakeholders. The first relevant amendment will increase the economic viability of outdoor cannabis cultivators by allowing a limited use of lighting in the spring to lengthen the growing season. The second relevant amendment will lower compliance costs for Board licensees that alter their ownership structure. And the third relevant amendment will require manufacturers of hemp-derived edible products be licensed by the Board if they produce edibles with potentially intoxicating amounts of tetrahydrocannabinol (THC). This is an essential public safety measure to ensure that intoxicating THC products are regulated by the Board, in accordance with legislative intent.

Posting date:

Apr 05,2023

Hearing Information

Information for Hearing # 1

Hearing date:

05-10-2023 10:00 AM [ADD TO YOUR CALENDAR](#)

Location:

City Center

Address: 89 Main Street
 City: Montpelier
 State: VT
 Zip: 05620-7001
 Hearing Notes:

Information for Hearing # 2

Hearing date: 05-15-2023 6:00 PM [ADD TO YOUR CALENDAR](#)
 Location: City Center
 Address: 89 Main Street
 City: Montpelier
 State: VT
 Zip: 05620-7001
 Hearing Notes:

Contact Information

Information for Contact # 1

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[SEND A COMMENT](#)
 Website Address: https://ccb.vermont.gov/
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Information for Contact # 2

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SEND A COMMENT

Keyword Information

Keywords:

Cannabis

Cannabis Control Board

Cannabis Establishment

Licensing

Licensing Cannabis Establishments

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(802) 828-2863

MEMORANDUM

OFFICE OF THE SECRETARY OF STATE

Primary Contact: Gabriel M. Gilman, Cannabis Control Board, 89 Main Street, Montpelier, VT 05620-7001 Tel: 802-261-1510
Email: gabriel.gilman@vermont.gov

Secondary Contact: Kimberley Lashua, Cannabis Control Board, 89 Main Street, Montpelier, VT 05620-7001 Tel: 802-836-7708
Email: kimberley.lashua@vermont.gov.

URL: <https://ccb.vermont.gov/>

From: APA Coordinator, VSARA

RE: Rule 1: Licensing of Cannabis Establishments.

Date 03/31/2023

We received Proposed Rule on 03/31/2023
Final Proposed Rule on
Adopted Rule on

We have assigned the following rule number(s):

Proposed Rule Number: 23P011

Adopted Rule Number:

(Final Proposals are not assigned a new number; they retain the Proposed Rule Number.)

The following problems were taken care of by phone/should be

taken care of immediately: Proposed Filing: the submission was made on out-dated forms, however, the filing is accepted as is because the rule was prefiled prior to the release of the new forms and the expiration of the grace period therefore, no action necessary.

We cannot accept this filing until the following problems are taken care of:

The notice for this proposed rule appeared/will appear online on: 4/5/2023 and in the newspapers of record on 4/13/2023.

This rule takes effect on
Adoption Deadline: 11/30/2023

Please note:

If you have any questions, please call me at 828-2863. OR
E-Mail me at: sos.statutoryfilings@vermont.gov

cc: Charlene Dindo

OFFICE OF THE SECRETARY OF STATE
VERMONT STATE ARCHIVES & RECORDS ADMINISTRATION (VSARA)
(802) 828-2863

TO:	Seven Days Legals (legals@sevendaysvt.com) Kaitlin Montgomery(kaitlin@sevendaysvt.com)	Tel: (802) 865-1020 x110. Attn: Kaitlin Montgomery
	The Caledonian Record Julie Poutré (adv@caledonian-record.com)	Tel: 748-8121 FAX: 748-1613
	Times Argus / Rutland Herald Melody Hudson (classified.ads@rutlandherald.com) Elizabeth Marrier (elizabeth.marrier@rutlandherald.com)	Tel: 802-747-6121 ext 2238 FAX: 802-776-5600
	The Valley News (advertising@vnews.com)	Tel: 603-298-8711 FAX: 603-298-0212
	The Addison Independent (legals@addisonindependent.com)	Tel: 388-4944 FAX: 388-3100 Attn: Display Advertising
	The Bennington Banner / Brattleboro Reformer Lylah Wright (lwright@reformer.com)	Tel: 254-2311 ext. 132 FAX: 447-2028 Attn: Lylah Wright
	The Chronicle (ads@bartonchronicle.com)	Tel: 525-3531 FAX: 525-3200
	Herald of Randolph (ads@ourherald.com)	Tel: 728-3232 FAX: 728-9275 Attn: Brandi Comette
	Newport Daily Express (jlafoe@newportvermontdailyexpress.com)	Tel: 334-6568 FAX: 334-6891 Attn: Jon Lafoe
	News & Citizen (mike@stowereporter.com) Irene Nuzzo (irene@newsandcitizen.com and ads@stowereporter.com removed from distribution list per Lisa Stearns.	Tel: 888-2212 FAX: 888-2173 Attn: Bryan
	St. Albans Messenger Legals (legals@samessenger.com)	Tel: 524-9771 ext. 117 FAX: 527-1948 Attn: Ben Letourneau
	The Islander (islander@vermontislander.com)	Tel: 802-372-5600 FAX: 802-372-3025
	Vermont Lawyer (hunter.press.vermont@gmail.com)	Attn: Will Hunter

FROM: APA Coordinator, VSARA

Date of Fax: April 4, 2023

RE: The "Proposed State Rules " ad copy to run on

April 13, 2023

PAGES INCLUDING THIS COVER MEMO:

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***NOTE* 8-pt font in body. 12-pt font max. for headings - single space body. Please include dashed lines where they appear in ad copy. Otherwise minimize the use of white space. Exceptions require written approval.**

If you have questions, or if the printing schedule of your paper is disrupted by holiday etc., please contact VSARA at 802-828-3700, or E-Mail sos.statutoryfilings@vermont.gov, Thanks.

PROPOSED STATE RULES

By law, public notice of proposed rules must be given by publication in newspapers of record. The purpose of these notices is to give the public a chance to respond to the proposals. The public notices for administrative rules are now also available online at <https://secure.vermont.gov/SOS/rules/>. The law requires an agency to hold a public hearing on a proposed rule, if requested to do so in writing by 25 people or an association having at least 25 members.

To make special arrangements for individuals with disabilities or special needs please call or write to the contact person listed below as soon as possible.

To obtain further information concerning any scheduled hearing(s), obtain copies of proposed rule(s) or submit comments regarding proposed rule(s), please call or write to the contact person listed below. You may also submit comments in writing to the Legislative Committee on Administrative Rules, State House, Montpelier, Vermont 05602 (802-828-2231).

2022 Vermont Residential Rental Housing Health and Safety Code.

Vermont Proposed Rule: 23P009

AGENCY: Department of Public Safety

CONCISE SUMMARY: The primary intent and focus of this rule is to update and transfer responsibility of the Vermont Residential Rental Housing Rule from the Department of Health to the Department of Public Safety, Division of Fire Safety. These rules are only amended to identify address changes and contact information.

These rules otherwise are not changed.

FOR FURTHER INFORMATION, CONTACT: Michael Desrochers, Executive Director, Division of Fire Safety, 45 State Drive, Waterbury, VT 05671 Tel: 802-479-7539 Fax: 802-479-7562 Email: michael.desrochers@vermont.gov URL: <https://firesafety.vermont.gov/>.

FOR COPIES: Robert T. Sponable, Deputy Director, Division of Fire Safety, 45 State Drive, Waterbury, VT 05671 Tel: 802-479-7566 Fax: 802-479-7562 Email: robert.sponable@vermont.gov.

Rule Governing Outage Reporting Requirements for Originating Carriers and Electric Power Companies.

Vermont Proposed Rule: 23P010

AGENCY: Vermont Enhanced 9-1-1 Board

CONCISE SUMMARY: This rule establishes outage reporting protocols for originating carriers providing voice service in Vermont and for electric power companies operating in Vermont in order to enable the Enhanced 911 Board to assess 911 service availability during such outages. The updates proposed in March 2023 change the requirements for the second outage notification and require the carriers to report outage information in a format approved by the Board which will allow the Board to automate the handling of these reports.

FOR FURTHER INFORMATION, CONTACT: Barbara Neal, Vermont Enhanced 911 Board, 6 Baldwin St, 2nd Floor, Montpelier, VT-05633-7960 Tel: 802-828-4911 Fax: 802-828-4109 Email: barbara.neal@vermont.gov URL: <https://e911.vermont.gov/>.

FOR COPIES: Soni Johnson, Vermont Enhanced 911 Board, 6 Baldwin St, 2nd Floor, Montpelier, VT-05633-7960 Tel: 802-828-4911 Fax: 802-828-4109 Email: soni.johnson@vermont.gov.

Rule 1: Licensing of Cannabis Establishments.

Vermont Proposed Rule: 23P011

AGENCY: Cannabis Control Board.

CONCISE SUMMARY: Rule 1 regulates the licensing of any person or entity that seeks to participate in the legal market for cannabis. The rule explains Vermont's tiered cannabis licensure system; the essential requirements to obtain the various licenses the Board administers; and background check requirements, presumptively disqualifying convictions, and how to overcome a presumption of disqualification. The rule further explains how license applications are prioritized, establishes a system for issuing identification cards, and sets out what is required of licensees when material changes are planned in their ownership, location, or operations. Proposed amendments clarify ambiguous definitions, address high-THC hemp-derived products, recognize a new extraction method, announce a standard for determining when an individual has overcome presumptive disqualification, and make other updates reflecting maturation of the new cannabis marketplace.

FOR FURTHER INFORMATION, CONTACT: Gabriel M. Gilman, Cannabis Control Board, 89 Main Street, Montpelier, VT 05620-7001 Tel: 802-261-1510 Email: gabriel.gilman@vermont.gov URL: <https://ccb.vermont.gov/>.

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Rule 2: Regulation of Cannabis Establishments

Vermont Proposed Rule: 23P012

AGENCY: Cannabis Control Board.

CONCISE SUMMARY: Rule 2 regulates the operation of any entity that has received a license to participate in the legal market for cannabis. Proposed amendments improve upon omitted or ambiguous definitions; address the need of outdoor cultivators to use artificial lighting in limited circumstances; clarify the entities to which the rule applies; refine escrow requirements; update the text of mandated health warnings; clarify location requirements; recognize personal-use cultivation; allow for the sale of clones; and refine rules pertaining to laboratories.

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Rule 4: Compliance and Enforcement.

Vermont Proposed Rule: 23P013

AGENCY: Cannabis Control Board.

CONCISE SUMMARY: This rule provides the enforcement mechanisms, procedures, and penalties for the

Cannabis Control Board's Rules 1 through 3, which govern the licensing and regulation of commercial cannabis businesses and patient access to therapeutic cannabis. The most substantial proposed amendment adds a section governing the administrative appeals process. The new section controls the content and management of the record on appeal, provides for appellate prehearing conferences, explains briefing and argument procedures, and ensures licensees are made aware of further statutory rights.

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