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H.612

An act relating to miscellaneous cannabis amendments

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

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

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

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

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Cannabis Control Board; or

(ii) contains more than 0.3 percent total tetrahydrocannabinol on a dry-weight basis.

(C) A hemp-derived product or substance that is excluded from the definition of “hemp products” or “hemp-infused products” pursuant to

1 subdivision (B) of this subdivision (4) shall be considered a cannabis product
2 as defined by 7 V.S.A. § 831(3); provided, however, that a person duly
3 licensed or registered by the Cannabis Control Board lawfully may possess
4 such products in conformity with the person’s license or hemp processor
5 registration.

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

7 (18) “Controls,” “is controlled by,” and “under common control” mean
8 the power to direct, or cause the direction or management and policies of a
9 person, ~~whether through the direct or beneficial ownership of voting securities,~~
10 ~~by contract, or otherwise.~~ A person who ~~directly or beneficially owns~~ has a
11 10 percent or more ownership interest or equity interest, or the equivalent
12 thereof, in the assets, capital, profits, or stock of another person shall be
13 deemed to control the person.

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

15 § 868. PROHIBITED PRODUCTS

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

20 (1) cannabis flower with greater than 30 percent tetrahydrocannabinol;

1 (2) flavored oil cannabis products sold prepackaged for use with battery-
2 powered devices and any cannabis flower that contains characterizing flavor
3 that is not naturally occurring in the cannabis;

4 (3) cannabis products that contain delta-9 tetrahydrocannabinol and
5 nicotine or alcoholic beverages; and

6 (4) any cannabis, cannabis products, or packaging of such items that are
7 designed to make the product more appealing to persons under 21 years of age.

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

14 (2) Liquid concentrate cannabis products with greater than 60 percent
15 tetrahydrocannabinol that are prepackaged for use with battery-powered
16 devices shall be permitted to be sold to the public by a licensed retailer or
17 integrated licensee.

18 Sec. 4. 7 V.S.A. § 881 is amended to read:

19 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

- 1 (1) Rules concerning any cannabis establishment shall include:
- 2 (A) the form and content of license and renewal applications;
- 3 (B) qualifications for licensure that are directly and demonstrably
- 4 related to the operation of a cannabis establishment, including:
- 5 (i) a requirement to submit an operating plan, which shall include
- 6 information concerning:
- 7 (I) the type of business organization, the identity of its
- 8 controlling owners and principals, and the identity of the controlling owners
- 9 and principals of its affiliates; and
- 10 (II) the sources, amount, and nature of its capital, assets, and
- 11 financing; the identity of its financiers; and the identity of the controlling
- 12 owners and principals of its financiers;
- 13 (ii) a requirement to file an amendment to its operating plan in the
- 14 event of a significant change in organization, operation, or financing; and
- 15 (iii) the requirement for a fingerprint-based criminal history record
- 16 check and regulatory record check pursuant to section 883 of this title;
- 17 (C) oversight requirements, including provisions to ensure that a
- 18 licensed establishment complies with State and federal regulatory requirements
- 19 governing insurance, securities, workers' compensation, unemployment
- 20 insurance, and occupational health and safety;
- 21 (D) inspection requirements;

- 1 (E) records to be kept by licensees and the required availability of the
2 records;
- 3 (F) employment and training requirements;
- 4 (G) security requirements, including any appropriate lighting,
5 physical security, video, and alarm requirements;
- 6 (H) health and safety requirements;
- 7 (I) regulation of additives to cannabis and cannabis products,
8 including cannabidiol derived from hemp and substances that are toxic or
9 designed to make the product more addictive, more appealing to persons under
10 21 years of age, or to mislead consumers;
- 11 (J) procedures for seed-to-sale traceability of cannabis, including any
12 requirements for tracking software;
- 13 (K) regulation of the storage and transportation of cannabis;
- 14 (L) sanitary requirements;
- 15 (M) procedures for the renewal of a license, which shall allow
16 renewal applications to be submitted up to 90 days prior to the expiration of
17 the cannabis establishment's license;
- 18 (N) procedures for suspension and revocation of a license;
- 19 (O) requirements for banking and financial transactions, including
20 provisions to ensure that the Board, the Department of Financial Regulation,
21 and financial institutions have access to relevant information concerning

1 licensed establishments to comply with State and federal regulatory
2 requirements;

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

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

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

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

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

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

21 (R) advertising and marketing; and

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

3 (2)(A) Rules concerning cultivators shall include:

4 (i) creation of a tiered system of licensing based on the plant
5 canopy size of the cultivation operation or plant count for breeding stock;

6 (ii) pesticides or classes of pesticides that may be used by
7 cultivators, provided that any rules adopted under this subdivision shall
8 comply with and shall be at least as stringent as the Agency of Agriculture,
9 Food and Markets' Vermont Pesticide Control Regulations;

10 (iii) standards for indoor cultivation of cannabis;

11 (iv) procedures and standards for testing cannabis for
12 contaminants, potency, and quality assurance and control;

13 (v) labeling requirements for cannabis sold to retailers and
14 integrated licensees, including health warnings developed in consultation with
15 the Department of Health;

16 (vi) regulation of visits to the establishments, including the
17 number of visitors allowed at any one time and record keeping concerning
18 visitors; ~~and~~

19 (vii) facility inspection requirements and procedures; and

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

2 § 907. RETAILER LICENSE

3 (a) A retailer licensed under this chapter may:

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

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

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

12 (c)(1) Packaging shall include:

13 (A) the strain and variety of cannabis contained;

14 (B) the potency of the cannabis represented by the amount of
15 tetrahydrocannabinol and cannabidiol in milligrams total and per serving;

16 (C) a “produced on” date reflecting the date that the cultivator
17 finished producing the cannabis;

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

19 (E) any additional requirements contained in rules adopted by the

20 Board in accordance with this chapter.

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

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

15 (e) Delivery of cannabis to customers is prohibited, except as provided in
16 subsection (f) of this section.

17 (f) A retailer may obtain a medical-use endorsement in compliance with
18 rules adopted by the Board and the endorsement shall permit the retailer to:

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

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

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

5 § 977. FEES

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

7 (1) a one-time ~~\$2,500.00~~ \$1,000.00 application fee;

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

9 (3) an annual renewal fee of ~~\$25,000.00 for a subsequent year of~~
10 ~~operation~~ \$5,000.00; and

11 (4)(3) an annual Registry identification or renewal card fee of \$50.00 to
12 be paid by the dispensary for each owner, principal, financier, and employee of
13 the dispensary.

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

16 Sec. 10. 7 V.S.A. § 978(f) is amended to read:

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

18 [Repealed.]

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

20 (d) ~~Cannabis-infused~~ Cannabis-infused products. Only the portion of a
21 cannabis-infused product that is attributable to cannabis shall count toward the

1 possession limits of this section. The weight of cannabis that is attributable to
2 cannabis-infused products shall be determined according to methods set forth
3 in rule by the ~~Department of Public Safety in accordance with chapter 86 of~~
4 ~~this title (therapeutic use of cannabis)~~ Cannabis Control Board.

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

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

7 * * *

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

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

12 § 7902. CANNABIS EXCISE TAX

13 (a) There is imposed a cannabis excise tax equal to 14 percent of the sales
14 price of each retail sale in this State of cannabis and cannabis products,
15 including food or beverages.

16 (b) The tax imposed by this section shall be paid by the purchaser to the
17 retailer or integrated licensee. Each retailer or integrated licensee shall collect
18 from the purchaser the full amount of the tax payable on each taxable sale.

19 (c) The tax imposed by this section is separate from and in addition to the
20 general sales and use tax imposed by chapter 233 of this title. The tax imposed
21 by this section shall not be part of the sales price to which the general sales and

1 use tax applies. The cannabis excise tax shall be separately itemized from the
2 general sales and use tax on the receipt provided to the purchaser.

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

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

7 (2) sales made by any dispensary as authorized under 7 V.S.A. chapter
8 37 or any retailer licensed with a medical-use endorsement as authorized under
9 7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold
10 only to registered ~~qualifying~~ patients directly or through their registered
11 caregivers. A retailer that sells cannabis or cannabis products that are exempt
12 from tax pursuant to this subdivision shall retain information pertaining to each
13 exempt transaction as required by the Commissioner of Taxes.

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

15 § 9741. SALES NOT COVERED

16 Retail sales and use of the following shall be exempt from the tax on retail
17 sales imposed under section 9771 of this title and the use tax imposed under
18 section 9773 of this title:

19 * * *

20 (55) Cannabis and cannabis products, as defined under 7 V.S.A. § 831,
21 sold by any dispensary as authorized under 7 V.S.A. chapter 37 or any retailer

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

7 * * *

8 Sec. 15. TRANSFER AND APPROPRIATION

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

10 (1) \$500,000.00 is transferred from the Cannabis Regulation Fund
11 established pursuant to 7 V.S.A. § 845 to the Cannabis Business Development
12 Fund established pursuant to 7 V.S.A. § 987; and

13 (2) \$500,000.00 is appropriated from the Cannabis Business 19
14 Development Fund to the Agency of Commerce and Community Development
15 to fund technical assistance and provide loans and grants pursuant to 7 V.S.A.
16 § 987.

17 Sec. 16. 7 V.S.A. § 869 is amended to read:

18 § 869. CULTIVATION OF CANNABIS; ENVIRONMENTAL AND LAND
19 USE STANDARDS; REGULATION OF CULTIVATION

20 (a) A cannabis establishment shall not be regulated as “farming” under the
21 Required Agricultural Practices, 6 V.S.A. chapter 215, or other State law, and

1 cannabis produced from cultivation shall not be considered an agricultural
2 product, farm crop, or agricultural crop for the purposes of 32 V.S.A. chapter
3 124, 32 V.S.A. § 9741, or other relevant State law.

4 * * *

5 (f) Notwithstanding subsection (a) of this section, a cultivator licensed
6 under this chapter who initiates cultivation of cannabis outdoors on a parcel of
7 land shall:

8 (1) be regulated in the same manner as “farming” and not as
9 “development” on the tract of land where cultivation occurs for the purposes of
10 permitting under 10 V.S.A. chapter 151;

11 (2)(A) not be regulated by a municipal bylaw adopted under 24 V.S.A.
12 chapter 117 in the same manner that Required Agricultural Practices are not
13 regulated by a municipal bylaw under 24 V.S.A. § 4413(d)(1)(A), except that
14 there shall be the following minimum setback distance between the cannabis
15 plant canopy and a property boundary or edge of a highway:

16 (i) if the cultivation occurs in a cannabis cultivation district
17 adopted by a municipality pursuant to 24 V.S.A. § 4414a, the setback shall be
18 not larger than 25 feet as established by the municipality; and

19 (ii) if the cultivation occurs outside of a cannabis cultivation
20 district adopted by a municipality pursuant to 24 V.S.A. § 4414a or no

1 cannabis cultivation district has been adopted by the municipality, the setback
2 shall be not larger than 100 feet as established by the municipality;

3 (B) if a municipality does not have zoning, the setback shall be 10
4 feet;

5 (3) be eligible to enroll in the Use Value Appraisal Program under
6 32 V.S.A. chapter 124 for the cultivation of cannabis;

7 (4) be exempt under 32 V.S.A. § 9741(3), (25), and (50) from the tax on
8 retail sales imposed under 32 V.S.A. § 9771; and

9 (5) be entitled to the rebuttable presumption that cultivation does not
10 constitute a nuisance under 12 V.S.A. chapter 195 in the same manner as
11 “agricultural activities” are entitled to the rebuttable presumption, provided
12 that, notwithstanding 12 V.S.A. § 5753(a)(1)(A), the cultivation is complying
13 with subsections (b) and (d) of this section.

14 Sec. 17. 24 V.S.A. § 4414a is added to read:

15 § 4414a. CANNABIS CULTIVATION DISTRICT

16 A municipality, after consultation with the municipal cannabis control
17 commission, if one exists, may adopt a bylaw identifying cannabis cultivation
18 districts where the outdoor cultivation of cannabis is preferred within the
19 municipality. Cultivation of cannabis within a cannabis cultivation district
20 shall be presumed not to result in an undue effect on the character of the area

1 affected. The adoption of a cannabis cultivation district shall not have the
2 effect of prohibiting cultivation of outdoor cannabis in the municipality.

3 Sec. 18. EFFECTIVE DATES

4 Sec. 6, 7 V.S.A. § 910, shall take effect on July 1, 2025, and the remainder
5 of the act shall take effect on passage.