

1 H.321

2 Introduced by Representatives Birong of Vergennes and Boyden of Cambridge

3 Referred to Committee on

4 Date:

5 Subject: Cannabis; cannabis establishments

6 Statement of purpose of bill as introduced: This bill proposes to clarify that
7 cannabis possessed unlawfully in violation of administrative rules adopted by
8 the Cannabis Control Board may be seized by law enforcement and is subject
9 to forfeiture; to require fingerprint-based state and national criminal history
10 record check on any person prior to issuance of a cannabis establishment
11 identification card; to amend the definition of “hemp” to comport with the
12 Title 6 definition; to require the Board to adopt rules for cannabis retailers
13 regarding requirements and criteria governing licensee applications to change
14 ownership, control, or location; to authorize the Board to repeat criminal
15 background checks; to establish a procedure for receivership of a cannabis
16 establishment for a period of time in cases of death, disability, bankruptcy,
17 insolvency, receivership, assignment for the benefit of creditors, shareholder or
18 LLC member disputes, license interruption, or other exceptional circumstances
19 rendering one or more owners incapable of performing, or ineligible to
20 perform, the duties of a licensee; to establish a new trim and harvest service
21 license with an annual fee of \$500.00; to require cannabis cultivators to

1 include on cannabis packaging a “harvested on” date reflecting the date the
2 cultivator harvested the cannabis and a “packed on” date reflecting the date the
3 product was packaged for sale; to require cannabis retailers that collect
4 cannabis excise tax to inform the Department of Taxes before transferring the
5 business to a new entity; and to create a new position, Enforcement Attorney,
6 within the Cannabis Control Board.

7 An act relating to miscellaneous cannabis amendments

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

9 ~~Sec. 1. 7 V.S.A. § 832 is amended to read:~~

10 § 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO SEIZURE
11 AND FORFEITURE

12 Cannabis possessed unlawfully in violation of this title or administrative
13 rules adopted pursuant to this title may be seized by law enforcement and is
14 subject to forfeiture.

15 Sec. 2. 7 V.S.A. § 844 is amended to read:

16 § 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

17 (a) The Board shall establish a user agreement with the Vermont Crime
18 Information Center in accordance with 20 V.S.A. chapter 117 for the purpose
19 ~~of obtaining Vermont criminal history records, out-of-state criminal history~~

1 ~~records, and criminal history records from the Federal Bureau of Investigation~~
2 as required by chapters 33 (cannabis establishments) and 37 (medical cannabis
3 dispensaries) of this title.

4 (b) A fingerprint-based state and national criminal history record check
5 shall be conducted for each natural person prior to being issued a cannabis
6 establishment identification card pursuant to chapter 33 (cannabis
7 establishments) of this title or a medical cannabis dispensary identification
8 card pursuant to chapter 37 (medical cannabis dispensaries) of this title. The
9 Board may require that such record checks be completed as a condition
10 precedent to license renewal.

11 Sec. 3. 7 V.S.A. § 861(23) is amended to read:

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

1 ~~(B) Notwithstanding subdivision (A) of this subdivision (23), “hemp~~
2 products” and “hemp-infused products” do not include any substance,
3 manufacturing intermediary, or product that:

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

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

8 (C) A hemp-derived product or substance that is excluded from the
9 definition of “hemp products” or “hemp-infused products” pursuant to
10 subdivision (B) of this subdivision (23) shall be considered a cannabis product
11 as defined by 7 V.S.A. § 831(3); provided, however, that a person duly
12 licensed or registered by the Cannabis Control Board lawfully may possess
13 such products in conformity with the person’s license or hemp processor
14 registration.

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

16 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

17 (a) The Board shall adopt rules to implement and administer this chapter in
18 accordance with subdivisions (1)–(8)(9) of this subsection.

19 (1) Rules concerning any cannabis establishment shall include:

20 ~~(A) the form and content of license and renewal applications,~~

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

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

1 ~~(P) disclosure or eligibility requirements for a financier, its owners~~
2 and principals, and its affiliates, which may include:
3 (i) requirements to disclose information to a licensed
4 establishment, the Board, or the Department of Financial Regulation;
5 (ii) a minimum age requirement and a requirement to conduct a
6 background check for natural persons;
7 (iii) requirements to ensure that a financier complies with
8 applicable State and federal laws governing financial institutions, licensed
9 lenders, and other financial service providers; and
10 (iv) any other requirements, conditions, or limitations on the type
11 or amount of loans or capital investments made by a financier or its affiliates,
12 which the Board, in consultation with the Department of Financial Regulation,
13 determines are necessary to protect the public health, safety, and general
14 welfare;
15 (Q) policies and procedures for conducting outreach and promoting
16 participation in the regulated cannabis market by diverse groups of individuals,
17 including those who have been disproportionately harmed by cannabis
18 prohibition;
19 (R) advertising and marketing; ~~and~~
20 (S) requirements for cannabis control testing of hemp, hemp-infused
21 ~~products, cannabis, and cannabis products, and~~

1 ~~(T) requirements and criteria governing licensee applications to~~
2 ~~change ownership, control, or location.~~

3 * * *

4 (9) Rules concerning trim and harvest services shall include:

5 (A) requirements for verification of the licenses of clients;

6 (B) essential content and permissible terms of written service
7 contracts, including provisions for security and diversion prevention;

8 (C) provisions to ensure safe and lawful transportation and lodging
9 of travelling personnel;

10 (D) essential content of employee health, safety, and skills training,
11 including first aid and recognition of common pests and pathogens;

12 (E) requirements appropriate to minimize the risk of pest and
13 pathogen transmission; and

14 (F) procedures for documenting lawful compensation.

15 * * *

16 Sec. 5. 7 V.S.A. § 883 is amended to read:

17 § 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

18 (a) The Board shall obtain from the Vermont Crime Information Center a
19 copy of a fingerprint-based Vermont criminal history records, out-of-state
20 criminal history records, and criminal history records from the Federal Bureau
21 of Investigation for each license applicant, principal of an applicant, and

1 ~~person who controls an applicant who is a natural person. Checks may be~~
2 ~~repeated for good cause or with prudent frequency as determined by the Board.~~

3 (b) The Board shall adopt rules that set forth standards for determining
4 whether an applicant should be denied a cannabis establishment license
5 because of ~~his or her~~ the applicant's criminal history record based on factors
6 that demonstrate whether the applicant presently poses a threat to public safety
7 or the proper functioning of the regulated market. Nonviolent drug offenses
8 shall not automatically disqualify an applicant.

9 (c) Notwithstanding subsection (a) of this section or subsection 844(b) of
10 this title, if required records are not reasonably available to the Board due to
11 circumstances beyond its control, with the consent of the applicant, the Board
12 may accept third-party criminal background checks submitted by an applicant
13 for a cannabis establishment license or renewal in lieu of obtaining the records
14 from the Vermont Crime Information Center a copy of the person's Vermont
15 fingerprint-based criminal history records, out-of-state criminal history
16 records, and criminal history records from the Federal Bureau of Investigation
17 from a reputable commercial provider. Any such third-party background
18 check shall:

19 (1) ~~be conducted by a third-party consumer reporting agency or~~
20 ~~background screening company that is in compliance with the federal Fair~~
21 ~~Credit Reporting Act, and~~

1 ~~(2) include a multistate and multi-jurisdiction criminal record locator~~

2 Consumer credit scores shall not be a basis for license denial.

3 Sec. 6. 7 V.S.A. § 884 is amended to read:

4 § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

5 (a) Every owner, principal, and employee of a cannabis establishment shall
6 obtain an identification card issued by the Board. A person may apply for an
7 identification card prior to obtaining employment with a licensee. An
8 employee identification card shall authorize the person to work for any
9 licensee.

10 (b)(1)(A) Prior to issuing the identification card to an owner or principal of
11 a cannabis establishment, the Board shall obtain from the Vermont Crime
12 Information Center a copy of the person's Vermont fingerprint-based criminal
13 history records, out-of-state criminal history records, and criminal history
14 records from the Federal Bureau of Investigation.

15 (B) Prior to issuing the identification card to an employee of a
16 cannabis establishment, the Board shall obtain a copy of a fingerprint-based
17 identity history summary record from the Federal Bureau of Investigation.

18 (2) The Board shall adopt rules that set forth standards for determining
19 whether a person should be denied a cannabis establishment identification card
20 because of ~~his or her~~ the person's criminal history record based on factors that
21 ~~demonstrate whether the applicant presently poses a threat to public safety or~~

1 ~~the proper functioning of the regulated market. Nonviolent drug offenses shall~~
2 not automatically disqualify an applicant.

3 (c) Once an identification card application has been submitted, a person the
4 Board, for good cause, may serve issue a temporary permit authorizing the
5 applicant to serve as an employee of a cannabis establishment pending the
6 background check, provided the person is supervised in his or her duties by
7 someone who is a cardholder. The Board shall issue a temporary permit to the
8 person for this purpose, which shall expire upon the issuance of the
9 identification card or disqualification of the person in accordance with this
10 section. Good cause exists if, among other reasons, the application is
11 reasonably expected to take more than 12 days to process.

12 (d) An identification card shall expire one year after its issuance or, in the
13 case of owners and principals, upon the expiration of the cannabis
14 establishment's license, whichever occurs first.

15 Sec. 7. 7 V.S.A. § 886 is added to read:

16 § 886. RECEIVERSHIP; SPECIAL PERMITTING; IMMUNITY

17 (a) When a cannabis establishment becomes distressed, it may abruptly
18 lose authority or ability to possess commercial quantities of cannabis. It is the
19 purpose of this section to empower the Civil Division of the Superior Court
20 and the Board to oversee the orderly unwinding of cannabis establishments,

1 including lawful disposition of inventory in lieu of forfeiture, in case of
2 functional distress or interruption in active licensure.

3 (b)(1) An individual may be appointed as receiver, representative, executor,
4 administrator, guardian, conservator, trustee, or assignee, to temporarily
5 operate a cannabis establishment on the licensed premises for a period of time
6 determined by the Board in cases of death, disability, bankruptcy, insolvency,
7 receivership, assignment for the benefit of creditors, shareholder or LLC
8 member disputes, license interruption, or other exceptional circumstances
9 rendering one or more owners incapable of performing, or ineligible to
10 perform, the duties of a licensee. Such appointee shall be at least 21 years of
11 age.

12 (2)(A) Such appointee shall not be permitted to conduct licensed
13 activities without the express authorization of the Board, which may be
14 granted upon submission and approval of a written request for the authority to
15 temporarily conduct licensed activities. The written request shall include
16 information or disclosures required by the Board, including

17 (i) name;

18 (ii) valid identification;

19 (iii) phone number;

20 (iv) mailing address;

21 (v) email address,

1 (vi) Social Security number;

2 (vii) the name of the person on whose behalf the appointee is
3 appointed;

4 (viii) proof that such appointee is the legal receiver,
5 representative, executor, administrator, guardian, conservator, trustee, or
6 assignee, and;

7 (ix) any direct or indirect interests held by that appointee in a
8 cannabis license, registration or permit.

9 (B) The Board may adopt rules governing appointment and the
10 process and qualifications.

11 (3) Authorization to conduct licensed activities by the appointee is
12 conditioned on compliance with these regulations, including restrictions on
13 ownership and other interests, approval by the Board, and the authorization
14 shall not constitute a guarantee of license issuance or renewal by the Board.

15 (4) Any licensee or person who files, or against whom is filed, any
16 action or proceeding, or who seeks an appointment, as set forth in subdivision
17 (1) of this subsection, is required to serve the Board with original notice of the
18 action or proceeding and provide the Board with opportunity to be heard
19 regarding the appointment. Such notice shall be provided to employees upon
20 commencement of such proceeding for a receivership. A licensee surrendering

1 ~~its license shall provide its employees any lawfully required warnings of~~
2 ~~closures and layoffs.~~

3 ~~(c) When no licensed custodian can be found to take custody of or~~
4 ~~transport cannabis or cannabis products, the Board, in its sole discretion, may~~
5 ~~issue a special permit temporarily authorizing an unlicensed designee of~~
6 ~~suitable ability and judgment to possess, transport, or dispose of cannabis and~~
7 ~~cannabis products as specified by the terms of the permit. The permit shall be~~
8 ~~printed on official Board letterhead, bear the signature of the Chair of the~~
9 ~~Board, state clearly a means of prompt authentication by law enforcement and~~
10 ~~licensees, and specify start and end dates and times.~~

11 ~~(d) A person acting as a duly appointed receiver or in conformity with the~~
12 ~~terms of a special Board permit issued pursuant to subsection (c) of this~~
13 ~~section shall be immune from civil and criminal liability in relation to~~
14 ~~possession, transportation, or transfer of cannabis within the borders of this~~
15 ~~State. The Board shall not be liable for economic losses resulting from~~
16 ~~forfeiture, seizure, sequestration, sale stoppage, transportation, storage, or~~
17 ~~destruction of cannabis or cannabis products.~~

18 Sec. 8. 7 V.S.A. § 901 is amended to read:

19 ~~§ 901. GENERAL PROVISIONS~~

1 ~~(a) Except as otherwise permitted by law, a person shall not engage in the~~
2 cultivation, preparation, processing, packaging, transportation, testing, or sale
3 of cannabis or cannabis products without obtaining a license from the Board.

4 (b) All licenses shall be valid for one year and expire at midnight on the
5 eve of the anniversary of the date the license was issued. A licensee may
6 apply to renew the license annually.

7 (c) Applications for licenses and renewals shall be submitted on forms
8 provided by the Board and shall be accompanied by the fees provided for in
9 section 910 of this title.

10 (d)(1) There shall be ~~seven~~ eight types of licenses available:

- 11 (A) a cultivator license;
12 (B) a propagator license;
13 (C) a wholesaler license;
14 (D) a product manufacturer license;
15 (E) a retailer license;
16 (F) a testing laboratory license; ~~and~~
17 (G) a trim and harvest service license; and
18 (H) an integrated license.

19 (2)(A) The Board shall develop tiers for:

20 (i) cultivator licenses based on the plant canopy size of the
21 ~~cultivation operation or plant count for breeding stock, and~~

~~(ii) retailer licenses.~~

(B) The Board may develop tiers for other types of licenses.

~~(3)(A) Except as provided in subdivisions (B) and (C) of this subdivision (3), an applicant and its affiliates may obtain a maximum of one type of each type of license as provided in subdivisions (1)(A)–(F)(G) of this subsection (d). Each license shall permit only one location of the establishment, however a trim and harvest service licensee may provide services at multiple other licensed cannabis establishments.~~

~~(B) An applicant and its affiliates that control a dispensary registered on April 1, 2022 may obtain one integrated license provided in subdivision (1)(G)(H) of this subsection (d) or a maximum of one of each type of license provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated licensee may not hold a separate cultivator, propagator, wholesaler, product manufacturer, retailer, or testing laboratory license, and no applicant or its affiliates that control a dispensary shall hold more than one integrated license. An integrated license shall permit only one location for each of the types of activities permitted by the license: cultivation, propagator, wholesale operations, product manufacturing, retail sales, and testing.~~

~~(C) An applicant and its affiliates may obtain multiple testing laboratory licenses.~~

1 ~~(e) A dispensary that obtains a retailer license or an integrated license~~
2 pursuant to this chapter shall maintain the dispensary and retail operations in a
3 manner that protects patient and caregiver privacy in accordance with rules
4 adopted by the Board.

5 (f) Each licensee shall obtain and maintain commercial general liability
6 insurance in accordance with rules adopted by the Board. Failure to provide
7 proof of insurance to the Board, as required, may result in revocation of the
8 license.

9 (g) All licenses may be renewed according to procedures adopted through
10 rulemaking by the Board.

11 (h) [Repealed.]

12 Sec. 9. 7 V.S.A. § 904 is amended to read:

13 § 904. CULTIVATOR LICENSE

14 * * *

15 (d) Each cultivator shall create packaging for its cannabis.

16 (1) Packaging shall include:

17 (A) The name and registration number of the cultivator.

18 (B) The strain and variety of cannabis contained.

19 (C) The potency of the cannabis represented by the amount of

20 ~~tetrahydrocannabinol and cannabidiol in milligrams total and per serving.~~

1 ~~(D) A “produced on” date reflecting the date that the cultivator~~
2 ~~finished producing the cannabis “harvested on” date reflecting the date the~~
3 ~~cultivator harvested the cannabis and a “packed on” date reflecting the date the~~
4 ~~product was packaged for sale.~~

5 (E) Appropriate warnings as prescribed by the Board in rule.

6 (F) Any additional requirements contained in rules adopted by the
7 Board in accordance with this chapter. Rules shall take into consideration that
8 different labeling requirements may be appropriate depending on whether the
9 cannabis is sold to a wholesaler, product manufacturer, or retailer.

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

12 * * *

13 Sec. 10. 7 V.S.A. § 904b is amended to read:

14 § 904b. PROPAGATION CULTIVATOR LICENSE

15 (a) A propagation cultivator licensed under this section may:

16 (1) cultivate not more than 3,500 square feet of cannabis clones,
17 immature cannabis plants, or mature cannabis plants;

18 (2) test, transport, and sell cannabis clones and immature cannabis
19 plants to licensed cultivators and retailers; and

20 (3) test, transport, and sell cannabis seeds that meet the federal
21 ~~definition of hemp to a licensed cultivator or retailer or to the public.~~

1 ~~(b) A licensed propagation cultivator shall not cultivate mature cannabis~~
2 plants for the purpose of producing, harvesting, transferring, or selling
3 cannabis flower for or to any person.

4 Sec. 11. 7 V.S.A. § 904c is added to read:

5 § 904c. TRIM AND HARVEST SERVICE LICENSE

6 A trim and harvest service licensed under this section may contract with
7 cultivators licensed under section 904 or 904a of this chapter, on a seasonal or
8 temporary basis, to supply specified cannabis maintenance services within the
9 scope of each client-cultivator's license.

10 Sec. 12. 7 V.S.A. § 910 is amended to read:

11 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

12 The following fees shall apply to each person or product licensed by the
13 Board:

14 * * *

15 (8) Trim and harvest services. Trim and harvest services shall be
16 assessed an annual licensing fee of \$500.00.

17 (9) Employees. Cannabis establishments licensed by the Board shall be
18 assessed ~~an annual~~ a biennial licensing fee of \$50.00 for each employee.

19 ~~(9)~~(10) Products. Cannabis establishments licensed by the Board shall
20 be assessed ~~an annual~~ a biennial product licensing fee of \$50.00 for every type
21 ~~of cannabis and cannabis product that is sold in accordance with this chapter.~~

1 ~~The Board may issue longer product registrations, prorated at the same cost~~
2 ~~per year, for products it deems low risk and shelf stable. Such products may~~
3 ~~be defined and distinguished in readily accessible published guidance.~~

4 ~~(10)(11) Local licensing fees. Cannabis establishments licensed by the~~
5 ~~Board shall be assessed an annual local licensing fee of \$100.00 in addition to~~
6 ~~each fee assessed under subdivisions (1)–(7) of this section. Local licensing~~
7 ~~fees shall be distributed to the municipality in which the cannabis~~
8 ~~establishment is located pursuant to section 846(c) of this title.~~

9 ~~(11)(12) One-time fees Application fee.~~

10 ~~(A) All applicants for a cannabis establishment license shall be~~
11 ~~assessed an initial one-time application fee of \$1,000.00.~~

12 ~~(B) An applicant may choose to be assessed an initial one-time intent-~~
13 ~~to-apply fee of \$500.00. If the applicant subsequently seeks a license within~~
14 ~~one year after paying the intent-to-apply fee, the initial one-time application~~
15 ~~fee of \$1,000.00 shall be reduced by \$500.00.~~

16 Sec. 13. 32 V.S.A. § 3260 is amended to read:

17 § 3260. BULK SALES

18 (a) Whenever a person (transferor) required to collect or withhold a trust
19 tax pursuant to chapter 151, 207, 225, or 233 of this title shall make any sale,
20 transfer, long-term lease, or assignment (transfer) in bulk of any part or the
21 ~~whole of the assets of a business, otherwise than in the ordinary course of the~~

1 ~~business, the purchaser, transferee or assignee (transferee) shall, at least 10~~
2 days, before taking possession of the subject of the transfer or before payment
3 therefore if earlier, notify the Commissioner in writing of the proposed sale
4 and of the price, terms, and conditions thereof whether or not the transferor
5 has represented to or informed the transferee that the transferor owes any trust
6 tax pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee
7 has knowledge that such taxes are owed, and whether any taxes are in fact
8 owed.

9 (b) Whenever the transferee shall fail to give notice to the Commissioner
10 as required by subsection (a) of this section, or whenever the Commissioner
11 shall inform the transferee that a possible claim for tax exists, any sums of
12 money, property, or choses in action, or other consideration, which the
13 transferee is required to transfer over to or for the transferor, shall be subject to
14 a first priority right and lien for any taxes theretofore or thereafter determined
15 to be due from the transferor to the State, and the transferee is forbidden to
16 transfer the consideration to or for the transferor to the extent of the amount of
17 the State's claim.

18 (c) For failure to comply with this section, the transferee shall be
19 personally liable for the payment to the State of any taxes theretofore or
20 ~~thereafter determined to be due to the State from the transferor and the liability~~

1 ~~may be assessed and enforced in the same manner as the liability for tax under~~
2 chapter 151, 207, 225, or 233.

3 Sec. 14. 2022 Acts and Resolves No. 185, Secs E.240.5 and E.240.6 are
4 amended to read:

5 Sec. E.240.5. [Deleted.]

6 Sec. E.240.6. [Deleted.]

7 Sec. 15. 2022 Acts and Resolves No. 185, Sec. H.100 is amended to read:

8 Sec. H.100. EFFECTIVE DATES

9 * * *

10 (b) [Deleted.]

11 * * *

12 Sec. 16. ISSUANCE OF RETAILER LICENSES

13 Notwithstanding any other provision of law, the Cannabis Control Board
14 shall not issue any new retailer licenses until July 1, 2027, provided that:

15 (1) annual renewals of retailer licenses that were originally issued prior
16 to February 1, 2025 may be issued;

17 (2) amendments to and early renewals of retailer licenses that were
18 originally issued prior to February 1, 2025 may be issued in the case of
19 changes in location of the licensed retailer where the proposed new location
20 would be permissible as a new licensed location pursuant to rules adopted by
21 the Board under 7 V.S.A. § 881(a)(5)(F).

1 ~~(2) amendments to and early renewals of retailer licenses that were~~
2 originally issued prior to February 1, 2025 may be issued in the case of
3 changes in control of the licensed retailer; and

4 (4) the Board may issue new retailer licenses prior to July 1, 2027 if, at
5 the time of such issuance, the number of licensed retailers is fewer than the
6 number of 80 locations.

7 Sec. 17. CANNABIS CONTROL BOARD: ENFORCEMENT ATTORNEY;
8 POSITION

9 One full-time, permanent, exempt position of Enforcement Attorney is
10 authorized in the Cannabis Control Board in fiscal year 2025.

11 Sec. 18. EFFECTIVE DATE

12 ~~This act shall take effect on passage.~~

Sec. 1. 7 V.S.A. § 832 is amended to read:

*§ 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO SEIZURE
AND FORFEITURE*

*Cannabis possessed unlawfully in violation of this title ~~or~~ administrative
rules adopted pursuant to this title may be seized by law enforcement and is
subject to forfeiture.*

Sec. 2. 7 V.S.A. § 844 is amended to read:

~~*§ 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS*~~

~~(a) The Board shall establish a user agreement with the Vermont Crime Information Center in accordance with 20 V.S.A. chapter 117 for the purpose of obtaining Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation as required by chapters 33 (cannabis establishments) and 37 (medical cannabis dispensaries) of this title.~~

~~(b) A fingerprint-based state and national criminal history record check shall be conducted for each natural person prior to being issued a cannabis establishment identification card pursuant to chapter 33 (cannabis establishments) of this title or a medical cannabis dispensary identification card pursuant to chapter 37 (medical cannabis dispensaries) of this title. The Board may require that such record checks be completed as a condition precedent to license renewal.~~

Sec. 3. 7 V.S.A. § 861(23) is amended to read:

~~(23)(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 that 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 (23), “hemp products” and “hemp-infused products” do not include any substance, manufacturing intermediary, or product that:~~

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

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

~~(C) A hemp-derived product or substance that is excluded from the definition of “hemp products” or “hemp-infused products” pursuant to subdivision (B) of this subdivision (23) shall be considered a cannabis product as defined by subdivision 831(3) of this title; provided, however, that a person duly licensed or registered by the Cannabis Control Board lawfully may possess such products in conformity with the person’s license or hemp processor registration.~~

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§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

(a) The Board shall adopt rules to implement and administer this chapter in accordance with subdivisions (1)–(8)(9) of this subsection.

~~(1) Rules concerning any cannabis establishment shall include.~~

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

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

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

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

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

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

~~(iii) the requirement for a fingerprint-based criminal history record check and regulatory record check pursuant to section 883 of this title;~~

~~(C) oversight requirements, including provisions to ensure that a licensed establishment complies with State and federal regulatory requirements governing insurance, securities, workers' compensation, unemployment insurance, and occupational health and safety;~~

~~(D) inspection requirements,~~

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

~~(F) employment and training requirements;~~

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

~~(H) health and safety requirements;~~

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

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

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

~~(L) sanitary requirements;~~

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

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

~~(O) requirements for banking and financial transactions, including provisions to ensure that the Board, the Department of Financial Regulation, and financial institutions have access to relevant information concerning~~

~~licensed establishments to comply with State and federal regulatory requirements;~~

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

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

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

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

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

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

~~(R) advertising and marketing, and~~

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

~~(T) requirements and criteria governing licensee applications to change ownership, control, or location.~~

~~* * *~~

~~(5) Rules concerning retailers shall include:~~

~~* * *~~

~~(F) location or siting requirements that increase the geographic distribution of new cannabis retail establishments based on regional population, and market needs, and community input; and~~

~~* * *~~

~~(9) Rules concerning trim and harvest services shall include:~~

~~(A) requirements for verification of the licenses of clients;~~

~~(B) essential content and permissible terms of written service contracts, including provisions for security and diversion prevention;~~

~~(C) provisions to ensure safe and lawful transportation and lodging of travelling personnel;~~

~~(D) essential content of employee health, safety, and skills training, including first aid and recognition of common pests and pathogens;~~

~~(E) requirements appropriate to minimize the risk of pest and pathogen transmission, and~~

~~(E) procedures for documenting lawful compensation.~~

* * *

Sec. 5. 7 V.S.A. § 883 is amended to read:

§ 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

(a) The Board shall obtain from the Vermont Crime Information Center a copy of a fingerprint-based Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation for each license applicant, principal of an applicant, and person who controls an applicant who is a natural person. Checks may be repeated for good cause or with prudent frequency as determined by the Board.

(b) The Board shall adopt rules that set forth standards for determining whether an applicant should be denied a cannabis establishment license because of ~~his or her~~ the applicant's criminal history record based on factors that demonstrate whether the applicant presently poses a threat to public safety or the proper functioning of the regulated market. Nonviolent drug offenses shall not automatically disqualify an applicant.

(c) Notwithstanding subsection (a) of this section or subsection 844(b) of this title, if required records are not reasonably available to the Board due to circumstances beyond its control, with the consent of the applicant, the Board may accept third-party criminal background checks submitted by an applicant ~~for a cannabis establishment license or renewal in lieu of obtaining the records~~

~~from the Vermont Crime Information Center a copy of the person's Vermont fingerprint-based criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation from a reputable commercial provider. Any such third-party background check shall:~~

~~(1) be conducted by a third-party consumer reporting agency or background screening company that is in compliance with the federal Fair Credit Reporting Act; and~~

~~(2) include a multistate and multi-jurisdiction multijurisdiction criminal record locator. Consumer credit scores shall not be a basis for license denial.~~

~~Sec. 6. 7 V.S.A. § 884 is amended to read:~~

~~§ 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD~~

~~(a) Every owner, principal, and employee of a cannabis establishment shall obtain an identification card issued by the Board. A person may apply for an identification card prior to obtaining employment with a licensee. An employee identification card shall authorize the person to work for any licensee.~~

~~(b)(1)(A) Prior to issuing the identification card to an owner or principal of a cannabis establishment, the Board shall obtain from the Vermont Crime Information Center a copy of the person's Vermont fingerprint-based criminal~~

~~history records, out of state criminal history records, and criminal history records from the Federal Bureau of Investigation.~~

~~(B) Prior to issuing the identification card to an employee of a cannabis establishment, the Board shall obtain a copy of a fingerprint-based identity history summary record from the Federal Bureau of Investigation.~~

~~(2) The Board shall adopt rules that set forth standards for determining whether a person should be denied a cannabis establishment identification card because of his or her the person's criminal history record based on factors that demonstrate whether the applicant presently poses a threat to public safety or the proper functioning of the regulated market. Nonviolent drug offenses shall not automatically disqualify an applicant.~~

~~(c) Once an identification card application has been submitted, a person the Board, for good cause, may serve issue a temporary permit authorizing the applicant to serve as an employee of a cannabis establishment pending the background check, provided the person is supervised in his or her duties by someone who is a cardholder. The Board shall issue a temporary permit to the person for this purpose, which shall expire upon the issuance of the identification card or disqualification of the person in accordance with this section Good cause exists if, among other reasons, the application is reasonably expected to take more than 12 days to process.~~

~~(d) An identification card shall expire one year after its issuance or, in the case of owners and principals, upon the expiration of the cannabis establishment's license, whichever occurs first.~~

Sec. 7. 7 V.E.A. § 886 is added to read:

§ 886. INCAPACITY OR DISTRESS; SPECIAL PERMITTING;

IMMUNITY

~~(a) It is the purpose of this section to authorize the Board to effectively oversee cannabis establishments and the persons authorized to operate such establishments in case of incapacity of a principal, dysfunction, operating distress, interruption in licensure, abrupt closure, or judicial intervention including receivership.~~

~~(b) The Board may issue a special permit temporarily authorizing a licensed or unlicensed designee of suitable ability and judgment to temporarily operate a cannabis establishment, or to possess, transport, or dispose of cannabis and cannabis products, as specified by the terms of the permit. The permit shall be printed on official Board letterhead, bear the signature of the Chair of the Board, state clearly a means of prompt authentication by law enforcement and licensees, and specify start and end dates and times. A person's eligibility for a permit under this subsection (b) shall not be limited by subdivision 901(d)(5) of this title.~~

~~(c) A person acting in conformity with the terms and scope of a special permit issued pursuant to subsection (b) of this section shall be immune from civil and criminal liability in relation to possession, transportation, or transfer of cannabis within the borders of this State. The Board shall not be liable for economic losses resulting from forfeiture, seizure, sequestration, sale stoppage, transportation, storage, or destruction of cannabis or cannabis products.~~

~~(d) If appropriate to facilitate judicial proceedings involving a cannabis establishment or its principals, including an action for receivership, a State court of competent jurisdiction may request that the Board determine whether a person is suited by background and qualifications to hold a special permit issued pursuant to subsection (b) of this section for a purpose specified by the court. In the alternative, the court may ask that the Board recommend such person.~~

Sec. 8. 7 V.S.A. § 901 is amended to read:

§ 901. GENERAL PROVISIONS

(a) Except as otherwise permitted by law, a person shall not engage in the cultivation, preparation, processing, packaging, transportation, testing, or sale of cannabis or cannabis products without obtaining a license from the Board.

(b) All licenses shall be valid for one year and expire at midnight on the eve of the anniversary of the date the license was issued. A licensee may apply to renew the license annually.

~~(c) Applications for licenses and renewals shall be submitted on forms provided by the Board and shall be accompanied by the fees provided for in section 910 of this title.~~

~~(d)(1) There shall be ~~seven~~ eight types of licenses available:~~

- ~~(A) a cultivator license;~~
- ~~(B) a propagator license;~~
- ~~(C) a wholesaler license;~~
- ~~(D) a product manufacturer license;~~
- ~~(E) a retailer license;~~
- ~~(F) a testing laboratory license; and~~
- ~~(G) a trim and harvest service license; and~~
- ~~(H) an integrated license.~~

~~(2)(A) The Board shall develop tiers for.~~

~~(i) cultivator licenses based on the plant canopy size of the cultivation operation or plant count for breeding stock; and~~

~~(ii) retailer licenses.~~

~~(B) The Board may develop tiers for other types of licenses.~~

~~(3)(A) Except as provided in subdivisions (B) and (C) of this subdivision (3), an applicant and its affiliates may obtain a maximum of one type of each type of license as provided in subdivisions (1)(A)–(F)(G) of this subsection (d).~~

~~Each license shall permit only one location of the establishment, however a~~

~~trim and harvest service licensee may provide services at multiple other
licensed cannabis establishments.~~

~~(B) An applicant and its affiliates that control a dispensary registered
on April 1, 2022 may obtain one integrated license provided in subdivision
(1)(G)(H) of this subsection (d) or a maximum of one of each type of license
provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated
licensee may not hold a separate cultivator, propagator, wholesaler, product
manufacturer, retailer, or testing laboratory license, and no applicant or its
affiliates that control a dispensary shall hold more than one integrated license.
An integrated license shall permit only one location for each of the types of
activities permitted by the license: cultivation, propagator, wholesale
operations, product manufacturing, retail sales, and testing.~~

~~(C) An applicant and its affiliates may obtain multiple testing
laboratory licenses.~~

~~(e) A dispensary that obtains a retailer license or an integrated license
pursuant to this chapter shall maintain the dispensary and retail operations in
a manner that protects patient and caregiver privacy in accordance with rules
adopted by the Board.~~

~~(f) Each licensee shall obtain and maintain commercial general liability
insurance in accordance with rules adopted by the Board. Failure to provide~~

~~proof of insurance to the Board, as required, may result in revocation of the license.~~

~~(g) All licenses may be renewed according to procedures adopted through rulemaking by the Board.~~

~~(h) [Repeated.]~~

~~Sec. 9. 7 V.S.A. § 904 is amended to read:~~

~~§ 904. CULTIVATOR LICENSE~~

~~* * *~~

~~(d) Each cultivator shall create packaging for its cannabis.~~

~~(1) Packaging shall include:~~

~~(A) The name and registration number of the cultivator.~~

~~(B) The strain and variety of cannabis contained.~~

~~(C) The potency of the cannabis represented by the amount of tetrahydrocannabinol and cannabidiol in milligrams total and per serving.~~

~~(D) A “produced on” date reflecting the date that the cultivator finished producing the cannabis “harvested on” date reflecting the date the cultivator harvested the cannabis and a “packed on” date reflecting the date the product was packaged for sale.~~

~~(E) Appropriate warnings as prescribed by the Board in rule.~~

~~(F) Any additional requirements contained in rules adopted by the Board in accordance with this chapter. Rules shall take into consideration that~~

~~different labeling requirements may be appropriate depending on whether the cannabis is sold to a wholesaler, product manufacturer, or retailer.~~

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

~~* * *~~

~~Sec. 10. 7 V.S.A. § 904b is amended to read:~~

~~§ 904b. PROPAGATION CULTIVATOR LICENSE~~

~~(a) A propagation cultivator licensed under this section may:~~

~~(1) cultivate not more than 3,500 square feet of cannabis clones, immature cannabis plants, or mature cannabis plants;~~

~~(2) test, transport, and sell cannabis clones and immature cannabis plants to licensed cultivators and retailers; and~~

~~(3) test, transport, and sell cannabis seeds that meet the federal definition of hemp to a licensed cultivator or retailer or to the public.~~

~~(b) A licensed propagation cultivator shall not cultivate mature cannabis plants for the purpose of producing, harvesting, transferring, or selling cannabis flower for or to any person.~~

~~Sec. 11. 7 V.S.A. § 904c is added to read:~~

~~§ 904c. TRIM AND HARVEST SERVICE LICENSE~~

~~A trim and harvest service licensed under this section may contract with cultivators licensed under section 904 or 904a of this chapter, on a seasonal or~~

~~temporary basis, to supply specified cannabis maintenance services within the scope of each client-cultivator's license.~~

Sec. 12. 7 V.S.A. § 910 is amended to read:

§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

The following fees shall apply to each person or product licensed by the Board:

** * **

(8) Trim and harvest services. Trim and harvest services shall be assessed an annual licensing fee of \$500.00.

(9) Employees. Cannabis establishments licensed by the Board shall be assessed an annual licensing fee of \$50.00 for each employee. The Board shall offer one-year and two-year employee licenses.

(9)(10) Products. Cannabis establishments licensed by the Board shall be assessed an annual product licensing fee of \$50.00 for every type of cannabis and cannabis product that is sold in accordance with this chapter. The Board may issue longer product registrations, prorated at the same cost per year, for products it deems low risk and shelf stable. Such products may be defined and distinguished in readily accessible published guidance.

(10)(11) Local licensing fees. Cannabis establishments licensed by the Board shall be assessed an annual local licensing fee of \$100.00 in addition to each fee assessed under subdivisions (1)–(7) of this section. Local licensing

~~fees shall be distributed to the municipality in which the cannabis establishment is located pursuant to section 846(c) of this title.~~

~~(11)(12) One-time fees Application fee.~~

~~(A) All applicants for a cannabis establishment license shall be assessed an initial one-time application fee of \$1,000.00.~~

~~(B) An applicant may choose to be assessed an initial one-time intent-to-apply fee of \$500.00. If the applicant subsequently seeks a license within one year after paying the intent-to-apply fee, the initial one-time application fee of \$1,000.00 shall be reduced by \$500.00.~~

Sec. 13. 32 V.S.A. § 3260 is amended to read:

§ 3260. BULK SALES

~~(a) Whenever a person (transferor) required to collect or withhold a trust tax pursuant to chapter 151, 207, 225, or 233 of this title shall make any sale, transfer, long-term lease, or assignment (transfer) in bulk of any part or the whole of the assets of a business, otherwise than in the ordinary course of the business, the purchaser, transferee or assignee (transferee) shall, at least 10 days before taking possession of the subject of the transfer or before payment therefore if earlier, notify the Commissioner in writing of the proposed sale and of the price, terms, and conditions thereof whether or not the transferor has represented to or informed the transferee that the transferor owes any trust tax pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee~~

~~has knowledge that such taxes are owed, and whether any taxes are in fact owed.~~

~~(b) Whenever the transferee shall fail to give notice to the Commissioner as required by subsection (a) of this section, or whenever the Commissioner shall inform the transferee that a possible claim for tax exists, any sums of money, property, or choses in action, or other consideration, which the transferee is required to transfer over to or for the transferor, shall be subject to a first priority right and lien for any taxes theretofore or thereafter determined to be due from the transferor to the State, and the transferee is forbidden to transfer the consideration to or for the transferor to the extent of the amount of the State's claim.~~

~~(c) For failure to comply with this section, the transferee shall be personally liable for the payment to the State of any taxes theretofore or thereafter determined to be due to the State from the transferor and the liability may be assessed and enforced in the same manner as the liability for tax under chapter 151, 207, 225, or 233.~~

~~* * *~~

~~Sec. 13a. 32 V.S.A. § 7702 is amended to read:~~

~~§ 7702. DEFINITIONS~~

~~As used in this chapter unless the context otherwise requires:~~

~~(15) “Other tobacco products” means any product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, and including nicotine alkaloids and nicotine analogs, that is intended for human consumption by smoking, chewing, or in any other manner; including products sold as a tobacco substitute, as defined in 7 V.S.A. § 1001(8), and including any liquids, whether nicotine based or not, or delivery devices sold separately for use with a tobacco substitute, but shall not include cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco as defined in this section, or cannabis products as defined in 7 V.S.A. § 831.~~

~~* * *~~

~~(20) “New smokeless tobacco” means any tobacco product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is not intended to be smoked, has a moisture content of less than 45 percent, or is offered in individual single-dose tablets or other discrete single-use units.~~

~~* * *~~

~~Sec. 14. 2020 Acts and Resolves No. 164, Sec. 6d, as amended by 2023 Acts and Resolves No. 3, Sec. 90, is further amended to read:~~

~~Sec. 6d. [Deleted.]~~

~~Sec. 15. CANNABIS CONTROL BOARD; ENFORCEMENT ATTORNEY;~~

~~POSITION~~

~~One full time permanent exempt position of Enforcement Attorney is authorized in the Cannabis Control Board in fiscal year 2026.~~

Sec. 16. EFFECTIVE DATE

~~*This act shall take effect July 1, 2025.*~~

Sec. 1. 7 V.S.A. § 832 is amended to read:

*§ 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO SEIZURE
AND FORFEITURE*

Cannabis possessed unlawfully in violation of this title or administrative rules adopted pursuant to this title may be seized by law enforcement and is subject to forfeiture.

Sec. 2. 7 V.S.A. § 844 is amended to read:

§ 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

(a) The Board shall establish a user agreement with the Vermont Crime Information Center in accordance with 20 V.S.A. chapter 117 for the purpose of obtaining Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation as required by chapters 33 (cannabis establishments) and 37 (medical cannabis dispensaries) of this title.

(b) A fingerprint-based state and national criminal history record check shall be conducted for each natural person prior to being issued a cannabis establishment identification card pursuant to chapter 33 (cannabis

establishments) of this title or a medical cannabis dispensary identification card pursuant to chapter 37 (medical cannabis dispensaries) of this title. The Board may require that such record checks be completed as a condition precedent to license renewal.

Sec. 2a. [Deleted.]

Sec. 2b. 10 V.S.A. § 325u is amended to read:

§ 325u. VERMONT LAND ACCESS AND OPPORTUNITY BOARD

* * *

(b) Organization of Board. The Board shall be composed of:

* * *

(10) one member, appointed by the Vermont Developmental Disabilities Council; ~~and~~

(11) one member, appointed by Vermont Psychiatric Survivors; and

(12) one member, appointed by Migrant Justice.

* * *

Sec. 3. 7 V.S.A. § 861(23) is amended to read:

(23)(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 that 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 (23), “hemp products” and “hemp-infused products” do not include any substance, manufacturing intermediary, or product that:

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

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

(C) A hemp-derived product or substance that is excluded from the definition of “hemp products” or “hemp-infused products” pursuant to subdivision (B) of this subdivision (23) shall be considered a cannabis product as defined by subdivision 831(3) of this title; provided, however, that a person duly licensed or registered by the Cannabis Control Board lawfully may possess such products in conformity with the person’s license or hemp processor registration.

~~Sec. 4-7 V.S. 4-§ 881 is amended to read:~~

~~§ 881. RULEMAKING, CANNABIS ESTABLISHMENTS~~

~~(a) The Board shall adopt rules to implement and administer this chapter in accordance with subdivisions (1)–(8)(2) of this subsection.~~

~~(I) Rules concerning any cannabis establishment shall include:~~

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

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

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

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

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

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

~~(iii) the requirement for a fingerprint-based criminal history record check and regulatory record check pursuant to section 883 of this title;~~

~~(C) oversight requirements, including provisions to ensure that a licensed establishment complies with State and federal regulatory requirements governing insurance, securities, workers' compensation, unemployment insurance, and occupational health and safety;~~

~~(D) inspection requirements;~~

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

~~(F) employment and training requirements;~~

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

~~(H) health and safety requirements;~~

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

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

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

~~(L) sanitary requirements;~~

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

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

~~(O) requirements for banking and financial transactions, including provisions to ensure that the Board, the Department of Financial Regulation, and financial institutions have access to relevant information concerning~~

~~licensed establishments to comply with State and federal regulatory requirements;~~

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

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

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

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

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

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

~~(R) advertising and marketing, and~~

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

~~(T) requirements and criteria governing licensee applications to change ownership, control, or location.~~

~~* * *~~

~~(5) Rules concerning retailers shall include:~~

~~* * *~~

~~(F) location or siting requirements that increase the geographic distribution of new cannabis retail establishments based on regional population and, market needs, and community input; and~~

~~* * *~~

~~(9) Rules concerning trim and harvest services shall include:~~

~~(A) requirements for verification of the licenses of clients;~~

~~(B) essential content and permissible terms of written service contracts, including provisions for security and diversion prevention;~~

~~(C) provisions to ensure safe and lawful transportation and lodging of travelling personnel;~~

~~(D) essential content of employee health, safety, and skills training, including first aid and recognition of common pests and pathogens;~~

~~(E) requirements appropriate to minimize the risk of pest and pathogen transmission, and~~

~~(F) procedures for documenting lawful compensation.~~

Sec. 4. [Deleted.]

Sec. 5. 7 V.S.A. § 883 is amended to read:

§ 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

(a) The Board shall obtain from the Vermont Crime Information Center a copy of a fingerprint-based Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation for each license applicant, principal of an applicant, and person who controls an applicant who is a natural person. Checks may be repeated for good cause or with prudent frequency as determined by the Board.

(b) The Board shall adopt rules that set forth standards for determining whether an applicant should be denied a cannabis establishment license because of ~~his or her~~ the applicant's criminal history record based on factors that demonstrate whether the applicant presently poses a threat to public safety or the proper functioning of the regulated market. Nonviolent drug offenses shall not automatically disqualify an applicant.

(c) Notwithstanding subsection (a) of this section or subsection 844(b) of this title, if required records are not reasonably available to the Board due to circumstances beyond its control, with the consent of the applicant, the Board may accept third-party criminal background checks submitted by an applicant

~~for a cannabis establishment license or renewal in lieu of obtaining the records from the Vermont Crime Information Center a copy of the person's Vermont fingerprint-based criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation from a reputable commercial provider. Any such third-party background check shall:~~

~~(1) be conducted by a third-party consumer reporting agency or background screening company that is in compliance with the federal Fair Credit Reporting Act; and~~

~~(2) include a multistate and multi-jurisdiction multijurisdiction criminal record locator. Consumer credit scores shall not be a basis for license denial.~~

~~Sec. 6. 7 V.S.A. § 884 is amended to read:~~

~~§ 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD~~

~~(a) Every owner, principal, and employee of a cannabis establishment shall obtain an identification card issued by the Board. A person may apply for an identification card prior to obtaining employment with a licensee. An employee identification card shall authorize the person to work for any licensee.~~

~~(b)(1)(A) Prior to issuing the identification card to an owner or principal of a cannabis establishment, the Board shall obtain from the Vermont Crime Information Center a copy of the person's Vermont fingerprint-based criminal~~

history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation.

(B) Prior to issuing the identification card to an employee of a cannabis establishment, the Board shall obtain a copy of a fingerprint-based identity history summary record from the Federal Bureau of Investigation.

(2) The Board shall adopt rules that set forth standards for determining whether a person should be denied a cannabis establishment identification card because of ~~his or her~~ the person's criminal history record based on factors that demonstrate whether the applicant presently poses a threat to public safety or the proper functioning of the regulated market. Nonviolent drug offenses shall not automatically disqualify an applicant.

(c) Once an identification card application has been submitted, ~~a person~~ the Board, for good cause, may serve issue a temporary permit authorizing the applicant to serve as an employee of a cannabis establishment pending the background check, provided the person is supervised ~~in his or her duties~~ by someone who is a cardholder. ~~The Board shall issue a temporary permit to the person for this purpose, which shall expire upon the issuance of the identification card or disqualification of the person in accordance with this section~~ Good cause exists if, among other reasons, the application is reasonably expected to take more than 12 days to process.

(d) An identification card shall expire one year after its issuance or, in the case of owners and principals, upon the expiration of the cannabis establishment's license, whichever occurs first.

Sec. 7. 7 V.S.A. § 886 is added to read:

§ 886. INCAPACITY OR DISTRESS; SPECIAL PERMITTING;

IMMUNITY

(a) It is the purpose of this section to authorize the Board to effectively oversee cannabis establishments and the persons authorized to operate such establishments in case of incapacity of a principal, dysfunction, operating distress, interruption in licensure, abrupt closure, or judicial intervention including receivership.

(b) The Board may issue a special permit temporarily authorizing a licensed or unlicensed designee of suitable ability and judgment to temporarily operate a cannabis establishment, or to possess, transport, or dispose of cannabis and cannabis products, as specified by the terms of the permit. The permit shall be printed on official Board letterhead, bear the signature of the Chair of the Board, state clearly a means of prompt authentication by law enforcement and licensees, and specify start and end dates and times. A person's eligibility for a permit under this subsection shall not be limited by subdivision 901(d)(3) of this title.

(c) A person acting in conformity with the terms and scope of a special permit issued pursuant to subsection (b) of this section shall be immune from civil and criminal liability in relation to possession, transportation, or transfer of cannabis within the borders of this State. The Board shall not be liable for economic losses resulting from forfeiture, seizure, sequestration, sale stoppage, transportation, storage, or destruction of cannabis or cannabis products.

(d) If appropriate to facilitate judicial proceedings involving a cannabis establishment or its principals, including an action for receivership, a State court of competent jurisdiction may request that the Board determine whether a person is suited by background and qualifications to hold a special permit issued pursuant to subsection (b) of this section for a purpose specified by the court. In the alternative, the court may ask that the Board recommend such person.

Sec. 8-7 V.S.A. § 901 is amended to read:

§ 901. GENERAL PROVISIONS

(a) Except as otherwise permitted by law, a person shall not engage in the cultivation, preparation, processing, packaging, transportation, testing, or sale of cannabis or cannabis products without obtaining a license from the Board.

(b) All licenses shall be valid for one year and expire at midnight on the eve of the anniversary of the date the license was issued. A licensee may apply to renew the license annually.

~~(c) Applications for licenses and renewals shall be submitted on forms provided by the Board and shall be accompanied by the fees provided for in section 910 of this title.~~

~~(d)(1) There shall be ~~seven~~ eight types of licenses available:~~

~~(A) a cultivator license;~~

~~(B) a propagator license;~~

~~(C) a wholesaler license;~~

~~(D) a product manufacturer license;~~

~~(E) a retailer license;~~

~~(F) a testing laboratory license; and~~

~~(G) a trim and harvest service license; and~~

~~(H) an integrated license.~~

~~(2)(A) The Board shall develop tiers for.~~

~~(i) cultivator licenses based on the plant canopy size of the cultivation operation or plant count for breeding stock; and~~

~~(ii) retailer licenses.~~

~~(B) The Board may develop tiers for other types of licenses.~~

~~(3)(A) Except as provided in subdivisions (B) and (C) of this subdivision (3), an applicant and its affiliates may obtain a maximum of one type of each type of license as provided in subdivisions (1)(A)–(F)(G) of this subsection (d).~~

~~Each license shall permit only one location of the establishment, however a~~

~~trim and harvest service licensee may provide services at multiple other
licensed cannabis establishments.~~

~~(B) An applicant and its affiliates that control a dispensary registered
on April 1, 2022 may obtain one integrated license provided in subdivision
(1)(G)(H) of this subsection (d) or a maximum of one of each type of license
provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated
licensee may not hold a separate cultivator, propagator, wholesaler, product
manufacturer, retailer, or testing laboratory license, and no applicant or its
affiliates that control a dispensary shall hold more than one integrated license.
An integrated license shall permit only one location for each of the types of
activities permitted by the license: cultivation, propagator, wholesale
operations, product manufacturing, retail sales, and testing.~~

~~(C) An applicant and its affiliates may obtain multiple testing
laboratory licenses.~~

~~(e) A dispensary that obtains a retailer license or an integrated license
pursuant to this chapter shall maintain the dispensary and retail operations in
a manner that protects patient and caregiver privacy in accordance with rules
adopted by the Board.~~

~~(f) Each licensee shall obtain and maintain commercial general liability
insurance in accordance with rules adopted by the Board. Failure to provide~~

~~proof of insurance to the Board, as required, may result in revocation of the license.~~

~~(g) All licenses may be renewed according to procedures adopted through rulemaking by the Board.~~

~~(h) [Repeated.]~~

~~Sec. 8. [Deleted.]~~

~~Sec. 9. 7 V.S.A. § 904 is amended to read:~~

~~§ 904. CULTIVATOR LICENSE~~

~~* * *~~

~~(d) Each cultivator shall create packaging for its cannabis.~~

~~(1) Packaging shall include:~~

~~(A) The name and registration number of the cultivator.~~

~~(B) The strain and variety of cannabis contained.~~

~~(C) The potency of the cannabis represented by the amount of tetrahydrocannabinol and cannabidiol in milligrams total and per serving.~~

~~(D) A “produced on” date reflecting the date that the cultivator finished producing the cannabis “harvested on” date reflecting the date the cultivator harvested the cannabis and a “packed on” date reflecting the date the product was packaged for sale.~~

~~(E) Appropriate warnings as prescribed by the Board in rule.~~

(F) Any additional requirements contained in rules adopted by the Board in accordance with this chapter. Rules shall take into consideration that different labeling requirements may be appropriate depending on whether the cannabis is sold to a wholesaler, product manufacturer, or retailer.

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

* * *

Sec. 10. 7 V.S.A. § 904b is amended to read:

§ 904b. PROPAGATION CULTIVATOR LICENSE

(a) A propagation cultivator licensed under this section may:

(1) cultivate not more than 3,500 square feet of cannabis clones, immature cannabis plants, or mature cannabis plants;

(2) test, transport, and sell cannabis clones and immature cannabis plants to licensed cultivators and retailers; and

(3) test, transport, and sell cannabis seeds that meet the federal definition of hemp to a licensed cultivator or retailer or to the public.

(b) A licensed propagation cultivator shall not cultivate mature cannabis plants for the purpose of producing, harvesting, transferring, or selling cannabis flower for or to any person.

Sec. 11. 7 V.S.A. § 904c is added to read:

§ 904c. TRIM AND HARVEST SERVICE LICENSE

~~A trim and harvest service licensed under this section may contract with cultivators licensed under section 904 or 904a of this chapter, on a seasonal or temporary basis, to supply specified cannabis maintenance services within the scope of each client-cultivator's license.~~

Sec. 11. [Deleted.]

~~Sec. 12. 7 V.S. 4, § 910 is amended to read:~~

~~§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE~~

~~The following fees shall apply to each person or product licensed by the Board:~~

~~* * *~~

~~(8) Trim and harvest services. Trim and harvest services shall be assessed an annual licensing fee of \$500.00.~~

~~(9) Employees. Cannabis establishments licensed by the Board shall be assessed an annual licensing fee of \$50.00 for each employee. The Board shall offer one-year and two-year employee licenses.~~

~~(9)(10) Products. Cannabis establishments licensed by the Board shall be assessed an annual product licensing fee of \$50.00 for every type of cannabis and cannabis product that is sold in accordance with this chapter. The Board may issue longer product registrations, prorated at the same cost per year, for products it deems low risk and shelf stable. Such products may be defined and distinguished in readily accessible published guidance.~~

~~(10)(11) Local licensing fees. Cannabis establishments licensed by the Board shall be assessed an annual local licensing fee of \$100.00 in addition to each fee assessed under subdivisions (1)–(7) of this section. Local licensing fees shall be distributed to the municipality in which the cannabis establishment is located pursuant to section 846(c) of this title.~~

~~(11)(12) One-time fees Application fee.~~

~~(A) All applicants for a cannabis establishment license shall be assessed an initial one-time application fee of \$1,000.00.~~

~~(B) An applicant may choose to be assessed an initial one-time intent-to-apply fee of \$500.00. If the applicant subsequently seeks a license within one year after paying the intent-to-apply fee, the initial one-time application fee of \$1,000.00 shall be reduced by \$500.00.~~

Sec. 12. [Deleted.]

Sec. 12a. CANNABIS CONTROL BOARD REPORT; PROPOSAL FOR
FEES AND APPROPRIATIONS FOR FISCAL YEAR 2027

(a) On or before November 15, 2025, the Cannabis Control Board shall submit to the House Committees on Ways and Means and on Government Operations and Military Affairs and the Senate Committees on Finance and on Economic Development, Housing and General Affairs a report that includes the following information:

(1) a summary of all cannabis fees in effect in fiscal year 2026, including the amounts of revenue derived from each fee in fiscal year 2025;

(2) a projection of the fee revenues in fiscal year 2026;

(3) any available information regarding comparable fees in other jurisdictions;

(4) any polices or trends that might affect the viability of the fee amount; and

(5) a recommendation regarding how the cannabis establishment fee schedule as set forth in 7 V.S.A. § 910 may be adjusted to better promote the intent of the General Assembly to encourage participation in the regulated cannabis market by small local farmers and social equity applicants.

(b) As part of the report required under subsection (a) of this section, the Cannabis Control Board shall recommend whether a portion of the cannabis excise tax established pursuant to 32 V.S.A. § 7902 should be allocated to the Cannabis Business Development Fund for uses as provided pursuant to 7 V.S.A. § 987 and the Vermont Land Access and Opportunity Board to fulfill the duties of the Board.

Sec. 13. 32 V.S.A. § 3260 is amended to read:

§ 3260. BULK SALES

(a) Whenever a person (transferor) required to collect or withhold a trust tax pursuant to chapter 151, 207, 225, or 233 of this title shall make any sale,

transfer, long-term lease, or assignment (transfer) in bulk of any part or the whole of the assets of a business, otherwise than in the ordinary course of the business, the purchaser, transferee or assignee (transferee) shall, at least 10 days before taking possession of the subject of the transfer or before payment therefore if earlier, notify the Commissioner in writing of the proposed sale and of the price, terms, and conditions thereof whether or not the transferor has represented to or informed the transferee that the transferor owes any trust tax pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee has knowledge that such taxes are owed, and whether any taxes are in fact owed.

(b) Whenever the transferee shall fail to give notice to the Commissioner as required by subsection (a) of this section, or whenever the Commissioner shall inform the transferee that a possible claim for tax exists, any sums of money, property, or choses in action, or other consideration, which the transferee is required to transfer over to or for the transferor, shall be subject to a first priority right and lien for any taxes theretofore or thereafter determined to be due from the transferor to the State, and the transferee is forbidden to transfer the consideration to or for the transferor to the extent of the amount of the State's claim.

(c) For failure to comply with this section, the transferee shall be personally liable for the payment to the State of any taxes theretofore or

thereafter determined to be due to the State from the transferor and the liability may be assessed and enforced in the same manner as the liability for tax under chapter 151, 207, 225, or 233.

* * *

Sec. 13a. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

As used in this chapter unless the context otherwise requires:

* * *

(15) “Other tobacco products” means any product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is intended for human consumption by smoking, chewing, or in any other manner, including products sold as a tobacco substitute, as defined in 7 V.S.A. § 1001(8), and including any liquids, whether nicotine based or not, or delivery devices sold separately for use with a tobacco substitute, but shall not include cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco as defined in this section, or cannabis products as defined in 7 V.S.A. § 831.

* * *

(20) “New smokeless tobacco” means any tobacco product manufactured from, derived from, or containing tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs, that is

not intended to be smoked, has a moisture content of less than 45 percent, or is offered in individual single-dose tablets or other discrete single-use units.

* * *

Sec. 14. 2020 Acts and Resolves No. 164, Sec. 6d, as amended by 2023 Acts and Resolves No. 3, Sec. 90, is further amended to read:

Sec. 6d. [Deleted.]

Sec. 15. [Deleted.]

Sec. 15a. CANNABIS SHOWCASE EVENT PERMIT PILOT

(a) A licensed retail cannabis establishment in good standing with the Board may apply to the Board for a cannabis showcase event permit. Multiple retailers may apply and be granted permission to participate in each event, but the Board shall allow not more than five events between July 1, 2025 and December 31, 2026, and such events shall be issued in geographically dispersed locations.

(b) A permit issued under this section shall authorize the recipient to coordinate, oversee, and be the responsible administrator of a single, defined commercial event, held at a defined access-controlled location, for a defined period not to exceed 24 hours, at which cannabis or cannabis products lawfully may be purchased and possessed by screened participants acting in conformity with terms set out by the Board in the issued permit.

~~(c) To be eligible for a cannabis showcase event permit, an applicant retail cannabis establishment shall demonstrate to the Board's satisfaction:~~

~~(1) written approval to pursue a permit in the proposed location, from the cannabis control commission created by the municipality pursuant to 7 V.S.A. § 863, if one exists, or from the local legislative body or designee;~~

~~(2) partnership with a minimum of three tier 1 or tier 2 licensed cultivators or product manufacturers that are in good standing with the Board and wholly independent of the retail cannabis establishment and its affiliates who will be showcased at the event;~~

~~(3) a commitment that the retailer will not offer for sale any cannabis or cannabis products produced from a cultivator license or product manufacturer license held by the retailer;~~

~~(4) a transparent revenue-sharing agreement that, in the Board's sole judgment, meaningfully promotes the goals of the General Assembly to promote market access for small cultivators;~~

~~(5) a security plan to ensure intoxicated persons or persons under 21 years of age cannot access the space subject to the permit, that the premises are secured from diversion or inversion, and that the premises lawfully may be used for the purpose intended;~~

~~(6) a product sale plan that describes quantities and types of cannabis and cannabis products that will be offered for sale and explains how they will~~

~~be transported to the site, monitored, secured, displayed, and sold in conformity with State law and Board rule;~~

~~(7) actual capacity and intent to administer and enforce and apply the required plans;~~

~~(8) proof of commercially reasonable insurance for the proposed event; and~~

~~(9) compliance with such other requirements as the Board may prescribe.~~

~~(d) Deviation from security and sales plans, product tracking and taxation requirements, or permit terms shall be a violation subject to adverse licensing action consistent with Board rules.~~

~~(e) Permittee cannabis establishments shall be assessed a fee of \$250.00 to apply for a Cannabis Showcase Event Permit of which 50 percent shall be distributed to the host municipality and 50 percent shall be deposited in the Cannabis Regulation Fund.~~

~~(f) The Board shall prioritize social equity applicants, as defined by 7 V.S.A. § 911 and any related rules, when deciding whether to approve an application under this section.~~

Sec. 15a. [Deleted.]

~~Sec. 15b. CANNABIS RETAIL SALES REPORT~~

~~The Cannabis Control Board shall monitor and evaluate events authorized under Sec. 15a of this act. On or before January 15, 2026, the Board shall provide an interim report and, on or before January 15, 2027, a final report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs on a concise assessment of the benefits, challenges, and administrative viability of offering cannabis retail sales at events outside the confines of a retail cannabis establishment. The Board may recommend best practices for, among other considerations, security, inventory tracking, tax enforcement, permit administration, local government coordination, and optimizing market access for small cultivators.~~

Sec. 15b. [Deleted.]

Sec. 16. EFFECTIVE DATES

This act shall take effect on July 1, 2025.