

1 S.278

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

4 Referred to Committee on Econ.Development, Housing & General Affairs

5 Date: January 21, 2026

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  
4 question at the 2026 general election. This bill also proposes to expand the list  
5 of entities that may access grants from the Cannabis Business Development  
6 Fund 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  
14 a 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 ~~\_\_\_\_\_~~

1 ~~(b)(1) Except as provided by subdivision (2) of this subsection and in~~  
2 section 907 of this title relating to a retailer with a medical endorsement, solid  
3 and liquid concentrate cannabis products with greater than ~~60~~ 70 percent  
4 tetrahydrocannabinol may be produced by a licensee and sold to another  
5 licensee in accordance with subchapter 3 of this chapter but shall not be sold to  
6 the public by a licensed retailer or integrated licensee.

7 \* \* \*

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

9 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

12 \* \* \*

13 (3) Rules concerning product manufacture shall include:

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

16 \* \* \*

17 \* \* \* Transaction Limit \* \* \*

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

19 § 907. RETAILER LICENSE

20

1 ~~(b) In a single transaction, a retailer may provide one ounce two ounces of~~  
2 ~~cannabis or the equivalent in cannabis products, or a combination thereof of~~  
3 ~~cannabis and cannabis products, to a person 21 years of age or older upon~~  
4 ~~verification of a valid government-issued photograph identification card.~~

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

6 § 4230. CANNABIS

7 (a) Possession and cultivation.

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

13 \* \* \*

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

1 ~~shall be imprisoned not more than six months or fined not more than \$500.00,~~  
2 or both.

3 \* \* \*

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

5 § 4230a. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE  
6 OR OLDER

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

17 \* \* \*

18 \* \* \* Permits and Endorsements \* \* \*

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

20 ~~§ 912. EVENT PERMIT~~

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

3 ~~(b) Notwithstanding chapter 31 of this title, an event permit issued under~~  
4 ~~this section shall confer upon the recipient cannabis establishment authority to~~  
5 ~~coordinate, oversee, and be the responsible administrator of a single event,~~  
6 ~~held at an access-controlled location, for a period not to exceed 24 hours, at~~  
7 ~~which cannabis or cannabis products may be transported, possessed, sold, and~~  
8 ~~consumed by participants acting in conformity with terms set out by the Board~~  
9 ~~in the issued permit.~~

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

12 ~~(1) written approval for the permit by the local cannabis control~~  
13 ~~commission established pursuant to section 865 of this title or the legislative~~  
14 ~~body of the municipality;~~

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

19 ~~(3) a safe transportation plan to ensure attendees who require motor~~  
20 ~~vehicle transport from the event are transported by an insured driver who has~~  
21 ~~not consumed cannabis, alcohol, or any other intoxicating substances;~~

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

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

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

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

9 § 913. EVENT ADMINISTRATOR ENDORSEMENT

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

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

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

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

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

6 § 914. DELIVERY PERMIT

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

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

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

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

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

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

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

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

4 § 915. ON-PREMISES CONSUMPTION PERMIT

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

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

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

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

16 (3) the licensed retailer is capable of dispensing meals to customers and  
17 maintains adequate and sanitary space and equipment for preparing and  
18 serving meals.

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

20 \* \* \* Fees for Permits and Endorsements \* \* \*

21 ~~Sec. 10. 7 V.S.A. § 910 is amended to read.~~

1 ~~910. CANNABIS ESTABLISHMENT FEE SCHEDULE~~

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

4 \* \* \*

5 (12) Event permit. Cannabis establishments shall be assessed a fee of  
6 \$250.00 to apply for an event permit under section 912 of this chapter.

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

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

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

16 \* \* \* Cannabis Advertising \* \* \*

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

18 § 864. ADVERTISING

19 \* \* \*

20 (c) Cannabis establishments shall not advertise their products via place  
21 paid advertisement in any third party medium unless the licensee can show

1 ~~that not more than 15 30 percent of the audience is reasonably expected to be~~  
2 under 21 years of age.

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

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

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

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

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

20 § 866. YOUTH

21

1 ~~(d) In accordance with section 864 of this title, advertising by a cannabis~~  
2 establishment shall not depict a person under 21 years of age consuming  
3 cannabis or cannabis products or be designed to be or have the effect of being  
4 particularly appealing to persons under 21 years of age. Cannabis  
5 establishments shall not ~~advertise their products via~~ place a paid advertisement  
6 in any third-party medium unless the licensee can show that not more than 15  
7 30 percent of the audience is reasonably expected to be under 21 years of age.

8 \* \* \* Cannabis Excise Tax \* \* \*

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

10 § 7902. CANNABIS EXCISE TAX

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

14 \* \* \*

15 \* \* \* Municipal Vote Concerning Cannabis Establishments \* \* \*

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

17 § 863a. MUNICIPAL VOTE TO PERMIT OPERATION OF CANNABIS  
18 ESTABLISHMENTS

19 (a) At the 2026 general election, a city, town, or incorporated village that  
20 as of July 1, 2026, has not voted on the question of whether to affirmatively  
21 permit the operation of cannabis establishments within the municipality shall

1 ~~vote on the article contained in this section. A city, town, or incorporated~~  
2 ~~village shall vote on the article by Australian ballot.~~

3 ~~(b) The warning for the election shall contain an article providing for a~~  
4 ~~vote upon the following question:~~

5 ~~Shall licensed cannabis retailers be authorized to operate in this~~  
6 ~~municipality?~~

7 ~~Yes \_\_\_ No \_\_\_~~

8 ~~(c) A vote to permit the operation of a licensed cannabis retailer within the~~  
9 ~~municipality may be rescinded pursuant to the provisions of section 863 of this~~  
10 ~~chapter.~~

11 \* \* \* Municipal Authority \* \* \*

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

13 § 863. REGULATION BY LOCAL GOVERNMENT

14 \* \* \*

15 (b) A municipality that hosts any cannabis establishment may establish a  
16 cannabis control commission composed of commissioners who may be  
17 members of the municipal legislative body. The local cannabis control  
18 commission may issue and administer local control licenses under this  
19 subsection for cannabis establishments within the municipality but shall not  
20 assess a fee for a local control license issued to a cannabis establishment. The

21 ~~commissioners may condition the issuance of a local control license upon~~

1 ~~compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or upon~~  
2 ~~ordinances regulating signs or public nuisances adopted pursuant to 24 V.S.A.~~  
3 ~~§ 2291 or the municipality's charter, except that ordinances may not regulate~~  
4 ~~public nuisances as applied to outdoor cultivators that are regulated in the~~  
5 ~~same manner as the Required Agricultural Practices under subdivision~~  
6 ~~869(f)(2) of this title. The commission may suspend or revoke a local control~~  
7 ~~license for a violation of any condition placed upon the license. The Board~~  
8 ~~shall adopt rules relating to a municipality's issuance of a local control license~~  
9 ~~in accordance with this subsection, and the local commissioners shall~~  
10 ~~administer the rules furnished to them by the Board as necessary to carry out~~  
11 ~~the purposes of this section.~~

12 \* \* \*

13 \* \* \* Two-Year Employee Identification Cards and Product Registrations \* \* \*  
14 Sec. 16. 7 V.S.A. § 910 is amended to read:

15 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

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

18 \* \* \*

19 (9) Products. Cannabis establishments licensed by the Board shall be  
20 ~~assessed an annual product licensing fee of \$50.00 for every type of cannabis~~

1 ~~and cannabis product that is sold in accordance with this chapter. The Board~~  
2 ~~shall offer one-year and two-year employee licenses.~~

3 (10) Local licensing fees. Cannabis establishments licensed by the  
4 Board shall be assessed an annual local licensing fee of \$100.00 in addition to  
5 each fee assessed under subdivisions (1)–(7) of this section. Local licensing  
6 fees shall be distributed to the municipality in which the cannabis  
7 establishment is located pursuant to ~~section~~ subsection 846(c) of this title. The  
8 Board may issue longer product registrations, prorated at the same cost per  
9 year, for products it deems low-risk and shelf-stable. The products may be  
10 defined and distinguished in readily accessible published guidance.

11 \* \* \*

12 \* \* \* CBDF Grants for Cultivators, Manufacturers, and Economic

13 Empowerment Businesses \* \* \*

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

15 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

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

18 (b) The Fund shall comprise:

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

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

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

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

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

5 ~~(B) tier 1 cultivators, tier 1 manufacturers, and businesses granted~~  
6 ~~economic empowerment status by the Board;~~

7 ~~\*\*\*~~

8 Sec. 18. APPROPRIATIONS

9 ~~(a) In fiscal year 2027, the sum of \$1,000,000.00 is transferred from the~~  
10 ~~General Fund to the Cannabis Business Development Fund.~~

11 ~~(b) In fiscal year 2027, the sum of \$5,600,000.00 is appropriated to the~~  
12 ~~Vermont Land Access and Opportunity Board for purposes of loans, grants,~~  
13 ~~and financial assistance pursuant to 10 V.S.A. § 325u.~~

14 ~~\*\*\* Effective Dates \*\*\*~~

15 Sec. 19. EFFECTIVE DATES

16 ~~(a) This section and Sec. 14 shall take effect on passage.~~

17 ~~(b) All other sections shall take effect on July 1, 2026.~~

~~\*\*\* Packaging Limit \*\*\*~~

~~Sec. 1. 7 V.S.A. § 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) (1)–(8) of this subsection.~~

~~(2) Rules concerning product manufacturers shall include:~~

~~(A) requirements that a single package of a cannabis product shall not contain more than ~~100~~ 200 milligrams of THC, except in the case of:~~

~~\*\*\*~~

~~\*\*\* Transaction Limit \*\*\*~~

~~Sec. 2. 7 V.S.A. § 907 is amended to read:~~

~~§ 907. RETAILER LICENSE~~

~~\*\*\*~~

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

~~\*\*\*~~

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

~~§ 4230. CANNABIS~~

~~(a) Possession and cultivation.~~

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

~~\*\*\*~~

~~(2)(A) No person shall knowingly and unlawfully possess more than two ounces ~~or more~~ of cannabis or ~~ten~~ 10 grams or more of hashish or more than three mature cannabis plants or six immature cannabis plants. For a first offense under this subdivision (2), a person shall be provided the opportunity to participate in the Court Diversion Program unless the prosecutor states on the record why a referral to the Court Diversion Program would not serve the ends of justice. A person convicted of a first offense under this subdivision shall be imprisoned not more than six months or fined not more than \$500.00, or both.~~

~~\*\*\*~~

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

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

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

~~\*\*\*~~

~~\*\*\* Permits; Pilot Programs \*\*\*~~

~~Sec. 5. 7 V.S.A. § 912 is added to read:~~

~~§ 912. EVENT PERMIT~~

~~(a) Authorization. The Board may grant event permits to licensed cannabis establishments in good standing. The holder of an event permit is authorized to oversee and administer a commercial event pursuant to this section and procedures adopted by the Board. Notwithstanding section 833 of this title, persons 21 years of age or older may consume cannabis or cannabis products at an event authorized pursuant to this section.~~

~~(b) Eligibility. A licensed cannabis establishment is eligible to apply for an event permit, provided that the establishment submits a fee and application demonstrating to the Board's satisfaction:~~

~~(1) that the establishment has received written approval from the local cannabis control commission created pursuant to 7 V.S.A. § 863, or the municipal legislative body if no local cannabis control commission exists, which may include conditions and limitations appropriate to protect the public, manage traffic, and abate nuisance;~~

~~(2) a security plan to ensure that 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;~~

~~(3) a product sale plan that describes quantities and types of cannabis and cannabis products that will be offered for sale and how the cannabis will be transported, monitored, secured, displayed, and sold in conformity with State law and Board rule;~~

~~(4) capacity to administer and enforce the required plans, and confirmation that the applicant has secured the services of a county law~~

~~enforcement agency or private security provider licensed pursuant to 26 V.S.A. chapter 59, if required by the Board;~~

~~(5) proof of commercially reasonable insurance for the proposed event;  
and~~

~~(6) compliance with any other health and safety requirements that the Board may prescribe for the particular event or event location, including limits on attendees or types of products that may be consumed at the event site.~~

~~(c) Restrictions. Annually, the Board shall issue not more than 10 permits for public events and 10 permits for private events. An event permit shall be valid for a single event not to exceed 24 hours held at a single access-controlled location. An event permit shall not be issued for a location at which alcoholic beverages are sold or furnished for on-premises consumption. A cannabis retailer that holds an event permit shall not conduct sales at the licensed retail location and the permitted event contemporaneously, except for sales conducted from a permitted event location that is contiguous with the licensed retail location. The holder of an event permit shall sell only registered adult-use cannabis and cannabis products at the event.~~

~~(d) Noncompliance; penalties. 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) Fee. Cannabis establishments shall be assessed a fee of \$500.00 to apply for an 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) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to govern the event permits issued pursuant to this section, including application procedures and associated forms, the permittee selection process, security requirements, and event site restrictions. For the permittee selection procedures, the Board shall include a requirement that permits are issued equitably among cannabis establishment license categories.~~

~~(1) For each procedure proposed to be adopted or amended pursuant to this section, the Board shall publish the proposed procedure on the Board's website and hold not fewer than two public hearings at which members of the public may seek additional information or submit oral or written comments concerning the proposed procedure.~~

~~(2) The Board shall not be required to initiate rulemaking pursuant to 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A procedure adopted pursuant to this section shall have the force of law and be~~

~~ending on all persons who apply for and hold an event permit pursuant to this section.~~

~~Sec. 6. 7 V.S.A. § 913 is added to read:~~

~~§ 913. DELIVERY PERMIT~~

~~(a) Authorization. The Board may grant delivery permits to tier 1 and tier 2 cultivators and tier 1 and tier 2 manufacturers licensed under this chapter, provided that the cultivators and manufacturers do not also hold a retailer license pursuant to section 907 of this chapter.~~

~~(b) Permit terms and restrictions. The Board may grant not more than 15 delivery permits annually. The holder of a delivery permit may deliver cannabis and cannabis products sold from the licensed premises for consumption off the premises to an individual who is 21 years of age or older, provided:~~

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

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

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

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

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

~~(c) Fee. A cannabis establishment shall pay an annual fee of \$100.00 when applying for or renewing a delivery permit.~~

~~(d) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to govern the delivery permits issued pursuant to this section, including any application procedures and associated forms, the permittee selection process, permit restrictions, and storage and security requirements.~~

~~(1) For each procedure proposed to be adopted or amended pursuant to this section, the Board shall publish the proposed procedure on the Board's website and hold not fewer than two public hearings at which members of the public may seek additional information or submit oral or written comments concerning the proposed procedure.~~

~~(2) The Board shall not be required to initiate rulemaking pursuant to 32 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A procedure adopted pursuant to this section shall have the force of law and be binding on all persons who apply for and hold a delivery permit pursuant to this section.~~

Sec. 7. 32 V.S.A. § 7902 is amended to read:

§ 7902. CANNABIS EXCISE TAX

\* \* \*

~~(b) The tax imposed by this section shall be paid by the purchaser to the retailer or integrated licensee holder of an event or delivery permit. Each retailer or integrated licensee permit holder shall collect from the purchaser the full amount of the tax payable on each taxable sale.~~

\* \* \*

Sec. 8. 32 V.S.A. § 7904 is amended to read:

§ 7904. RETURNS; RECORDS

~~(a) Any retailer or integrated licensee holder of an event or delivery permit required to collect the tax imposed by this chapter shall, on or before the 25th day of every month, return to the Department of Taxes, under oath of a person with legal authority to bind the retailer or integrated licensee permit holder, a statement containing its name and place of business, the total amount of sales subject to the cannabis excise tax made in the preceding month, and any information required by the Department of Taxes, along with the total tax due. Retailers and integrated licensees permit holders shall not remit the tax collected to the Department of Taxes in cash absent the issuance of a waiver by the Commissioner of Taxes, and the Commissioner may require that returns be submitted electronically.~~

~~(b) Every retailer and integrated licensee permit holder shall maintain, for not less than three years, accurate records showing all transactions subject to tax liability under this chapter. The records are subject to inspection by the Department of Taxes at all reasonable times during normal business hours.~~

Sec. 9. 32 V.S.A. § 7906 is amended to read:

§ 7906. LICENSE

~~(a) Any retailer or integrated licensee holder of an event or delivery permit required to collect tax imposed by this chapter must apply for and receive a cannabis retail tax license from the Commissioner for each place of business within the State where ~~he or she~~ the retailer or permit holder sells cannabis or cannabis products prior to commencing business. The Commissioner shall~~

~~Issue without charge a license, or licenses, empowering the retailer or integrated licensee permit holder to collect the cannabis excise tax, provided that a retailer's or integrated licensee's permit holder's application is properly submitted and the retailer or integrated licensee permit holder is otherwise in compliance with applicable laws, rules, and provisions.~~

~~\*\*\*~~

~~Sec. 10. CANNABIS CONTROL BOARD; RULES AND REPORT~~

~~(a) On or before July 1, 2027, the Cannabis Control Board shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to adopt rules governing the permits established in Secs. ~~7 and~~ 5 and 6 of this act.~~

~~(b) On or before November 15, 2027, the Cannabis Control Board shall submit a written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs concerning the permits established in Secs. ~~7 and~~ 5 and 6 of this act. The report shall include a concise assessment of the benefits, challenges, and administrative viability of the permit programs. The Board may recommend best practices for security, inventory tracking, tax enforcement, permit administration, local government coordination, and optimizing market access for small cultivators. The Board shall recommend updates to the statutes governing event permits and delivery permits, including whether either statute should be repealed on the date set by this act.~~

~~\*\*\* Outdoor Cultivator Fees \*\*\*~~

~~Sec. 10a. 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:~~

~~(1) Cultivators.~~

~~(A) Outdoor cultivators.~~

~~(i) Outdoor cultivator tier 1. Outdoor cultivators with up to 1,000 square feet of plant canopy or fewer than 125 cannabis plants in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$750.00~~ \$275.00.~~

~~(ii) Outdoor cultivator tier 2. Outdoor cultivators with up to 2,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$1,875.00~~ \$925.00.~~

~~(iii) Outdoor cultivator tier 3. Outdoor cultivators with up to 5,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$4,000.00 \$2,000.00.~~

~~(iv) Outdoor cultivator tier 4. Outdoor cultivators with up to 10,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$8,000.00 \$4,000.00.~~

~~(v) Outdoor cultivator tier 5. Outdoor cultivators with up to 20,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$18,000.00 \$9,000.00.~~

~~(vi) Outdoor cultivator tier 6. Outdoor cultivators with up to 37,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of \$34,000.00.~~

~~\*\*\*~~

~~\*\*\*Municipal Authority\*\*\*~~

~~Sec. 11. 7 V.S.A. § 863 is amended to read:~~

~~§ 863. REGULATION BY LOCAL GOVERNMENT~~

~~(a)(1) Prior to a cannabis retailer or the retail portion of an integrated licensee operating within a municipality, the municipality shall affirmatively permit the operation of such cannabis establishments by majority vote of those present and voting by Australian ballot at an annual or special meeting warned for that purpose. A municipality may place retailers or integrated licensees, or both, on the ballot for approval. A proposal to hold a vote pursuant to this subsection may be made by the legislative body of the municipality or by petition of five percent of the voters of the municipality.~~

~~(2) A vote to permit the operation of a licensed cannabis retailer or integrated licensee within the municipality shall remain in effect until rescinded by majority vote of those present and voting by Australian ballot at a subsequent annual or special meeting warned for that purpose. A rescission of the permission to operate a licensed cannabis retailer or integrated licensee within the municipality under this subdivision shall not apply to a licensed cannabis retailer or integrated licensee that is operating within the municipality at the time of the vote.~~

~~(b)(1) A municipality that hosts any cannabis establishment may establish a cannabis control commission composed of commissioners who may be members of the municipal legislative body.~~

~~(2) The local cannabis control commission may issue and administer local control licenses under this subsection for cannabis establishments within~~

~~The municipality but shall not assess a fee for a local control license issued to a cannabis establishment. The commissioners may condition the issuance of a local control license upon compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or upon ordinances regulating signs or public nuisances adopted pursuant to 24 V.S.A. § 2291, except that ordinances may not regulate public nuisances as applied to:~~

~~(A) indoor cultivators;~~

~~(B) tier 1 manufacturers;~~

~~(C) outdoor cultivators that are regulated in the same manner as the Required Agricultural Practices under subdivision 869(f)(2) of this title.~~

~~(3) The commission may suspend or revoke a local control license for a violation of any condition placed upon the license.~~

~~(4) The Board shall adopt rules relating to a municipality's issuance of a local control license in accordance with this subsection and the local commissioners shall administer the rules furnished to them by the Board as necessary to carry out the purposes of this section.~~

~~\*\*\*~~

~~(d) A municipality shall not:~~

~~(1) prohibit adopt an ordinance or bylaw that completely prohibits the operation of a cannabis establishment establishments within the municipality through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a bylaw adopted pursuant to 24 V.S.A. § 4414, or regulate a cannabis establishment establishments in a manner that has the effect of completely prohibiting the operation of a cannabis establishment establishments within the municipality;~~

~~\*\*\*~~

~~\*\*\* Distribution of Local License Fees to Municipalities \*\*\*~~

~~Sec. 12. 7 V.S.A. § 846 is amended to read:~~

~~§ 846. FEES; AUTHORITY~~

~~\*\*\*~~

~~(c) Distribution to municipalities. After reduction for costs of administration and collection, the Board shall pay local license fees on a quarterly an annual basis to the municipality for which the fees were collected.~~

~~\*\*\* Two-Year Employee Identification Cards \*\*\*~~

~~Sec. 13. 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) Employees. Cannabis establishments licensed by the Board shall be assessed ~~an annual~~ a biennial licensing fee of ~~\$50.00~~ \$100.00 for each employee. Employee licenses shall be valid for two years.~~

~~(9) 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. The products may be defined and distinguished in readily accessible published guidance.~~

~~\*\*\*~~

~~\*\*\* Repeal of Integrated License Provisions \*\*\*~~

~~Sec. 14. 7 V.S.A. § 861 is amended to read:~~

~~§ 861. DEFINITIONS~~

~~As used in this chapter:~~

~~\*\*~~

~~(8) "Cannabis establishment" means a cannabis cultivator, propagation cultivator, wholesaler, product manufacturer, retailer, or testing laboratory, ~~or integrated licensee~~ licensed by the Board to engage in commercial cannabis activity in accordance with this chapter.~~

~~\*\*\*~~

~~(24) "Integrated licensee" means a person licensed by the Board to engage in the activities of a cultivator, wholesaler, product manufacturer, retailer, and testing laboratory in accordance with this chapter. [Repealed.]~~

~~\*\*\*~~

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

~~§ 866. YOUTH~~

~~\*\*\*~~

~~(c) The Board, in consultation with the Department of Health, shall adopt rules in accordance with section 881 of this title to:~~

~~(3) require that cannabis products sold by licensed retailers and integrated licensees are contained in child-resistant packaging; and~~

~~(4) require that cannabis and cannabis products sold by licensed retailers and integrated licensees are packaged with labels that clearly indicate that the contents of the package contain cannabis and should be kept away from persons under 21 years of age.~~

~~\*\*\*~~

~~Sec. 16. 7 V.S.A. § 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) (1)-(8) of this subsection.~~

~~\*\*\*~~

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

~~\*\*\*~~

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

~~\*\*\*~~

~~(7) Rules concerning integrated licensees shall include the provisions provided in subdivisions (1)-(6) of this subsection and any additional provisions the Board deems appropriate for safe regulation of integrated licensees in accordance with this chapter. [Repealed.]~~

~~(8) Rules concerning propagators shall include:~~

~~\*\*\*~~

~~(E) labeling requirements for cannabis sold to retailers and integrated licensees;~~

~~\*\*\*~~

~~Sec. 17. 7 V.S.A. § 901 is amended to read:~~

~~§ 901. GENERAL PROVISIONS~~

~~\*\*\*~~

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

~~\*\*\*~~

~~(E) a retailer license, and~~

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

~~(G) an integrated license.~~

~~\*\*\*~~

~~(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) of this subsection (d). Each license shall permit only one location of the establishment.~~

~~(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) 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. [Repealed.]~~

~~\*\*\*~~

~~(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.~~

~~\*\*\*~~

~~Sec. 18. 7 V.S.A. § 904 is amended to read:~~

~~§ 904. CULTIVATOR LICENSE~~

~~(a) A cultivator licensed under this chapter may:~~

~~(1) cultivate, process, package, label, transport, test, and sell cannabis to a licensed wholesaler; product manufacturer; retailer; integrated licensee; and dispensary;~~

~~\*\*\*~~

~~(3) possess and sell cannabis products to a licensed wholesaler; product manufacturer; retailer; integrated licensee; and dispensary.~~

~~\*\*\*~~

~~Sec. 19. 7 V.S.A. § 904a is amended to read:~~

~~§ 904a. SMALL CULTIVATORS~~

*(d) Upon licensing, a small cultivator may sell cannabis to a licensed dispensary at any time for sale to patients and caregivers pursuant to the dispensary license or to the public pursuant to an integrated license, including the time period before retail sales are permitted for licensed cannabis retailers.*

*Sec. 20. 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:*

*\* \* \**

*(6) ~~Integrated licensees. Integrated licensees shall be assessed an annual licensing fee of \$100,000.00. [Repealed.]~~*

*\* \* \**

*Sec. 21. 7 V.S.A. § 974 is amended to read:*

*§ 974. RULEMAKING*

*(a)(1) The Board shall adopt rules to implement and administer this chapter. In adoption of rules, the Board shall strive for consistency with rules adopted for cannabis establishments pursuant to chapter 33 of this title where appropriate.*

*(2) Rules shall include:*

*\* \* \**

*(U) labeling requirements for cannabis sold to retailers ~~and integrated licensees~~, including health warnings developed in consultation with the Department of Health;*

*\* \* \**

*Sec. 22. 7 V.S.A. § 987 is amended to read:*

*§ 987. CANNABIS BUSINESS DEVELOPMENT FUND*

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

*(b) The Fund shall comprise:*

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

~~\*\*\* CDDF Grants for Cultivators, Manufacturers, and Economic Empowerment Businesses \*\*\*~~

~~Sec. 23. 7 V.S.A. § 987 is amended to read:~~

~~§ 987. CANNABIS BUSINESS DEVELOPMENT FUND~~

~~\*\*\*~~

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

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

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

~~(B) tier 1 cultivators, tier 1 manufacturers, and businesses granted economic empowerment status by the Board;~~

~~\*\*\*~~

~~\*\*\* Household Income; Cannabis Business Expenses Deduction \*\*\*~~

~~Sec. 24. 32 V.S.A. § 6061 is amended to read:~~

~~§ 6061. DEFINITIONS~~

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

~~\*\*\*~~

~~(5) "Modified adjusted gross income" means "federal adjusted gross income":~~

~~\*\*\*~~

~~(F) With the inclusion of any federal deduction or credit that the claimant would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E.~~

~~\*\*\*~~

~~\*\*\* Outdoor Cannabis Cultivation; Use Value Appraisal Program \*\*\*~~

~~Sec. 25. 7 V.S.A. § 869 is amended to read:~~

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

~~\*\*\*~~

~~(f) Notwithstanding subsection (a) of this section, a cultivator licensed under this chapter who initiates cultivation of cultivates cannabis outdoors on~~

~~parcel of land as defined in Rule by the Cannabis Control Board pursuant to section 881 of this chapter shall:~~

~~\* \* \*~~

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

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

~~\* \* \*~~

~~Sec. 26. 32 V.S.A. § 3102 is amended to read:~~

~~§ 3102. CONFIDENTIALITY OF TAX RECORDS~~

~~\* \* \*~~

~~(e) The Commissioner may, in the Commissioner's discretion and subject to such conditions and requirements as the Commissioner may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:~~

~~\* \* \*~~

~~(25) To the Cannabis Control Board for the purposes of administering the Cannabis Excise Tax under chapter 207 of this title, the Sales and Use Tax under chapter 233 of this title, and the exemptions to those taxes.~~

~~\* \* \*~~

~~\* \* \* Cannabis Cultivator Cooperatives \* \* \*~~

~~Sec. 27. 7 V.S.A. § 904c is added to read:~~

~~§ 904c. CANNABIS CULTIVATOR COOPERATIVE CORPORATIONS~~

~~Licensed cannabis cultivators may form a cannabis cultivator cooperative corporation pursuant to 11 V.S.A. chapter 7 in the same manner as other associations or persons engaged in the production of the agricultural or handcraft products.~~

~~\* \* \* Commercial Cannabis Compact \* \* \*~~

~~Sec. 27a. COMMERCIAL CANNABIS COMPACT; INTENT~~

~~The General Assembly finds that the medical and commercial cannabis industry has grown significantly throughout the United States since Vermont transitioned to a recreational cannabis market in 2022. The General Assembly further finds that recent statements from federal officials, including provisions of Executive Order 14170, 90 F.R. 60541, "Increasing Medical Marijuana and~~

~~Cannabidiol Research,” indicate a shifting federal posture on regulated cannabis markets. Accordingly, it is the intent of the General Assembly to prepare for the possibility of regional or interstate cannabis markets by authorizing the Governor to form agreements with other states that have commercial cannabis markets.~~

~~Sec. 27b. 7 V.S.A. § 834 is added to read:~~

~~§ 834. COMMERCIAL CANNABIS COMPACT~~

~~(a) As used in this section:~~

~~(1) “Agreement” means an agreement relating to commercial cannabis authorized pursuant to this section and entered into between this State and another state or states.~~

~~(2) “Contracting state” means a state of the United States, including a district, commonwealth, territory, or possession subject to the legislative authority of the United States, with which the Governor has entered into an agreement pursuant to this section.~~

~~(3) “Foreign licensee” means the holder of a cannabis license issued pursuant to the laws of another State that has entered into an agreement pursuant to this section.~~

~~(4) “Vermont license” means a cannabis license issued by the Board.~~

~~(b) The Governor is authorized to enter into an agreement with another state or states authorizing medical or commercial cannabis activity, or both, between entities licensed under the laws of the contracting state and entities operating with a Vermont license, provided that:~~

~~(1) the commercial cannabis activities are lawful and subject to licensure under the laws of the contracting state; and~~

~~(2) with respect to the interstate transportation of cannabis or cannabis products, the agreement prohibits the following:~~

~~(A) the transportation of cannabis and cannabis products by any means other than those authorized under the laws of the contracting state and the regulations of the Board; and~~

~~(B) the transportation of cannabis and cannabis products through the jurisdiction of a state, district, commonwealth, territory, or possession of the United States that does not authorize that transportation.~~

~~(c) Notwithstanding any other law, a foreign licensee may engage in commercial cannabis activity with a Vermont licensee and a Vermont licensee~~

~~may engage in commercial cannabis activity with a foreign licensee, subject to the requirements and limitations set forth in this section.~~

~~(d) A foreign licensee shall not engage in commercial cannabis activity within the boundaries of this State without a Vermont license, or engage in commercial cannabis activity within a local jurisdiction without proper authorization issued by the local jurisdiction.~~

~~(e) An agreement shall require that the contracting state impose requirements on foreign licensees with regard to cannabis and cannabis products to be sold or otherwise transferred or distributed within this State that meet or exceed the requirements applicable to Vermont licensees, including:~~

~~(1) enforceable public health and safety standards that are equivalent to the requirements of the Board;~~

~~(2) mandatory participation in a system administered by this State to regulate and track cultivation, manufacturing, distribution, transportation, sale, and destruction of cannabis and cannabis products from seed to sale;~~

~~(3) standards for testing of cannabis or cannabis products that meet or exceed the standards applicable to testing laboratories licensed by the Board;~~

~~(4) requirements for the packaging and labeling of cannabis and cannabis products that meet or exceed the packaging and labeling requirements established pursuant to Board rules;~~

~~(5) requirements for quality assurance and inspection of cannabis or cannabis products that meet or exceed the requirements applicable to cannabis or cannabis products cultivated, manufactured, or sold by Vermont licensees;~~

~~(6) restrictions on marketing, labeling, and advertising within this State by foreign licensees that meet or exceed the restrictions of Vermont licensees pursuant to this title; and~~

~~(7) a process for identification of adulterated or misbranded cannabis products, and the destruction of those products, using standards that meet or exceed the standards and procedures adopted by the Board.~~

~~(f) An agreement shall require that the contracting state impose restrictions upon advertising, marketing, labeling, or sale within the contracting state that meet or exceed restrictions established pursuant to this title and the rules adopted by the Board.~~

~~(g) An agreement shall provide for collection of all taxes applicable to the medical or commercial cannabis activity.~~

~~(h) An agreement shall include provisions requiring the Board and any other appropriate regulatory authorities of the contracting state to address~~

~~public health and welfare emergencies concerning cannabis or cannabis products that are sold or intended for sale within this State, including for prompt recall or embargo of adulterated or misbranded cannabis products.~~

~~(i) An agreement shall include provisions requiring appropriate regulatory authorities of each state to investigate instances of alleged noncompliance with the commercial cannabis regulatory rules and regulations upon request by the other state and in accordance with mutually agreed-upon procedures. An agreement shall include provisions requiring the contracting state to reasonably cooperate with this State's investigations concerning foreign licensees and requiring the Board to reasonably cooperate with investigations by the contracting state concerning persons or entities holding Vermont licenses.~~

~~(j) An agreement shall include appropriate provisions reflecting Board programs and efforts to promote the inclusion and support of individuals and communities in the cannabis industry who are linked to populations and neighborhoods that were negatively or disproportionately impacted by cannabis criminalization.~~

~~(k) Prior to the execution of an agreement or amendment to an agreement, the Governor shall:~~

~~(1) Submit the proposed agreement or amendments to the Board and the Joint Fiscal Committee for review and comment. The Board and Committee shall have 60 days to review the proposed agreement or amendment and to submit written recommendations to the Governor. The Governor shall consider all recommendations submitted by the Board and Committee and may revise the proposed agreement or amendment to incorporate the recommendations. If the Governor does not incorporate any recommendations, the Governor shall set forth, in writing, the reasons for not incorporating the recommendations.~~

~~(2) Post the proposed agreement or amendment on the Governor's and Board's internet websites for public comment for 30 days. The Governor shall consider any comments received.~~

~~(l) An agreement entered into pursuant to this section shall not take effect unless one of the following occurs:~~

~~(1) federal law is amended to allow for the interstate transfer of cannabis or cannabis products between authorized commercial cannabis businesses;~~

~~(2) federal law is enacted that specifically prohibits the expenditure of federal funds to prevent the interstate transfer of cannabis or cannabis products between authorized commercial cannabis businesses;~~

~~(3) the U.S. Department of Justice issues an opinion or memorandum allowing or tolerating the interstate transfer of cannabis products between authorized commercial cannabis businesses; or~~

~~(4) the Attorney General issues a written opinion that implementation of agreements entered into under this section will not result in significant legal risk to this State based on review of federal judicial decisions and administrative action.~~

~~(m) The Board shall notify the Governor and the General Assembly upon the occurrence of an event described in subsection (l) of this section and shall post the notification on the Board's website.~~

~~(n) The Board may adopt emergency rules pursuant to 3 V.S.A. § 844 governing the procedures for admission of a foreign licensee to conduct commercial cannabis activities within the State. Notwithstanding 3 V.S.A. § 844(b), the Board's emergency rules shall be effective for one year from the date of adoption. Within 90 days after adopting the emergency rules, the Board shall report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs concerning its recommendations for necessary updates to Vermont's cannabis laws and a proposal for permanent rules governing commercial cannabis activities subject to an agreement.~~

~~Sec. 26. APPROPRIATIONS~~

~~(a) In fiscal year 2027, the sum of \$1,000,000.00 is transferred from the General Fund to the Cannabis Business Development Fund.~~

~~(b) In fiscal year 2027, the sum of \$1,680,000.00 is appropriated to the Vermont Land Access and Opportunity Board.~~

~~Sec. 28. [Deleted.]~~

~~\*\*\* Repeals \*\*\*~~

~~Sec. 29. REPEALS~~

~~(a) 7 V.S.A. § 909 (integrated license) is repealed on July 1, 2026.~~

~~(b) 7 V.S.A. § 862 (cannabis establishment chapter not applicable to hemp or therapeutic use of cannabis) is repealed on July 1, 2026.~~

~~(c) 7 V.S.A. § 912 (cannabis event permit) is repealed on July 1, 2028.~~

~~(d) 7 V.S.A. § 913 (cannabis delivery permit) is repealed on July 1, 2028.~~

~~\*\*\* Residential Rental Agreements; Prohibiting Restrictions on Cannabis Possession or Use \*\*\*~~

~~Sec. 30. 9 V.S.A. § 4468b is added to read:~~

~~§ 4408B. RENTAL AGREEMENTS, CANNABIS RESTRICTIONS  
PROHIBITED~~

~~A rental agreement shall not contain a provision that prohibits a tenant from possessing cannabis or cannabis products within the rental premises or using cannabis or cannabis products within a dwelling unit, except that a rental agreement may prohibit the use of lighted cannabis or cannabis products within the rental premises. This section shall not apply to any rental agreements that are required by federal law to prohibit the possession or use of cannabis within the rental premises.~~

~~Sec. 31. 18 V.S.A. § 4230a is amended to read:~~

~~§ 4230A. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE  
OR OLDER~~

~~\* \* \*~~

~~(b)(1) Cannabis possessed or consumed in violation of State law is contraband pursuant to subsection 4242(d) of this title and subject to seizure and forfeiture.~~

~~(2) This section does not:~~

~~\* \* \*~~

~~(E) prohibit a landlord from banning possession or use of lighted cannabis or cannabis products in a lease agreement; or~~

~~\* \* \*~~

~~\* \* \* Effective Dates \* \* \*~~

~~Sec. 3032. EFFECTIVE DATES~~

~~(a) This section shall take effect on passage.~~

~~(b) Notwithstanding 1 V.S.A. § 214, Sec. 24 (household income; cannabis business expenses deduction) shall take effect retroactively on January 1, 2025, for household income received beginning in the 2025 calendar year and shall apply to property tax credit claims filed on and after January 1, 2026.~~

~~(c) Sec. 10a shall take effect on July 1, 2026, provided that on or before that date the General Assembly has appropriated or transferred a minimum of \$105,000.00 to the Cannabis Regulation Fund for purposes of replacing the reduction in fee revenue from outdoor cultivators.~~

~~(d) All other sections shall take effect on July 1, 2026.~~

*\* \* \* Packaging Limit \* \* \**

*Sec. 1. [Deleted.]*

*\* \* \* Transaction Limit \* \* \**

*Sec. 2. 7 V.S.A. § 907 is amended to read:*

*§ 907. RETAILER LICENSE*

*\* \* \**

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

*\* \* \**

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

*§ 4230. CANNABIS*

*(a) Possession and cultivation.*

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

*\* \* \**

*(2)(A) No person shall knowingly and unlawfully possess more than two ounces ~~or more~~ of cannabis or ~~ten~~ 10 grams or more of hashish or more than three mature cannabis plants or six immature cannabis plants. For a first offense under this subdivision (2), a person shall be provided the opportunity to participate in the Court Diversion Program unless the prosecutor states on the record why a referral to the Court Diversion Program would not serve the ends of justice. A person convicted of a first offense under this subdivision shall be imprisoned not more than six months or fined not more than \$500.00, or both.*

*\* \* \**

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

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

*(a)(1) Except as otherwise provided in this section, a person 21 years of age or older who possesses ~~one ounce~~ two ounces or less of cannabis or ~~five~~*

*10 grams or less of hashish and two mature cannabis plants or fewer or four immature cannabis plants or fewer or who possesses paraphernalia for cannabis use shall not be penalized or sanctioned in any manner by the State or any of its political subdivisions or denied any right or privilege under State law. The ~~one-ounce~~ two-ounce limit of cannabis or five 10 grams of hashish that may be possessed by a person 21 years of age or older shall not include cannabis cultivated, harvested, and stored in accordance with section 4230e of this title.*

\* \* \*

\* \* \* Event Permit; Pilot Program \* \* \*

Sec. 5. 7 V.S.A. § 912 is added to read:

§ 912. EVENT PERMIT

*(a) Authorization. The Board may grant event permits to licensed cannabis retail establishments in good standing. The holder of an event permit is authorized to oversee and administer a commercial event pursuant to this section and procedures adopted by the Board. No cannabis or cannabis products shall be consumed at an event authorized by this section.*

*(b) Eligibility. A licensed cannabis retail establishment is eligible to apply for an event permit, provided that the establishment submits a fee and application demonstrating to the Board's satisfaction:*

*(1) that the establishment has received written approval from the local cannabis control commission created pursuant to 7 V.S.A. § 863, or the municipal legislative body if no local cannabis control commission exists, which may include conditions and limitations appropriate to protect the public, manage traffic, and abate nuisance;*

*(2) a security plan to ensure that 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;*

*(3) a product sale plan that describes quantities and types of cannabis and cannabis products that will be offered for sale and how the cannabis will be transported, monitored, secured, displayed, and sold in conformity with State law and Board rule;*

*(4) capacity to administer and enforce the required plans, and confirmation that the applicant has secured the services of a county law enforcement agency or private security provider licensed pursuant to 26 V.S.A. chapter 59, if required by the Board;*

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

(6) compliance with any other health and safety requirements that the Board may prescribe for the particular event or event location, including limits on attendees.

(c) Restrictions. Annually, the Board shall issue not more than ten permits for public events. An event permit shall be issued only for events being held at locations within a municipality that has voted affirmatively to permit the operation of cannabis retail establishments. An event permit shall be valid for a single event not to exceed 24 hours held at a single access-controlled location. An event permit shall not be issued for a location at which alcoholic beverages are sold or furnished for on-premises consumption. A cannabis retailer that holds an event permit shall not conduct sales at the licensed retail location and the permitted event contemporaneously, except for sales conducted from a permitted event location that is contiguous with the licensed retail location. The holder of an event permit shall sell only registered adult-use cannabis and cannabis products at the event.

(d) Noncompliance; penalties. 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) Fee. Cannabis retail establishments shall be assessed a fee of \$500.00 to apply for an 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) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to govern the event permits issued pursuant to this section, including application procedures and associated forms, the permittee selection process, security requirements, and event site restrictions.

(1) For each procedure proposed to be adopted or amended pursuant to this section, the Board shall publish the proposed procedure on the Board's website and hold not fewer than two public hearings at which members of the public may seek additional information or submit oral or written comments concerning the proposed procedure.

(2) The Board shall not be required to initiate rulemaking pursuant to 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A procedure adopted pursuant to this section shall have the force of law and be binding on all persons who apply for and hold an event permit pursuant to this section.

Sec. 6. *[Deleted.]*

Sec. 7. 32 V.S.A. § 7902 is amended to read:

§ 7902. CANNABIS EXCISE TAX

\* \* \*

(b) *The tax imposed by this section shall be paid by the purchaser to the retailer or integrated-licensee holder of an event permit. Each retailer or integrated-licensee permit holder shall collect from the purchaser the full amount of the tax payable on each taxable sale.*

\* \* \*

Sec. 8. 32 V.S.A. § 7904 is amended to read:

§ 7904. RETURNS; RECORDS

(a) *Any retailer or integrated-licensee holder of an event permit required to collect the tax imposed by this chapter shall, on or before the 25th day of every month, return to the Department of Taxes, under oath of a person with legal authority to bind the retailer or integrated-licensee permit holder, a statement containing its name and place of business, the total amount of sales subject to the cannabis excise tax made in the preceding month, and any information required by the Department of Taxes, along with the total tax due. Retailers and integrated-licensees permit holders shall not remit the tax collected to the Department of Taxes in cash absent the issuance of a waiver by the Commissioner of Taxes, and the Commissioner may require that returns be submitted electronically.*

(b) *Every retailer and integrated-licensee permit holder shall maintain, for not less than three years, accurate records showing all transactions subject to tax liability under this chapter. The records are subject to inspection by the Department of Taxes at all reasonable times during normal business hours.*

Sec. 9. 32 V.S.A. § 7906 is amended to read:

§ 7906. LICENSE

(a) *Any retailer or integrated-licensee holder of an event permit required to collect tax imposed by this chapter must apply for and receive a cannabis retail tax license from the Commissioner for each place of business within the State where ~~he or she~~ the retailer or permit holder sells cannabis or cannabis products prior to commencing business. The Commissioner shall issue without charge a license, or licenses, empowering the retailer or integrated-licensee permit holder to collect the cannabis excise tax, provided that a retailer's or integrated-licensee's permit holder's application is properly submitted and the*

*retailer or ~~integrated licensee~~ permit holder is otherwise in compliance with applicable laws, rules, and provisions.*

*\* \* \**

*Sec. 10. CANNABIS CONTROL BOARD; RULES AND REPORT*

*(a) On or before July 1, 2027, the Cannabis Control Board shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to adopt rules governing the event permit established in Sec. 5 of this act.*

*(b) On or before November 15, 2027, the Cannabis Control Board shall submit a written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs concerning the event permit established in Sec. 5 of this act. The report shall include a concise assessment of the benefits, challenges, and administrative viability of the event permit program. The Board may recommend best practices for security, inventory tracking, tax enforcement, permit administration, local government coordination, and optimizing market access for small cultivators. The Board shall recommend updates to the statute governing event permits, including whether the statute should be repealed on the date set by this act.*

*\* \* \* Outdoor Cultivator Fees \* \* \**

*Sec. 10a. 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:*

*(1) Cultivators.*

*(A) Outdoor cultivators.*

*(i) Outdoor cultivator tier 1. Outdoor cultivators with up to 1,000 square feet of plant canopy or fewer than 125 cannabis plants in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$750.00~~ \$375.00.*

*(ii) Outdoor cultivator tier 2. Outdoor cultivators with up to 2,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$1,875.00~~ \$925.00.*

*(iii) Outdoor cultivator tier 3. Outdoor cultivators with up to 5,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$4,000.00~~ \$2,000.00.*

*(iv) Outdoor cultivator tier 4. Outdoor cultivators with up to 10,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$8,000.00~~ \$4,000.00.*

*(v) Outdoor cultivator tier 5. Outdoor cultivators with up to 20,000 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$18,000.00~~ \$9,000.00.*

*~~(vi) Outdoor cultivator tier 6. Outdoor cultivators with up to 37,500 square feet of plant canopy in an outdoor cultivation space shall be assessed an annual licensing fee of ~~\$34,000.00~~.~~*

*\* \* \**

*\* \* \* Municipal Authority \* \* \**

*Sec. 11. 7 V.S.A. § 863 is amended to read:*

*§ 863. REGULATION BY LOCAL GOVERNMENT*

*(a)(1) Prior to a cannabis retailer ~~or the retail portion of an integrated licensee~~ operating within a municipality, the municipality shall affirmatively permit the operation of such cannabis establishments by majority vote of those present and voting by Australian ballot at an annual or special meeting warned for that purpose. A municipality may place retailers ~~or integrated licensees, or both,~~ on the ballot for approval.*

*(2) A vote to permit the operation of a licensed cannabis retailer ~~or integrated licensee~~ within the municipality shall remain in effect until rescinded by majority vote of those present and voting by Australian ballot at a subsequent annual or special meeting warned for that purpose. A rescission of the permission to operate a licensed cannabis retailer ~~or integrated licensee~~ within the municipality under this subdivision shall not apply to a licensed cannabis retailer ~~or integrated licensee~~ that is operating within the municipality at the time of the vote.*

*\* \* \**

*\* \* \* Distribution of Local License Fees to Municipalities \* \* \**

*Sec. 12. 7 V.S.A. § 846 is amended to read:*

*§ 846. FEES; AUTHORITY*

*\* \* \**

*(c) Distribution to municipalities. After reduction for costs of administration and collection, the Board shall pay local license fees on a ~~quarterly~~ annual basis to the municipality for which the fees were collected.*

*Sec. 12a. 7 V.S.A. § 847 is amended to read:*

§ 847. APPEALS

\* \* \*

(e) The Board may enforce a final administrative penalty by filing a civil collection action in any Superior Court.

\* \* \* Two-Year Employee Identification Cards \* \* \*

Sec. 13. 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) Employees. Cannabis establishments licensed by the Board shall be assessed ~~an annual~~ a biennial licensing fee of \$50.00 \$100.00 for each employee. Employee licenses shall be valid for two years.

(9) 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. The products may be defined and distinguished in readily accessible published guidance.

\* \* \*

\* \* \* Repeal of Integrated License Provisions \* \* \*

Sec. 14. 7 V.S.A. § 861 is amended to read:

§ 861. DEFINITIONS

As used in this chapter:

\* \* \*

(8) “Cannabis establishment” means a cannabis cultivator, propagation cultivator, wholesaler, product manufacturer, retailer, or testing laboratory, ~~or integrated licensee~~ licensed by the Board to engage in commercial cannabis activity in accordance with this chapter.

\* \* \*

(24) “Integrated licensee” means ~~a person licensed by the Board to engage in the activities of a cultivator, wholesaler, product manufacturer, retailer, and testing laboratory in accordance with this chapter. [Repealed.]~~

\* \* \*

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

*§ 866. YOUTH*

*\* \* \**

*(c) The Board, in consultation with the Department of Health, shall adopt rules in accordance with section 881 of this title to:*

*\* \* \**

*(3) require that cannabis products sold by licensed retailers ~~and integrated licensees~~ are contained in child-resistant packaging; and*

*(4) require that cannabis and cannabis products sold by licensed retailers ~~and integrated licensees~~ are packaged with labels that clearly indicate that the contents of the package contain cannabis and should be kept away from persons under 21 years of age.*

*\* \* \**

*Sec. 16. 7 V.S.A. § 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) of this subsection.*

*\* \* \**

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

*\* \* \**

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

*\* \* \**

*(7) ~~Rules concerning integrated licensees shall include the provisions provided in subdivisions (1)–(6) of this subsection and any additional provisions the Board deems appropriate for safe regulation of integrated licensees in accordance with this chapter. [Repealed.]~~*

*(8) Rules concerning propagators shall include:*

*\* \* \**

*(E) labeling requirements for cannabis sold to retailers ~~and integrated licensees~~;*

*\* \* \**

*Sec. 17. 7 V.S.A. § 901 is amended to read:*

*§ 901. GENERAL PROVISIONS*

*\* \* \**

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

*\* \* \**

*(E) a retailer license; and*

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

*~~(G) an integrated license.~~*

*\* \* \**

*(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) of this subsection (d). Each license shall permit only one location of the establishment.*

*~~(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) 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. [Repealed.]~~*

*\* \* \**

*(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.*

*\* \* \**

*Sec. 18. 7 V.S.A. § 904 is amended to read:*

*§ 904. CULTIVATOR LICENSE*

*(a) A cultivator licensed under this chapter may:*

*(1) cultivate, process, package, label, transport, test, and sell cannabis to a licensed wholesaler, product manufacturer, retailer, ~~integrated licensee,~~ and dispensary;*

\* \* \*

*(3) possess and sell cannabis products to a licensed wholesaler, product manufacturer, retailer, ~~integrated licensee,~~ and dispensary.*

\* \* \*

*Sec. 19. 7 V.S.A. § 904a is amended to read:*

*§ 904a. SMALL CULTIVATORS*

\* \* \*

*(d) Upon licensing, a small cultivator may sell cannabis to a licensed dispensary at any time for sale to patients and caregivers pursuant to the dispensary license ~~or to the public pursuant to an integrated license,~~ including the time period before retail sales are permitted for licensed cannabis retailers.*

*Sec. 20. 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:*

\* \* \*

*(6) ~~Integrated licensees. Integrated licensees shall be assessed an annual licensing fee of \$100,000.00. [Repealed.]~~*

\* \* \*

*Sec. 21. 7 V.S.A. § 974 is amended to read:*

*§ 974. RULEMAKING*

*(a)(1) The Board shall adopt rules to implement and administer this chapter. In adoption of rules, the Board shall strive for consistency with rules adopted for cannabis establishments pursuant to chapter 33 of this title where appropriate.*

*(2) Rules shall include:*

\* \* \*

*(U) labeling requirements for cannabis sold to retailers ~~and integrated licensees,~~ including health warnings developed in consultation with the Department of Health;*

\* \* \*

*Sec. 22. 7 V.S.A. § 987 is amended to read:*

*§ 987. CANNABIS BUSINESS DEVELOPMENT FUND*

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

(b) *The Fund shall comprise:*

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

\* \* \*

*Sec. 23. [Deleted.]*

*\* \* \* Household Income; Cannabis Business Expenses Deduction \* \* \**

*Sec. 24. 32 V.S.A. § 6061 is amended to read:*

*§ 6061. DEFINITIONS*

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

\* \* \*

*(5) “Modified adjusted gross income” means “federal adjusted gross income”:*

\* \* \*

*(F) With the inclusion of any federal deduction or credit that the claimant would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E.*

\* \* \*

*\* \* \* Outdoor Cannabis Cultivation; Use Value Appraisal Program \* \* \**

*Sec. 25. 7 V.S.A. § 869 is amended to read:*

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

\* \* \*

*(f) Notwithstanding subsection (a) of this section, a cultivator licensed under this chapter who ~~initiates cultivation of~~ cultivates cannabis outdoors on a parcel of land as defined in rule by the Cannabis Control Board pursuant to section 881 of this chapter shall:*

\* \* \*

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

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

\* \* \*

*Sec. 26. 32 V.S.A. § 3102 is amended to read:*

*§ 3102. CONFIDENTIALITY OF TAX RECORDS*

\* \* \*

*(e) The Commissioner may, in the Commissioner's discretion and subject to such conditions and requirements as the Commissioner may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:*

\* \* \*

*(25) To the Cannabis Control Board for the purposes of administering the cannabis excise tax under chapter 207 of this title, the sales and use tax under chapter 233 of this title, and the exemptions to those taxes.*

\* \* \*

*\* \* \* Cannabis Cultivator Cooperatives \* \* \**

*Sec. 27. 7 V.S.A. § 904c is added to read:*

*§ 904c. CANNABIS CULTIVATOR COOPERATIVE CORPORATIONS*

*Licensed cannabis cultivators may form a cannabis cultivator cooperative corporation pursuant to 11 V.S.A. chapter 7 in the same manner as other associations or persons engaged in the production of the agricultural or handcraft products.*

*\* \* \* Commercial Cannabis Compact \* \* \**

*Sec. 27a. COMMERCIAL CANNABIS COMPACT; INTENT*

*The General Assembly finds that the medical and commercial cannabis industry has grown significantly throughout the United States since Vermont transitioned to a recreational cannabis market in 2022. The General Assembly further finds that recent statements from federal officials, including provisions of Executive Order 14370, 90 F.R. 60541, "Increasing Medical Marijuana and Cannabidiol Research," indicate a shifting federal posture on regulated cannabis markets. Accordingly, it is the intent of the General Assembly to prepare for the possibility of regional or interstate cannabis markets by authorizing the Governor to form agreements with other states that have commercial cannabis markets.*

*Sec. 27b. 7 V.S.A. § 834 is added to read:*

§ 834. COMMERCIAL CANNABIS COMPACT

(a) As used in this section:

(1) “Agreement” means an agreement relating to commercial cannabis authorized pursuant to this section and entered into between this State and another state or states.

(2) “Contracting state” means a state of the United States, including a district, commonwealth, territory, or possession subject to the legislative authority of the United States, with which the Governor has entered into an agreement pursuant to this section.

(3) “Foreign licensee” means the holder of a cannabis license issued pursuant to the laws of another state that has entered into an agreement pursuant to this section.

(4) “Vermont license” means a cannabis license issued by the Board.

(b) The Governor is authorized to enter into an agreement with another state or states authorizing medical or commercial cannabis activity, or both, between entities licensed under the laws of the contracting state and entities operating with a Vermont license, provided that:

(1) the commercial cannabis activities are lawful and subject to licensure under the laws of the contracting state; and

(2) with respect to the interstate transportation of cannabis or cannabis products, the agreement prohibits the following:

(A) the transportation of cannabis and cannabis products by any means other than those authorized under the laws of the contracting state and the regulations of the Board; and

(B) the transportation of cannabis and cannabis products through the jurisdiction of a state, district, commonwealth, territory, or possession of the United States that does not authorize that transportation.

(c) Notwithstanding any other law, a foreign licensee may engage in commercial cannabis activity with a Vermont licensee and a Vermont licensee may engage in commercial cannabis activity with a foreign licensee, subject to the requirements and limitations set forth in this section.

(d) A foreign licensee shall not engage in commercial cannabis activity within the boundaries of this State without a Vermont license, or engage in commercial cannabis activity within a local jurisdiction without proper authorization issued by the local jurisdiction.

(e) An agreement shall require that the contracting state impose requirements on foreign licensees with regard to cannabis and cannabis products to be sold or otherwise transferred or distributed within this State that meet or exceed the requirements applicable to Vermont licensees, including:

(1) enforceable public health and safety standards that are equivalent to the requirements of the Board;

(2) mandatory participation in a system administered by this State to regulate and track cultivation, manufacturing, distribution, transportation, sale, and destruction of cannabis and cannabis products from seed to sale;

(3) standards for testing of cannabis or cannabis products that meet or exceed the standards applicable to testing laboratories licensed by the Board;

(4) requirements for the packaging and labeling of cannabis and cannabis products that meet or exceed the packaging and labeling requirements established pursuant to Board rules;

(5) requirements for quality assurance and inspection of cannabis or cannabis products that meet or exceed the requirements applicable to cannabis or cannabis products cultivated, manufactured, or sold by Vermont licensees;

(6) restrictions on marketing, labeling, and advertising within this State by foreign licensees that meet or exceed the restrictions of Vermont licensees pursuant to this title; and

(7) a process for identification of adulterated or misbranded cannabis products, and the destruction of those products, using standards that meet or exceed the standards and procedures adopted by the Board.

(f) An agreement shall require that the contracting state impose restrictions upon advertising, marketing, labeling, or sale within the contracting state that meet or exceed restrictions established pursuant to this title and the rules adopted by the Board.

(g) An agreement shall provide for collection of all taxes applicable to the medical or commercial cannabis activity.

(h) An agreement shall include provisions requiring the Board and any other appropriate regulatory authorities of the contracting state to address public health and welfare emergencies concerning cannabis or cannabis products that are sold or intended for sale within this State, including for prompt recall or embargo of adulterated or misbranded cannabis products.

(i) An agreement shall include provisions requiring appropriate regulatory authorities of each state to investigate instances of alleged noncompliance with the commercial cannabis regulatory rules and regulations upon request by the

other state and in accordance with mutually agreed-upon procedures. An agreement shall include provisions requiring the contracting state to reasonably cooperate with this State's investigations concerning foreign licensees and requiring the Board to reasonably cooperate with investigations by the contracting state concerning persons or entities holding Vermont licenses.

(j) An agreement shall include appropriate provisions reflecting Board programs and efforts to promote the inclusion and support of individuals and communities in the cannabis industry who are linked to populations and neighborhoods that were negatively or disproportionately impacted by cannabis criminalization.

(k) Prior to the execution of an agreement or amendment to an agreement, the Governor shall:

(1) Submit the proposed agreement or amendments to the Board and the Joint Fiscal Committee for review and comment. The Board and Committee shall have 60 days to review the proposed agreement or amendment and to submit written recommendations to the Governor. The Governor shall consider all recommendations submitted by the Board and Committee and may revise the proposed agreement or amendment to incorporate the recommendations. If the Governor does not incorporate any recommendations, the Governor shall set forth, in writing, the reasons for not incorporating the recommendations.

(2) Post the proposed agreement or amendment on the Governor's and Board's internet websites for public comment for 30 days. The Governor shall consider any comments received.

(l) An agreement entered into pursuant to this section shall not take effect unless one of the following occurs:

(1) federal law is amended to allow for the interstate transfer of cannabis or cannabis products between authorized commercial cannabis businesses;

(2) federal law is enacted that specifically prohibits the expenditure of federal funds to prevent the interstate transfer of cannabis or cannabis products between authorized commercial cannabis businesses;

(3) the U.S. Department of Justice issues an opinion or memorandum allowing or tolerating the interstate transfer of cannabis products between authorized commercial cannabis businesses; or

(4) the Attorney General issues a written opinion that implementation of agreements entered into under this section will not result in significant legal

risk to this State based on review of federal judicial decisions and administrative action.

(m) The Board shall notify the Governor and the General Assembly upon the occurrence of an event described in subsection (l) of this section and shall post the notification on the Board's website.

(n) The Board may adopt emergency rules pursuant to 3 V.S.A. § 844 governing the procedures for admission of a foreign licensee to conduct commercial cannabis activities within the State. Notwithstanding 3 V.S.A. § 844(b), the Board's emergency rules shall be effective for one year from the date of adoption. Within 90 days after adopting the emergency rules, the Board shall report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs concerning its recommendations for necessary updates to Vermont's cannabis laws and a proposal for permanent rules governing commercial cannabis activities subject to an agreement.

Sec. 28. [Deleted.]

\* \* \* Repeals \* \* \*

Sec. 29. REPEALS

(a) 7 V.S.A. § 909 (integrated license) is repealed on July 1, 2026.

(b) 7 V.S.A. § 862 (cannabis establishment chapter not applicable to hemp or therapeutic use of cannabis) is repealed on July 1, 2026.

(c) 7 V.S.A. § 912 (cannabis event permit) is repealed on July 1, 2028.

\* \* \* Residential Rental Agreements; Prohibiting Restrictions on Cannabis Possession or Use \* \* \*

Sec. 30. 9 V.S.A. § 4468b is added to read:

§ 4468b. RENTAL AGREEMENTS; CANNABIS RESTRICTIONS  
PROHIBITED

A rental agreement shall not contain a provision that prohibits a tenant from possessing cannabis or cannabis products within the rental premises or using cannabis or cannabis products within a dwelling unit, except that a rental agreement may prohibit the use of lighted cannabis or cannabis products intended for inhalation within the rental premises. This section shall not apply to any rental agreements that are required by federal law to prohibit the possession or use of cannabis within the rental premises.

*Sec. 31. 18 V.S.A. § 4230a is amended to read:*

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

*\* \* \**

*(b)(1) Cannabis possessed or consumed in violation of State law is contraband pursuant to subsection 4242(d) of this title and subject to seizure and forfeiture.*

*(2) This section does not:*

*\* \* \**

*(E) prohibit a landlord from banning ~~possession or~~ use of lighted cannabis or cannabis products intended for inhalation in a lease agreement; or*

*\* \* \**

*\* \* \* Effective Dates \* \* \**

*Sec. 32. EFFECTIVE DATES*

*(a) This section shall take effect on passage.*

*(b) Notwithstanding 1 V.S.A. § 214, Sec. 24 (household income; cannabis business expenses deduction) shall take effect retroactively on January 1, 2025, for household income received beginning in the 2025 calendar year and shall apply to property tax credit claims filed on and after January 1, 2026.*

*(c) Sec. 10a (cannabis establishment fee schedule) shall take effect on July 1, 2027.*

*(d) Sec. 13 (cannabis establishment fee schedule) shall take effect on July 1, 2027.*

*(e) All other sections shall take effect on July 1, 2026.*