

1 S.278

2 Introduced by Senators Ram Hinsdale, Clarkson, Gulick, Vyhovsky, Westman
3 and White

4 Referred to Committee on

5 Date:

6 Subject: Alcoholic beverages, cannabis, and tobacco; cannabis; Cannabis

7 Control Board; licenses and permits; advertising; cannabis excise tax;

8 municipal authority; general election; Cannabis Business

9 Development Fund; appropriation

10 Statement of purpose of bill as introduced: This bill proposes to eliminate the
11 tetrahydrocannabinol concentration limit for cannabis flower and increase the
12 tetrahydrocannabinol concentration limit for concentrate cannabis products to
13 70 percent. This bill also proposes to increase the transaction limit for retail
14 sales to two ounces of cannabis or its equivalent in cannabis products per
15 transaction. This bill also proposes to authorize the Cannabis Control Board to
16 issue event permits, event administrator endorsements, delivery permits, and
17 on-premises consumption permits. This bill also proposes to amend the
18 statutes governing advertisement by cannabis establishments and to eliminate
19 the requirement that advertisements be submitted to the Cannabis Control
20 Board for review prior to dissemination. This bill also proposes to lower the
21 cannabis excise tax from 14 percent to 10 percent. This bill also proposes to

1 allow municipalities to condition the issuance of a permit on compliance with
2 municipal ordinances and to require any municipality that has not held a vote
3 concerning the authorization of cannabis establishments to vote on the question
4 at the 2026 general election. This bill also proposes to expand the list of
5 entities that may access grants from the Cannabis Business Development Fund
6 and to appropriate \$1,000,000.00 from the General Fund to the Cannabis
7 Business Development Fund.

8 An act relating to cannabis

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

10 * * * Tetrahydrocannabinol Concentration Caps * * *

11 Sec. 1. 7 V.S.A. § 868 is amended to read:

12 § 868. PROHIBITED PRODUCTS

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

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

17 [Repealed.]

18 * * *

19 (b)(1) Except as provided by subdivision (2) of this subsection and in
20 section 907 of this title relating to a retailer with a medical endorsement, solid

1 and liquid concentrate cannabis products with greater than ~~60~~ 70 percent
2 tetrahydrocannabinol may be produced by a licensee and sold to another
3 licensee in accordance with subchapter 3 of this chapter but shall not be sold to
4 the public by a licensed retailer or integrated licensee.

5 * * *

6 Sec. 2. 7 V.S.A. § 881 is amended to read:

7 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

10 * * *

11 (3) Rules concerning product manufacturers shall include:

12 (A) requirements that a single package of a cannabis product shall
13 not contain more than ~~400~~ 110 milligrams of THC, except in the case of:

14 * * *

15 * * * Transaction Limit * * *

16 Sec. 3. 7 V.S.A. § 907 is amended to read:

17 § 907. RETAILER LICENSE

18 * * *

19 (b) In a single transaction, a retailer may provide ~~one ounce~~ two ounces of
20 cannabis or the equivalent in cannabis products, or a combination ~~thereof~~ of

1 cannabis and cannabis products, to a person 21 years of age or older upon
2 verification of a valid government-issued photograph identification card.

3 Sec. 4. 18 V.S.A. § 4230 is amended to read:

4 § 4230. CANNABIS

5 (a) Possession and cultivation.

6 (1) No person shall knowingly and unlawfully possess more than ~~one~~
7 ~~ounce~~ two ounces of cannabis or more than five grams of hashish or cultivate
8 more than two mature cannabis plants or four immature cannabis plants. A
9 person who violates this subdivision shall be assessed a civil penalty as
10 follows:

11 * * *

12 (2)(A) No person shall knowingly and unlawfully possess more than
13 two ounces ~~or more~~ of cannabis or ten grams or more of hashish or more than
14 three mature cannabis plants or six immature cannabis plants. For a first
15 offense under this subdivision (2), a person shall be provided the opportunity
16 to participate in the Court Diversion Program unless the prosecutor states on
17 the record why a referral to the Court Diversion Program would not serve the
18 ends of justice. A person convicted of a first offense under this subdivision
19 shall be imprisoned not more than six months or fined not more than \$500.00,
20 or both.

21 * * *

1 Sec. 5. 18 V.S.A. § 4230a is amended to read:

2 § 4230a. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE
3 OR OLDER

4 (a)(1) Except as otherwise provided in this section, a person 21 years of age
5 or older who possesses ~~one ounce~~ two ounces or less of cannabis or five grams
6 or less of hashish and two mature cannabis plants or fewer or four immature
7 cannabis plants or fewer or who possesses paraphernalia for cannabis use shall
8 not be penalized or sanctioned in any manner by the State or any of its political
9 subdivisions or denied any right or privilege under State law. The ~~one-ounce~~
10 two-ounce limit of cannabis or five grams of hashish that may be possessed by
11 a person 21 years of age or older shall not include cannabis cultivated,
12 harvested, and stored in accordance with section 4230e of this title.

13 * * *

14 * * * Permits and Endorsements * * *

15 Sec. 6. 7 V.S.A. § 912 is added to read:

16 § 912. EVENT PERMIT

17 (a) A licensed cannabis establishment in good standing with the Board may
18 apply to the Board for an event permit.

19 (b) Notwithstanding chapter 31 of this title, an event permit issued under
20 this section shall confer upon the recipient cannabis establishment authority to
21 coordinate, oversee, and be the responsible administrator of a single event,

1 held at an access-controlled location, for a period not to exceed 24 hours, at
2 which cannabis or cannabis products may be transported, possessed, sold, and
3 consumed by participants acting in conformity with terms set out by the Board
4 in the issued permit.

5 (c) To be eligible for an event permit, an applicant must demonstrate to the
6 Board's satisfaction:

7 (1) written approval for the permit by the local cannabis control
8 commission established pursuant to section 863 of this title or the legislative
9 body of the municipality;

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

14 (3) a safe transportation plan to ensure attendees who require motor
15 vehicle transport from the event are transported by an insured driver who has
16 not consumed cannabis, alcohol, or any other intoxicating substance;

17 (4) a product sale plan that explains how any cannabis or cannabis
18 products, if any, to be sold, given, provided, or otherwise available to event
19 attendees will be labeled, tracked, and sold in conformity with State law and
20 Board rule;

1 (5) actual capacity and intent to administer and enforce its written plans
2 for security, safe transportation, and, if applicable, product sale; and

3 (6) compliance with any requirements that the Board may adopt by rule.

4 Sec. 7. 7 V.S.A. § 913 is added to read:

5 § 913. EVENT ADMINISTRATOR ENDORSEMENT

6 (a) A cannabis establishment licensed and in good standing with the Board
7 may apply to the Board for an event administrator endorsement.

8 (b) Notwithstanding chapter 31 of this title, an event administrator
9 endorsement issued under this section shall confer upon the recipient cannabis
10 establishment authority to host, at a single approved location, events at which
11 cannabis or cannabis products lawfully may be transported, possessed, sold,
12 and consumed by participants acting in conformity with terms set out by the
13 Board in the issued endorsement.

14 (c) The minimum requirements for an event administrator endorsement
15 under this section shall include those applicable to an event permit pursuant to
16 section 912 of this title.

17 (d) An event administrator endorsement issued under this section shall
18 attach to the active cannabis establishment license of the bearer, shall be valid
19 for not longer than the underlying cannabis establishment license, and shall
20 specify the maximum number and frequency of events permitted.

1 Sec. 8. 7 V.S.A. § 914 is added to read:

2 § 914. DELIVERY PERMIT

3 (a) The Cannabis Control Board may grant a delivery permit to a cannabis
4 establishment licensed under this chapter.

5 (b) The holder of a delivery permit may deliver cannabis and cannabis
6 products sold from the licensed premises for consumption off the premises to
7 an individual who is 21 years of age or older, provided:

8 (1) Deliveries shall only be made by the permit holder or an employee
9 or agent of the permit holder.

10 (2) Deliveries shall only occur between the hours of 9:00 a.m. and 5:00
11 p.m.

12 (3) Deliveries shall only be made to a physical address located in
13 Vermont.

14 (4) An employee or agent of a delivery permit holder shall not be
15 permitted to make deliveries pursuant to the permit unless the employee has
16 completed a training program approved by the Cannabis Control Board.

17 (5) Cannabis and cannabis products delivered pursuant to a delivery
18 permit shall be for personal use and not for resale.

19 Sec. 9. 7 V.S.A. § 915 is added to read:

20 § 915. ON-PREMISES CONSUMPTION PERMIT

1 (a) A licensed retailer in good standing with the Board may apply to the
2 Board for an on-premises consumption permit that authorizes the retailer to sell
3 cannabis and cannabis products for on-premises consumption in accordance
4 with this section and rules adopted by the Board.

5 (b) An applicant for an on-premises consumption permit shall satisfy the
6 Board that:

7 (1) the licensed retailer owns, leases, or rents the premises described in
8 the permit application;

9 (2) consumption pursuant to an endorsement shall only occur on the
10 licensed premises or at a location contiguous with the licensed premises and
11 under the retailer's control; and

12 (3) the licensed retailer is capable of dispensing meals to customers and
13 maintains adequate and sanitary space and equipment for preparing and
14 serving meals.

15 (c) An on-site consumption permit shall be valid for 12 months.

16 * * * Fees for Permits and Endorsements * * *

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

18 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

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

21 * * *

1 (12) Event permit. Cannabis establishments shall be assessed a fee of
2 \$250.00 to apply for an event permit under section 912 of this chapter.

3 (13) Event administrator endorsement fee. Cannabis establishments
4 shall be assessed an annual fee of \$500.00 to apply for an event administrator
5 endorsement, of which 50 percent shall be distributed to the host municipality
6 and 50 percent shall be deposited in the Cannabis Regulation Fund.

7 (14) Delivery permit fee. Cannabis establishments shall be assessed an
8 annual fee of \$500.00 for a delivery permit.

9 (15) On-premises consumption permit. The holder of a retail license
10 shall be assessed an annual fee of \$1,000.00 for an on-premises consumption
11 permit.

12 * * * Cannabis Advertising * * *

13 Sec. 11. 7 V.S.A. § 864 is amended to read:

14 § 864. ADVERTISING

15 * * *

16 (c) Cannabis establishments shall not ~~advertise their products via~~ place a
17 paid advertisement in any third-party medium unless the licensee can show that
18 not more than ~~45~~ 30 percent of the audience is reasonably expected to be under
19 21 years of age.

20 (d) All advertisements shall contain health warnings adopted by rule by the
21 Board in consultation with the Department of Health.

1 ~~(e) All advertisements shall be submitted to the Board on a form or in a~~
2 ~~format prescribed by the Board, prior to the dissemination of the~~
3 ~~advertisement. The Board may:~~

4 ~~(1) require a specific disclosure be made in the advertisement in a clear~~
5 ~~and conspicuous manner if the Board determines that the advertisement would~~
6 ~~be false or misleading without such a disclosure; or~~

7 ~~(2) require changes that are necessary to protect the public health, safety,~~
8 ~~and welfare or consistent with dispensing information for the product under~~
9 ~~review~~ A cannabis establishment shall not state the tetrahydrocannabinol
10 content of any cannabis or cannabis product in any advertisement in any
11 medium. A cannabis establishment shall not advertise or promote the sale of
12 any cannabis or cannabis product in any way that states or depicts that the
13 cannabis or cannabis product has a higher tetrahydrocannabinol content than
14 other similar cannabis or cannabis products.

15 Sec. 12. 7 V.S.A. § 866 is amended to read:

16 § 866. YOUTH

17 * * *

18 (d) In accordance with section 864 of this title, advertising by a cannabis
19 establishment shall not depict a person under 21 years of age consuming
20 cannabis or cannabis products or be designed to be or have the effect of being
21 particularly appealing to persons under 21 years of age. Cannabis

1 establishments shall not ~~advertise their products via~~ place a paid advertisement
2 in any third-party medium unless the licensee can show that not more than ~~45~~
3 30 percent of the audience is reasonably expected to be under 21 years of age.

4 * * * Cannabis Excise Tax * * *

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

6 § 7902. CANNABIS EXCISE TAX

7 (a) There is imposed a cannabis excise tax equal to ~~14~~ 10 percent of the
8 sales price of each retail sale in this State of cannabis and cannabis products,
9 including food or beverages.

10 * * *

11 * * * Municipal Vote Concerning Cannabis Establishments * * *

12 Sec. 14. 7 V.S.A. § 863a is added to read:

13 § 863a. MUNICIPAL VOTE TO PERMIT OPERATION OF CANNABIS
14 ESTABLISHMENTS

15 (a) At the 2026 general election, a city, town, or incorporated village that as
16 of July 1, 2026, has not voted on the question of whether to affirmatively
17 permit the operation of cannabis establishments within the municipality shall
18 vote on the article contained in this section. A city, town, or incorporated
19 village shall vote on the article by Australian ballot.

20 (b) The warning for the election shall contain an article providing for a vote
21 upon the following question:

1 Shall licensed cannabis retailers be authorized to operate in this
2 municipality?

3 Yes No

4 (c) A vote to permit the operation of a licensed cannabis retailer within the
5 municipality may be rescinded pursuant to the provisions of section 863 of this
6 chapter.

7 * * * Municipal Authority * * *

8 Sec. 15. 7 V.S.A. § 863 is amended to read:

9 § 863. REGULATION BY LOCAL GOVERNMENT

10 * * *

11 (b) A municipality that hosts any cannabis establishment may establish a
12 cannabis control commission composed of commissioners who may be
13 members of the municipal legislative body. The local cannabis control
14 commission may issue and administer local control licenses under this
15 subsection for cannabis establishments within the municipality but shall not
16 assess a fee for a local control license issued to a cannabis establishment. The
17 commissioners may condition the issuance of a local control license upon
18 compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or ~~upon~~
19 ordinances ~~regulating signs or public nuisances~~ adopted pursuant to 24 V.S.A.
20 § 2291 or the municipality's charter, except that ordinances may not regulate
21 public nuisances as applied to outdoor cultivators that are regulated in the same

1 manner as the Required Agricultural Practices under subdivision 869(f)(2) of
2 this title. The commission may suspend or revoke a local control license for a
3 violation of any condition placed upon the license. The Board shall adopt rules
4 relating to a municipality's issuance of a local control license in accordance
5 with this subsection and the local commissioners shall administer the rules
6 furnished to them by the Board as necessary to carry out the purposes of this
7 section.

8 * * *

9 * * * Two-Year Employee Identification Cards and Product Registrations * * *

10 Sec. 16. 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 (9) Products. Cannabis establishments licensed by the Board shall be
16 assessed an annual product licensing fee of \$50.00 for every type of cannabis
17 and cannabis product that is sold in accordance with this chapter. The Board
18 shall offer one-year and two-year employee licenses.

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

1 fees shall be distributed to the municipality in which the cannabis
2 establishment is located pursuant to ~~section~~ subsection 846(c) of this title. The
3 Board may issue longer product registrations, prorated at the same cost per
4 year, for products it deems low-risk and shelf-stable. The products may be
5 defined and distinguished in readily accessible published guidance.

6 * * *

7 * * * CBDF Grants for Cultivators, Manufacturers, and Economic
8 Empowerment Businesses * * *

9 Sec. 17. 7 V.S.A. § 987 is amended to read:

10 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

11 (a) There is established the Cannabis Business Development Fund, which
12 shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

13 (b) The Fund shall comprise:

14 (1) a one-time contribution of \$50,000.00 per integrated license to be
15 made on or before October 15, 2022; and

16 (2) monies allocated to the fund by the General Assembly.

17 (c) The Fund shall be used for the following purposes:

18 (1) to provide low-interest rate loans and grants to:

19 (A) social equity applicants to pay for ordinary and necessary
20 expenses to start and operate a licensed cannabis establishment; and

