

Final Proposed Filing - Coversheet

Instructions:

In accordance with Title 3 Chapter 25 of the Vermont Statutes Annotated and the “Rule on Rulemaking” adopted by the Office of the Secretary of State, this filing will be considered complete upon filing and acceptance of these forms with the Office of the Secretary of State, and the Legislative Committee on Administrative Rules.

All forms shall be submitted at the Office of the Secretary of State, no later than 3:30 pm on the last scheduled day of the work week.

The data provided in text areas of these forms will be used to generate a notice of rulemaking in the portal of “Proposed Rule Postings” online, and the newspapers of record if the rule is marked for publication. Publication of notices will be charged back to the promulgating agency.

**PLEASE REMOVE ANY COVERSHEET OR FORM NOT
REQUIRED WITH THE CURRENT FILING BEFORE DELIVERY!**

Certification Statement: As the adopting Authority of this rule (see 3 V.S.A. § 801 (b) (11) for a definition), I approve the contents of this filing entitled:

Rule 2: Regulation of Cannabis Establishments

_____/s/ James Pepper_____, on 8/15/2023
(signature) (date)

Printed Name and Title:

James Pepper, Chair, Cannabis Control Board

RECEIVED BY: _____

- Coversheet
- Adopting Page
- Economic Impact Analysis
- Environmental Impact Analysis
- Strategy for Maximizing Public Input
- Scientific Information Statement (if applicable)
- Incorporated by Reference Statement (if applicable)
- Clean text of the rule (Amended text without annotation)
- Annotated text (Clearly marking changes from previous rule)
- ICAR Minutes
- Copy of Comments
- Responsiveness Summary

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. PROPOSED NUMBER ASSIGNED BY THE SECRETARY OF STATE

23P012

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 (creating an exemption specific to cannabis licensees); see also 1 V.S.A. 317(c) (9) (exempting trade secrets from the provisions of the Vermont Public Records Act).

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(b) (1)

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

The following statutory citations provide legal authority for the provisions of the proposed rules: 7 V.S.A. §§ 843, 865, 866, 881, 883, 884, 901, 902, 903, 904, 907, Section 8 of Act 164 (2020).

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 SYNOPSSES 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 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 excrow 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.

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 protect public health and safety by regulating the businesses in that market. Although Title 7 provides a robust statutory architecture for cannabis licensing, that architecture must be supplemented through administrative rulemaking in order to specify operating requirements that effectuate the intent of the General Assembly to develop a safe, clean, fair, and environmentally responsible cannabis marketplace.

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 heard 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:

All individuals who seek to participate in a legal cannabis market either as consumers or sellers, businesses that seek to join the market, businesses that may service the cannabis industry, such as construction, HVAC, and agricultural enterprises, 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 only a small economic impact. Most of the amendments are technical and will have no economic impact. One amendment could increase the economic viability of outdoor cannabis cultivators by allowing a limited use of lighting in the spring to lengthen the growing season.

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



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: 23P012–Rule 2: Regulation 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 "Gabriel M. Gilman". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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: 23P012—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, by internal editorial and legal review, and in some cases, by unanticipated developments in the newly regulated cannabis marketplace.

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.

Sections: 2.1.1; 2.1.2

Change: Updated to reflect the Board’s statutory responsibility to regulate not only cannabis establishments, but also synthetic and hemp-derived cannabinoids, as provided by 7 V.S.A. § 862a and further set out in section 2.17.

Reason: Technical.

Known Objections: None.

Section: 2.1.3

Change: The definition of “adulterated” in the proposed rule has been supplemented with a subsection (a)(vi), to address “any additive or substance that may increase the potency, toxicity, carcinogenicity, or addictive potential of the product, or that otherwise may present an enhanced risk to human health.”

Reason: This section is strengthened with general language concerning harmful additives as part of a compromise with commenters who objected to expressly disallowing products containing supplements in Rule 2.2.4.

Known Objections: None. This definition responds to objections to rigid prohibitions in Rule 2.2.4, described below in a section explaining changes made to that section based on public comments. By defining adulterants, the Board can establish more flexible authority to disallow hazardous ingredients on a case-by-case basis by labeling them adulterants.

Section: 2.1.3(c)

Change: Struck “female” and “growing in a water solution” from definition of *clone*.

Reason: Though rare, male as well as female clones are sold. Commenters observed that many clones are sold in soil.

Known Objections: None.

Section: 2.1.3(e)(ii)

Change: “Chlorophyll” is stricken from the list of compounds definitionally found in a “full spectrum” product.

Reason: Commenter noted that chlorophyll is soluble in water and not captured by some extraction techniques that render products nonetheless properly classified as full-spectrum.

Known Objections: None. Staff experts agree with the commenter.

Section: 2.1.4(s)

Change: Net THC volume in tinctures is amended upward from 500mg to 1,200mg.

Reason: Commenters roundly criticized the lower limit, and the revised limit is consistent with the policies of states similar to ours.

Known Objections: Physician groups disfavor upward adjustments of this type. We note that the amendment changes net container content of THC; it does not affect the permissible strength of container contents. Also unaffected by this amendment are single-transaction limits.

Section: 2.1.5

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: 2.2.4

Change: Adds new subsections to expressly require recall procedures; to refine prohibition on perishable foodstuffs to more closely match established food-safety standards, definitions, and metrics, such as pH and Water Activity (Aw); and to expressly require smoke detectors in cultivation sites co-located with a residence.

Reason: Amendments to this section address evolving safety concerns. With respect to recalls, notification should flow downstream, not up. In one instance of product adulteration, the Board found itself without orderly recall procedures that could be launched from the point of suspected contamination. With respect to additives and content, as manufacturers attempt to differentiate themselves in the marketplace, the absence of federal food and drug oversight raises safety issues relative to perishable foodstuffs. The Board is not resourced or authorized to stand in the shoes of the FDA and Department of Health. Regrettably, this means that some creative cannabis-infused foodstuffs simply cannot be safely regulated qua foods. With respect to fire safety, the Board and Department of Fire Safety are concerned that residential cultivation occurs in non-public buildings that are outside DFS jurisdiction. More should be done to protect residents from operation-related fires. Similarly, hydrocarbon extraction presents risks of CO exposure and explosion and should occur only in buildings under DFS jurisdiction.

Known Objections: This section occasioned more comment and Board deliberation than any other. Manufacturers desirous of making cannabis ice cream and other cannabis-containing perishable foodstuffs oppose these amendments, as they opposed the prohibition on meat and dairy cannabis products in the original proposed text. Nonetheless, it is the

sense of the Board that, particularly in light of the absence of conventional food, drug, and cosmetic regulation in this area, certain cannabis products that require time and temperature control for safety, cannot fit safely within the regulated supply chain. In addition, in respect to subsection (l), the Board is aware that at least one small manufacturer wishes to accept the risks of hydrocarbon extraction in non-public buildings; however, it is the sense of the Board that hydrocarbon extraction endangers others than the operator and must be disallowed in some settings even if this limits entrepreneurial options for some licensees. The general waiver rule, 2.16, can accommodate truly extraordinary circumstances. Based on objections to a blanket prohibition on products containing supplements, the Board has withdrawn language that would establish that prohibition and instead has bolstered the regulatory definition of “adulterated” (see 2.1.3(a)) to allow for case-by-case evaluation of ingredients that may present a risk to human health.

Section: 2.2.10

Change: The Board has withdrawn most proposed amendments to the existing labeling rule.

Reason: Commenters consistently asked that the Board avoid incremental changes to labeling requirements, because those impose significant costs on small businesses. Although the Board would like to pursue ASTM conformity in the future, the Board feels a comprehensive approach, undertaken in collaboration with the Department of Health, is more appropriate than transient half-measures.

Known Objections: None. Commenters broadly support stability in labeling requirements.

Section: 2.2.18

Change: Clarified that co-location calls for express Board approval.

Reason: Reduces ambiguity and prevents co-located establishments believing each may self-certify as meeting criteria.

Known Objections: None

Section: 2.2.18(c)

Change: Removed specific reference to Tier-6 canopy limit, replacing it with reference to the “largest open tier.”

Reason: Tier 6 is not open; the prior reference could cause confusion.

Known Objections: None.

Section: 2.2.19

Change: The section has been restructured and rephrased. In subsection (c)(iv), inserted omitted word *is*.

Reason: Clarify. Many found the section confusing.

Known Objections: None.

Section: 2.3.9(c)

Change: A subsection (c) is added to govern the provision of samples for entry in competitions and evaluative contests.

Reason: Commenters and staff observed that there is no recognized means of supplying samples for events such as the Cannabis Cup. The amendment provides a process that operates within the Inventory Tracking System.

Known Objections: None

Section: 2.3.10

Change: Amended to disallow comingling of personal-use and commercial crop.

Reason: Physical separation is necessary to protect the integrity of the Inventory Tracking System and ensure transparency to inspectors.

Known Objections: None.

Section: 2.4.1(d)

Change: Eliminated “photographic surveillance” from list of Outdoor Security Management Practices.

Reason: The reference to photographic surveillance was seen to contradict and nullify the reference to video surveillance at 2.4.1(b).

Known Objections: None.

Section: 2.5.6(b)

Change: Added “specifications” to list of major energy equipment characteristics to be updated annually.

Reason: Necessary to effectuate energy efficiency oversight.

Known Objections: None.

Section: 2.6.4

Change: Qualified subsection (a) so the subsection cannot be read as overriding other limitations on additives, such as the 10% terpene cap. Amended subsection (b) to provide, with respect to products intended for inhalation, that the Board’s published ingredient list may expressly disallow as well as allow specific ingredients. Added a subsection (c) providing for product-by-product waivers for products with excess terpene content that is not the result of additives.

Reason: Eliminates risk that subsection (a) could be interpreted as nullifying nullification other safety and content rules. Embraces commonsense principle that it is sometimes more practical to expressly disallow known hazardous ingredients than to expressly allow known safe ingredients. Preserves the principle that the section concerns additives, not naturally occurring terpenes.

Known Objections: None. Subsection (c) waiver provision responds to concerns about rigidity of the 10% terpene limit.

Section: 2.9.1

Change: Section revised to remove a confusing flowchart graphic and replace it with a plain-text outline explaining testing requirements. The revised text calls for testing by cultivar, but for economy, allows that as many as five cultivars from the same harvest lot may be comingled. Like the text that preceded it, the revised text refers readers to Board guidance for more detailed specifications. The revised text also provides that the Board “may, in its sole discretion, require any additional testing it deems necessary and appropriate to protect the public health and safety or to monitor pathogen transmission.”

Reason: Improves clarity of testing requirements while providing for Board adjustment of testing requirements in guidance. This is appropriate to ensure agile response is possible in case of novel pathogens, contaminants, or testing technologies.

Known Objections: None.

Section: 2.9.2(e)

Change: Added subsection (e) to specify that manufacturers must demonstrate consistent homogeneity by adhering to beginning-middle-end testing as determined by batch size, and that labs must report conspicuous non-homogeneity.

Reason: Non-homogenous products present risks to consumers from inadvertent under- and over-dosing.

Known Objections: None.

Sections: 2.10.6; 2.11.1; et al.

Change: De-capitalized prepositions in headings.

Reason: Technical

Known Objections: None

Section: 2.17

Change: Appends to Rule 2 a new section that incorporates the full text of the Board's *Emergency Rule on Synthetic and Hemp-derived Cannabinoids*, adopted on an emergency basis April 24, 2023, opened for public comment during the notice period for Rule 2, and duly reviewed by the Committee for conformity with emergency rulemaking requirements. Also adds taxation as a cannabis product to criteria by which a hemp-derived high-THC product may be registered and sold as an adult-use product.

Reason: The rule is necessary to protect the public from the unregulated cannabis equivalents made by concentrating trace amounts of THC found in hemp. Upon adoption, it will codify and supersede the content of a substantially identical emergency rule adopted by the Board in April, 2023.

Known Objections: Some manufacturers of hemp products object that the rule is overbroad inasmuch as it prohibits high-THC products they believe to have medicinal value. It is the Board's view that the appropriate path to market for such products already exists in the form of the medical cannabis dispensary system. Hemp was exempted from regulation specifically because of its low THC content. To allow the ongoing sale of high-THC products outside the adult-use and medical systems, based upon derivation rather than characteristics at the point of sale, is irrational, hazardous to the public health and safety, and inimical to the purposes of the General Assembly in creating a regulated cannabis marketplace. Although the Board cannot abdicate its responsibility under 7 V.S.A. § 862a to regulate potentially intoxicating hemp-derived products, the Board recognizes that some states allow products prohibited for sale in Vermont to be sold within their borders. Based on the significant objections of some hemp manufacturers, the Board has adopted solution embraced in Colorado: A final subsection has been added to Rule 2.17 that creates safe harbor for hemp product manufacturers who produce otherwise-prohibited products exclusively for export to states where sale of those products is lawful.

Rule 2 was the subject of significant commentary. The following substantial points raised by commenters were overruled and did not provoke amendment:

- Some commenters objected to the product registration system reflected in Rule 2.2.21. The system arises from statutory requirements that products and their

packaging be individually tested and reviewed, and that a small annual fee be charged for each product registration. 7 V.S.A. § 910(8).

- Some commenters argued for higher and lower concentration limits, as well as larger and smaller sample allowances. The Board believes the limits specified are reasoned, consistent with those found in other states with regulated cannabis markets, and reflective of a balancing of competing viewpoints.
- A Wisconsin HVAC manufacturer recommended amendments that would change environmental and energy standards. Though efficiency standards should and will evolve, the Board feels that small cannabis businesses that have satisfied energy and efficiency requirements need stability and predictability in the near term.

If the Committee should have questions about the proposed rule text, please do not hesitate to call.

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 2: Regulation 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 #: 22-009. Rule 2: Regulation 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 Kessler, 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 2: Regulation of Cannabis Establishments, Cannabis Control Board

Presented By: Brynn Hare

Motion made to accept the rule by Brendan Atwood, seconded by Mike Obuchowski, and passed unanimously with the following recommendations:

1. Proposed Filing Coversheet:
 - a. #5, Include exemption for the public records act for trade secrets.
 - 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. #14: Include a virtual option when scheduling.
2. Economic Impact Analysis:
 - a. #3: Include the estimated costs and benefits anticipated.
3. Scientific Information Statement, #5: Correct website links.
4. Incorporation by Reference: Form not necessary.
5. Proposed Rule, Section 2.2.22, page 16: Correct 'reasonable' to 'reasonably'.

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 2: Regulation 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, 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