

## House Proposal of Amendment

### S. 278

An act relating to cannabis

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

\* \* \* 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.