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S.323

An act relating to miscellaneous agricultural subjects

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:

* * * Milk Producers * * *

Sec. 1. 6 V.S.A. § 2752 is amended to read:

§ 2752. REFUSAL TO PURCHASE; HEARING; SECRETARY'S ORDER

(a) A handler doing business in this State who has a contract either verbal or written with a producer residing in this State for the purchase of the producer's dairy products shall not refuse to purchase them from the producer except for violations of the sanitary rules or standards applicable to the market in which the dairy product is sold or marketed, without being deemed guilty of unfair discrimination. In the event that the refusal is to be based upon reasons of oversupply or other reasonable grounds, the refusal shall not become operative until the purchaser has given the producer at least 90 days' notice of intention to refuse the producer's product on these grounds, which shall be particularly set forth in writing so that the producer may be fully appraised of the refusal.

(b) If the producer desires to question the existence or validity of such grounds of refusal, ~~he or she~~ the producer may do so within 90 days after receiving the notice or refusal by requesting the Secretary of Agriculture, Food

1 and Markets for a hearing, and the Secretary is hereby given jurisdiction to
2 hear and determine the question. The producer shall make complaints of such
3 contemplated refusal in writing to the Secretary, setting forth the substance of
4 the refusal notice and requesting to be heard thereon. The Secretary shall then
5 notify both the producer and the purchaser in writing, sent to them by
6 registered mail, of the time and place of hearing thereon. The time of the
7 hearing shall not be less than 10 nor more than 30 days from the date of the
8 notice. Hearing shall be informal. Both parties shall have an opportunity to
9 produce evidence.

10 * * *

11 (d) If a request for a hearing is made by a ~~purchaser~~ producer, refusal of the
12 purchaser shall not become operative until hearing and decision in the
13 purchaser's favor by the Secretary.

14 * * *

15 * * * Farm-to-School Program Contracts * * *

16 Sec. 2. 6 V.S.A. § 4721 is amended to read:

17 § 4721. LOCAL FOODS ~~GRANT~~ PROGRAM

18 (a) There is created in the Agency of Agriculture, Food and Markets the
19 Rozo McLaughlin Farm-to-School Program to execute, administer, and ~~award~~
20 provide local grants or contracts for the purpose of helping Vermont schools
21 develop farm-to-school programs that will sustain relationships with local

1 farmers and producers, enrich the educational experience of students, improve
2 the health of Vermont children, and enhance Vermont's agricultural economy.

3 (b) A school, a school district, a consortium of schools, a consortium of
4 school districts, a registered or licensed child care provider, or an organization
5 administering or assisting the development of farm-to-school programs may
6 apply to the Secretary of Agriculture, Food and Markets for a grant ~~award~~ or
7 contract to:

8 * * *

9 (c) The Secretaries of Agriculture, Food and Markets and of Education and
10 the Commissioner of Health, in consultation with farmers, child nutrition staff,
11 educators, organizations administering or assisting the development of farm-to-
12 school programs, and farm-to-school technical service providers, jointly shall
13 adopt procedures relating to the content of ~~the grant application~~ applications or
14 contract bids and the criteria for making awards.

15 * * *

16 (e) No ~~award~~ individual grant or contract shall be greater than 20 percent of
17 the total annual ~~amount~~ funds available for ~~granting~~ except that a ~~grant~~ an
18 award to the following entities may, at the discretion of the Secretary of
19 Agriculture, Food and Markets, exceed the cap:

- 1 (1) Farm-to-School service providers; or
- 2 (2) school districts or consortiums of school districts that completed
- 3 merger under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No.
- 4 156, or 2015 Acts and Resolves No. 46 on or before July 1, 2019, provided
- 5 that the ~~grant is~~ funds are used for the purpose of expanding Farm-to-School
- 6 projects to additional schools within the new school district.

7 * * * Pest Control Compact Repeal and Pesticide Exam Requirements * * *

8 Sec. 3. REPEAL

9 6 V.S.A. chapter 83 (Pest Control Compact) is repealed on July 1, 2026.

10 Sec. 4. 6 V.S.A. § 1112 is amended to read:

11 § 1112. LICENSING PESTICIDE APPLICATORS; PESTICIDE

12 COMPANIES; DEALERS

13 (a) The Secretary may adopt rules requiring persons selling Class A and B

14 pesticides to be licensed under this chapter. In addition, the Secretary may

15 adopt rules requiring companies that hire applicators or conduct pesticide

16 applications to be licensed and applicators who use pesticides to be certified

17 under this chapter. The Secretary may establish reasonable requirements for

18 obtaining licenses and certificates. The fees for dealers, licensed companies,

19 and applicator certificates under this chapter shall be as follows:

20 (1) Class A Dealer License—\$50.00;

21 (2) Class B Dealer License—\$50.00;

1 (3) Pesticide Company License—\$75.00;

2 (4) Commercial ~~and~~, Noncommercial, and Government Applicator
3 Certification fee—\$30.00 per category or subcategory with a maximum of
4 \$120.00;

5 (5) ~~second and third time examination~~ Examination fee for dealer
6 licenses and applicator certification—\$25.00; and

7 (6) Private Applicator—\$25.00; ~~and~~

8 ~~(7) State Government, Municipal, and Public Education Institution~~
9 ~~Applicators—\$30.00.~~

10 * * *

11 (e) There shall be no limitation on the frequency for retaking examinations
12 for private, commercial, noncommercial, or government applicator
13 certifications or dealer licenses.

14 * * * Seed Law Changes * * *

15 Sec. 5. 6 V.S.A. § 641 is amended to read:

16 § 641. DEFINITIONS

17 (a) As used in this chapter:

18 (1) “Agricultural seed” includes grass, forage, cereal, oil, fiber, and
19 other kinds of crop seeds commonly recognized as agricultural seeds, lawn
20 seeds, and combinations of such seeds, and may include noxious weed seeds
21 used as agricultural seed.

1 (a) The Secretary may assess administrative penalties, not to exceed
2 \$250.00 for each offense, in any case ~~he or she~~ the Secretary determines that a
3 person has committed any of the following violations:

4 (1) sold seed ~~products~~ without paying the seed ~~inspection fees for~~
5 ~~hundredweight~~ tonnage or seed registration fee under section 648 of this title;

6 (2) sold seed ~~products~~ within the State of Vermont found deficient in
7 guarantee analysis and labeling as defined by rule; or

8 (3) violated a stop sale order.

9 * * *

10 * * * Consolidate VACP within VEDA * * *

11 Sec. 8. TRANSFER OF VERMONT AGRICULTURAL CREDIT

12 PROGRAM

13 10 V.S.A. chapter 16A (Vermont Agricultural Credit Program) is repealed
14 for the purpose of redesignation as 10 V.S.A. chapter 12, subchapter 16.

15 Sec. 9. 10 V.S.A. chapter 12, subchapter 16 is added to read:

16 Subchapter 16. Vermont Agricultural Credit Program

17 § 280hh. DEFINITIONS

18 As used in this subchapter:

19 (1) “Agricultural facility” means land and rights in land, buildings,

20 structures, machinery, and equipment that is used for, or will be used for,

21 producing, processing, preparing, packaging, storing, distributing, marketing,

1 or transporting agricultural or forest products that have been at least partially
2 produced in this State, and working capital reasonably required to operate an
3 agricultural facility.

4 (2) “Agricultural land” means real estate capable of supporting
5 commercial farming or forestry, or both.

6 (3) “Agricultural products” means crops, livestock, forest products, and
7 other farm or forest commodities produced as a result of farming or forestry
8 activities.

9 (4) “Authority” means the Vermont Economic Development Authority
10 established under section 213 of this title.

11 (5) “Cash flow” means, on an annual basis, all income, receipts, and
12 revenues of the applicant or borrower from all sources and all expenses of the
13 applicant or borrower, including all debt service and other expenses.

14 (6) “Farm operation” means the cultivation of land or other uses of land
15 for the production of food, fiber, horticultural crops, silvicultural products,
16 orchard crops, maple syrup, Christmas trees, forest products, or forest crops;
17 the raising, boarding, and training of equines, and the raising of livestock; or
18 any combination of the foregoing activities. “Farm operation” also means the
19 storage, preparation, retail sale, and transportation of agricultural or forest
20 commodities accessory to the cultivation or use of such land. “Farm
21 operation” also means the operation of an agritourism business on a farm

1 subject to regulation under the Required Agricultural Practices. “Farm
2 operation” also means a business that provides specialty services to farmers,
3 such as foresters, farriers, hoof trimmers, or large animal veterinarians
4 operating or proposing to operate mobile units.

5 (7) “Farm ownership loan” means a loan to acquire or enlarge a farm or
6 agricultural facility; to make capital improvements, including construction,
7 purchase, and improvement of farm and agricultural facility buildings, farm
8 worker housing, or farmer housing that can be made fixtures to the real estate;
9 to promote soil and water conservation and protection or provide housing; and
10 to refinance indebtedness incurred for farm ownership or operating loan
11 purposes, or both.

12 (8) “Farmer” means an individual directly engaged in the management
13 or operation of an agricultural facility or farm operation for whom the
14 agricultural facility or farm operation constitutes two or more of the following:

15 (A) is or is expected to become a significant source of the farmer’s
16 income;

17 (B) the majority of the farmer’s assets; and

18 (C) an occupation in which the farmer is actively engaged, either on a
19 seasonal or year-round basis.

1 (9) “Forest products business” means an enterprise that is engaged in
2 managing, harvesting, trucking, processing, manufacturing, crafting, or
3 distributing forest products at least partially derived from Vermont forests.

4 (10) “Livestock” includes cattle, sheep, goats, equines, fallow deer, red
5 deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge,
6 coturnix quail, ferrets, camelids and ratites, cultured trout propagated by
7 commercial trout farms, and bees.

8 (11) “Loan” means an operating loan or farm ownership loan, including
9 a financing lease, provided that such lease transfers the ownership of the leased
10 property to each lessee following the payment of all required lease payments as
11 specified in each lease agreement.

12 (12) “Operating loan” means a loan to purchase livestock, farm or
13 forestry equipment, or fixtures to pay annual operating expenses of a farm
14 operation or agricultural facility; to pay loan closing costs; and to refinance
15 indebtedness incurred for farm ownership or operating loan purposes, or both.

16 (13) “Program” means the Vermont Agricultural Credit Program
17 established by this subchapter.

18 (14) “Project” or “agricultural project” means the creation,
19 establishment, acquisition, construction, expansion, improvement,
20 strengthening, reclamation, operation, or renovation of an agricultural facility
21 or farm operation.

1 § 280ii. VERMONT AGRICULTURAL CREDIT PROGRAM

2 (a) The Vermont Agricultural Credit Program provides an alternative
3 source of sound and constructive credit to farmers and forest products
4 businesses who are not having their credit needs fully met by conventional
5 agricultural credit sources at reasonable rates and terms; or, in the alternative,
6 the granting of the loan shall serve as a substantial inducement for the
7 establishment or expansion of an eligible agricultural or forestry project within
8 the State. The Program is intended to meet, either in whole or in part, the
9 credit needs of eligible agricultural facilities and farm and forest operations in
10 fulfillment of one or more of the purposes listed in this subsection by making
11 direct loans and participating in loans made by other agricultural credit
12 providers:

13 (1) to encourage diversification, cooperative farming, and the
14 development of innovative techniques for farming and forest products
15 businesses;

16 (2) to increase energy efficiency and reduce energy consumption in
17 agricultural facilities, including the construction of water pollution control
18 facilities that implement best management practices for farm waste abatement
19 pursuant to 6 V.S.A. chapter 215;

20 (3) to encourage innovative and diversified processing, marketing, and
21 distribution of Vermont agricultural products;

1 (4) to assist beginning farmers to start new farms and new agricultural
2 facilities to commence or strengthen their operations;

3 (5) to assist or financially strengthen existing farms; and

4 (6) to refinance loans incurred by eligible borrowers for any of the
5 purposes enumerated in subdivisions (1)–(5) of this subsection.

6 (b) No borrower shall be approved for a loan from the Authority that would
7 result in the aggregate principal balances outstanding of all loans to that
8 borrower exceeding \$5,000,000.00.

9 § 280jj. GENERAL POWERS

10 (a) The Authority shall have the powers necessary to carry out the purposes
11 and provisions of this Program and subchapter, including those general powers
12 conferred on the Authority in section 216 of this title.

13 (b) The Authority shall have the powers necessary to dissolve the Vermont
14 Agricultural Credit Corporation in accordance with 11B V.S.A. chapter 14.
15 Upon dissolution of the Vermont Agricultural Credit Corporation, title to all
16 property owned by the Vermont Agricultural Credit Corporation shall vest in
17 the Authority.

18 § 280kk. LOAN ELIGIBILITY STANDARDS

19 A farmer, forest products business, or a limited liability company,
20 partnership, corporation, or other business entity with a minimum 20 percent
21 ownership of which is vested in one or more farmers, forest products

1 businesses, or a nonprofit corporation, shall be eligible to apply for a farm
2 ownership or operating loan that shall be intended to expand the agricultural
3 economy or forest economy of the State, provided the applicant is:

4 (1) an owner, prospective purchaser, or lessee of agricultural land in the
5 State or of depreciable machinery, equipment, or livestock to be used in the
6 State;

7 (2) a person of sufficient education, training, or experience in the
8 operation and management of an agricultural facility or farm operation or
9 forest products business of the type for which the applicant requests the loan;

10 (3) an operator or proposed operator of an agricultural facility, farm
11 operation, or forest products business for whom the loan reduces investment
12 costs to an extent that offers the applicant a reasonable chance to succeed in
13 the operation and management of an agricultural facility or farm operation;

14 (4) a creditworthy person under such standards as the Authority may
15 establish;

16 (5) able to provide and maintain adequate security for the loan by a
17 mortgage on real property or a security agreement and perfected financing
18 statement on personal property;

19 (6) able to demonstrate that the applicant is responsible and able to
20 manage responsibilities as owner or operator of the farm operation, agricultural
21 facility, or forest products business;

1 (7) low-cost capital to assist Vermont ~~family~~ farmers to farm as
2 ~~provided in subdivision 272(3) of this title;~~

3 * * *

4 Sec. 11. 10 V.S.A. § 212 is amended to read:

5 § 212. DEFINITIONS

6 As used in this chapter, with the exception of subchapter 16:

7 * * *

8 Sec. 12. 10 V.S.A. § 216 is amended to read:

9 § 216. AUTHORITY; GENERAL POWERS

10 The Authority is hereby authorized:

11 * * *

12 (17) To contribute to the capital of the Vermont Agricultural Credit
13 ~~Corporation~~ Program established pursuant to ~~chapter 16A~~ subchapter 16 of this
14 ~~title~~ chapter in an amount the Authority determines is necessary and
15 appropriate.

16 * * *

17 Sec. 13. 10 V.S.A. § 220a is amended to read:

18 § 220a. THE VERMONT JOBS FUND

19 (a) There is hereby created the Vermont Jobs Fund, hereinafter called the
20 Fund, which shall be used by the Authority as a nonlapsing fund for the
21 purposes of this chapter. To it shall be charged all operating expenses of the

1 Authority not otherwise provided for and all payments of interest and principal
2 required to be made by the Authority under this subchapter. To it shall be
3 credited any appropriations made by the General Assembly for the purposes of
4 this chapter and all payments required to be made to the Authority under this
5 chapter, it being the intent of this section that the Fund shall operate as a
6 revolving fund whereby all appropriations and payments made thereto may be
7 applied and reapplied for the purposes of this chapter. Monies in the Fund may
8 be loaned at interest rates to be set by the Authority for the following:

9 * * *

10 ~~(b) Monies in the Fund may be loaned to the Vermont Agricultural Credit~~
11 ~~Program to support its lending operations as established in chapter 16A of this~~
12 ~~title at interest rates and on terms and conditions to be set by the Authority to~~
13 ~~establish a line of credit in an amount not to exceed \$100,000,000.00 to be~~
14 ~~advanced to the Vermont Agricultural Credit Program to support its lending~~
15 ~~operations as established in chapter 16A of this title.~~

16 ~~(e)~~(b) Monies in the Fund may be loaned to the Vermont Small Business
17 Development Corporation to support its lending operations as established
18 pursuant to subdivision 216(14) of this title at interest rates and on terms and
19 conditions to be set by the Authority.

20 ~~(d)~~(c) Monies in the Fund may be loaned to the Vermont 504 Corporation
21 to support its lending operations as established pursuant to subdivision 216(13)

1 of this title at interest rates and on terms and conditions to be set by the
2 Authority.

3 ~~(e)~~(d) The Authority may loan money from the Fund to the Vermont
4 Sustainable Energy Loan Fund established under subchapter 13 of this chapter
5 at interest rates and on terms and conditions set by the Authority.

6 Sec. 14. 10 V.S.A. § 280a is amended to read:

7 § 280a. ELIGIBLE PROJECTS; AUTHORIZED FINANCING PROGRAMS

8 (a) The Authority may develop, modify, and implement any existing or
9 new financing program, provided that any specific project that benefits from
10 such program shall meet the criteria contained in the Vermont Sustainable Jobs
11 Strategy outlined in section 280b of this title. These programs may include:

12 * * *

13 (12) loans to agricultural enterprises or endeavors administered by the
14 Authority under ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter and any
15 programs created thereunder.

16 * * *

17 * * * Hemp Oversight * * *

18 Sec. 15. TRANSITION OF HEMP PROCESSOR OVERSIGHT

19 6 V.S.A. chapter 34 (hemp) is repealed.

1 Sec. 16. 7 V.S.A. chapter 31, subchapter 3 is added to read:

2 Subchapter 3. Hemp

3 § 851. FINDINGS; PURPOSE

4 (a) Findings. The General Assembly finds that the federal legal status of
5 most hemp products will be contingent upon an amendment to 7 U.S.C.
6 § 1639o, to take effect in November 2026, pursuant to the Continuing
7 Appropriations, Agriculture, Legislative Branch, Military Construction and
8 Veterans Affairs, and Extensions Act of 2026, Pub. L. No. 119-37. The
9 legality of hemp and hemp products in interstate commerce is unsettled and
10 continues to evolve.

11 (b) Purpose. The purpose of this subchapter is to unify oversight of
12 cannabis and hemp-derived cannabinoids under the Cannabis Control Board to
13 more effectively prohibit illicit cannabis and cannabis product trade while
14 positioning growers and processors of nonintoxicating hemp products to take
15 advantage of national market opportunities that may exist. The purpose of this
16 subchapter is also to support small-business hemp producers and processors in
17 taking advantage of opportunities for the cultivation and sale of hemp and
18 hemp products.

19 § 852. DEFINITIONS

20 As used in this subchapter:

21 (1)(A) “Grow” means:

1 (i) planting, cultivating, harvesting, or drying of hemp; and

2 (ii) selling, storing, and transporting of hemp grown by a grower.

3 (B) “Grow” also means to produce.

4 (2) “Grower” means a person who is registered with the Board and the
5 U.S. Department of Agriculture to produce hemp. “Grower” also means
6 producer.

7 (3) “Hemp” means the plant Cannabis sativa L. and any part of the
8 plant, including the seeds and all derivatives, extracts, cannabinoids, acids,
9 salts, isomers, and salts of isomers, whether growing or not, with the federally
10 defined tetrahydrocannabinol concentration level of hemp. Hemp is
11 considered an agricultural commodity.

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

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

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

6 (ii) is not lawful in interstate commerce.

7 (C) A hemp-derived product or substance that is excluded from the
8 definition of “hemp product” or “hemp-infused product” pursuant to
9 subdivision (B) of this subdivision (4) is considered a cannabis product as
10 defined by subdivision 831(3) of this title; provided, however, that a person
11 duly licensed or registered by the Board lawfully may possess such products in
12 conformity with the person’s active hemp processor license.

13 (5) “Process” means the storing, drying, trimming, handling,
14 compounding, or converting of hemp by a processor for a single grower or
15 multiple growers into hemp products or hemp-infused products. “Process”
16 includes:

17 (A) transporting, aggregating, or packaging hemp from a single
18 grower or multiple growers; or

19 (B) manufacturing hemp products or hemp-infused products from
20 hemp concentrate.

1 (6) “Processor” means a person who is licensed by the Board to process
2 hemp. A retail establishment selling hemp products or hemp-infused products
3 is not a processor.

4 § 853. HEMP; AN AGRICULTURAL PRODUCT

5 (a) Hemp is an agricultural product that may be grown as a crop produced,
6 possessed, marketed, and commercially traded in Vermont pursuant to the
7 provisions of this chapter and administrative rules of the Cannabis Control
8 Board.

9 (b) The cultivation of hemp shall be subject to and comply with the
10 Required Agricultural Practices adopted under 6 V.S.A. § 4810, as amended.

11 § 854. HEMP REGISTRATION AND LICENSURE

12 (a) Producers. All persons engaged in the production of hemp shall register
13 with the Board as growers and shall provide their location, the nature of their
14 activities, and evidence that those activities conform to the requirements of
15 federal law and regulation. A person shall apply for registration or renewal of
16 registration on a form provided by the Board. The application shall be
17 accompanied by the fee required under section 858 of this subchapter.

18 (b) Processors. All persons engaged in the processing of hemp, including
19 trade in hemp-derived cannabinoids and process intermediaries, shall be
20 licensed by the Board. A person shall apply for a license or renewal of a

1 license on a form provided by the Board. The application shall be

2 accompanied by the fee required under section 858 of this subchapter.

3 (c) Products. All hemp-derived products containing or reasonably expected
4 to contain more than 0.4 mg tetrahydrocannabinol shall be registered with the
5 Board prior to sale to any person within this State. A person shall apply for
6 registration or renewal of registration on a form provided by the Board. The
7 application shall be accompanied by the fee required under section 858 of this
8 subchapter.

9 (d) All applicants. The Board may deny an application for licensure,
10 registration, or renewal if the applicant:

11 (1) fails to establish that its activities comply with State and federal law;

12 (2) refuses the Board or its lawful designees entry upon its premises to
13 inspect and confirm compliance, including by sampling hemp and hemp
14 products for potency testing;

15 (3) fails to submit information requested by the Board; or

16 (4) fails to submit the fee required under section 858 of this subchapter.

17 § 855. RULEMAKING AUTHORITY

18 (a) The Board may adopt rules to provide for the implementation of this
19 subchapter, which may include rules to:

20 (1) require hemp to be tested during growth for tetrahydrocannabinol
21 levels;

- 1 (2) authorize or specify the method or methods of testing hemp,
2 including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol
3 levels or a taxonomic determination using genetic testing;
- 4 (3) require inspection and supervision of hemp during sowing, growing
5 season, harvest, storage, processing, and distribution;
- 6 (4) require labels or label information for hemp products in order to
7 provide consumers with transparent and accurate product content or source
8 information, to be free of false or misleading claims and claims contrary to the
9 Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301–399i, or to conform
10 with federal requirements;
- 11 (5) establish sanitary requirements for licensed processing facilities;
- 12 (6) establish registration requirements for hemp-derived products sold or
13 distributed in the State, including requirements that each product be sampled
14 and tested by a laboratory recognized by the Board;
- 15 (7) require disclosure or labeling of the amount of cannabinoids known
16 to be present in hemp products sold or distributed in the State;
- 17 (8) require that licensees and registrants, including out-of-state
18 purveyors of registered hemp products, obtain and maintain commercially
19 reasonable insurance, which for producers of consumer products in final form
20 shall include product liability insurance;

1 (9) prohibit hazardous additives to hemp products, or specify additive
2 limits, relative to substances that are toxic, not generally recognized as safe, or
3 designed to make the product more addictive or more appealing to persons
4 under 21 years of age or to mislead consumers;

5 (10) specify when a registered hemp product that contains more than 0.4
6 mg tetrahydrocannabinol must be restricted for sale to persons 21 years of age
7 or older or restricted for sale in specified settings, or both;

8 (11) define “craft processors” as a class of small businesses with
9 different needs and risks and exempt craft processor licensees from the
10 requirements of this subchapter that the Board finds to be unnecessary to
11 protect the public health, safety, and welfare;

12 (12) waive or reduce licensing fees for craft processor applicants
13 pursuant to rule or readily accessible policy;

14 (13) exempt certain product categories from the requirement to register
15 under this chapter;

16 (14) establish requirements for the consumer sale of any product
17 containing tetrahydrocannabinol or other cannabinoids; or

18 (15) prohibit any person from making false, misleading, or
19 unsubstantiated claims for cannabinoid-containing products.

1 **(b) The Board shall adopt rules to:**

2 **(1) establish requirements for the licensure of processors of hemp,**

3 **hemp-derived process intermediaries, and hemp products; and**

4 **(2) regulate the use of processing facilities and equipment to permit**

5 **processors to use the same equipment for hemp and cannabis processing and to**

6 **prevent cross contamination between hemp and cannabis.**

7 **§ 856. TEST RESULTS; ENFORCEMENT**

8 **(a) When notified that hemp, a hemp product, or a hemp-infused product**

9 **has a tetrahydrocannabinol concentration exceeding the applicable federally**

10 **defined tetrahydrocannabinol concentration level of hemp, the person licensed**

11 **or registered with the Board to grow or process the hemp shall arrange for**

12 **disposal, remediation, or destruction of the hemp, hemp product, or hemp-**

13 **infused product in a manner consistent with applicable State and federal law.**

14 **(b) To enforce the provisions of this subchapter, the Board, upon**

15 **presenting appropriate credentials, may conduct one or more of the following:**

16 **(1) Enter upon any premises where hemp is grown or processed and**

17 **inspect premises, machinery, equipment and facilities, all hemp during any**

18 **growth phase, or any hemp product or hemp-infused product during processing**

19 **or storage. Inspection under this section may include taking samples,**

20 **inspecting records, and inspecting equipment or vehicles used to grow,**

21 **process, or transport hemp, hemp products, or hemp-infused products.**

1 (2) Inspect any retail location offering hemp products or hemp-infused
2 products. Inspection under this section may include taking samples of such
3 products.

4 (3) Issue and enforce a written or printed “stop sale” order to the owner
5 or custodian of any hemp, hemp product, or hemp-infused product subject to
6 the requirements of this subchapter or rules adopted under this subchapter that
7 the Board finds is in violation of any of the provisions of this subchapter or
8 rules adopted under this subchapter. An order may prohibit further sale,
9 processing, and movement of the hemp, hemp product, or hemp-infused
10 product until the Board has approved and issued a release from the “stop sale”
11 order.

12 (A) This order shall include the reason for issuance, a description of
13 the hemp or hemp products at issue, instructions to separate all hemp or hemp
14 products subject to the order, and any recommended measures to remedy the
15 basis or bases for the order.

16 (B) A person issued a “stop sale” order may appeal that order to the
17 Board within 15 days after receipt. The person shall file any appeal by serving
18 a letter on the Board, which shall state all grounds for the appeal and identify
19 the hemp or hemp products affected by the appeal.

1 § 857. ADMINISTRATIVE PENALTIES

2 (a) The Board may assess violations and administrative penalties against
3 persons licensed or registered pursuant to this subchapter, as well as persons
4 required to be licensed or registered pursuant to this subchapter who fail to
5 obtain or maintain required credentials.

6 (b) The compliance and enforcement authorities and procedures applicable
7 to cannabis establishments shall apply to persons licensed or registered under
8 this subchapter.

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

11 § 858. FEES

12 (a) The following fees shall apply to each license or registration application
13 or each annual license or registration renewal under this subchapter:

14 (1) Producer: \$50.00.

15 (2) Processor: \$500.00.

16 (3) Product: \$75.00.

17 (b) Notwithstanding subsection (a) of this section, the Board may issue
18 longer registrations, prorated at the same cost per year, for products it deems
19 low risk and shelf-stable. The products may be defined and distinguished in
20 readily accessible published guidance.

1 Sec. 16a. HEMP FEES REPORTING

2 On or before January 15, 2027, the Cannabis Control Board shall submit to
3 the House Committees on Agriculture, Food Resiliency, and Forestry, on
4 Ways and Means, and on Government Operations and Military Affairs and the
5 Senate Committees on Agriculture, on Finance, and on Economic
6 Development, Housing and General Affairs a report that includes the following
7 information:

8 (1) a summary of all hemp fees in effect in fiscal year 2027, including
9 any waivers, reductions, or alterations to the hemp fee schedule as set forth in
10 7 V.S.A. § 858;

11 (2) a summary of the revenue derived from each fee in fiscal year 2026;

12 (3) a comparison of fees in other jurisdictions;

13 (4) an analysis of policies or trends that might affect the viability of the
14 fee amount; and

15 (5) a recommendation regarding how the hemp fee schedule as set forth
16 in 7 V.S.A. § 858 may be adjusted to better promote the intent of the General
17 Assembly to better support small-business hemp producers and processors.

18 Sec. 16b. REPEAL

19 7 V.S.A. § 855(a)(12) (waiving or reducing licensing fees for craft
20 processors) is repealed on January 1, 2028.

1 Sec. 17. 18 V.S.A. § 4201(15) is amended to read:

2 (15)(A) “Cannabis” means all parts of the plant *Cannabis sativa* L.,
3 except as provided by subdivision (B) of this subdivision (15), whether
4 growing or harvested, and includes:

5 (i) the seeds of the plant;

6 (ii) the resin extracted from any part of the plant; and

7 (iii) any compound, manufacture, salt, derivative, mixture, or
8 preparation of the plant, its seeds, or resin.

9 (B) “Cannabis” does not include:

10 (i) the mature stalks of the plant and fiber produced from the
11 stalks;

12 (ii) oil or cake made from the seeds of the plant;

13 (iii) any compound, manufacture, salt, derivative, mixture, or
14 preparation of the mature stalks, fiber, oil, or cake;

15 (iv) the sterilized seed of the plant that is incapable of
16 germination; or

17 (v) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A.
18 § 852.

19 Sec. 18. 32 V.S.A. § 7811(b) is amended to read:

20 (b) The tax established in this section shall not be imposed on:

1 (1) cannabis-related supplies sold by a dispensary registered under 7
2 V.S.A. chapter 37 to registered patients and registered caregivers, as those
3 terms are defined in 7 V.S.A. § 972;

4 (2) cannabis products, as defined in 7 V.S.A. § 831, that do not contain
5 tobacco; or

6 (3) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A.
7 § 852, that do not contain tobacco.

8 Sec. 19. 7 V.S.A. § 845 is amended to read:

9 § 845. CANNABIS REGULATION FUND

10 (a) There is established the Cannabis Regulation Fund, which shall be
11 managed in accordance with 32 V.S.A. chapter 7, subchapter 5. The Fund
12 shall be maintained by the Cannabis Control Board.

13 (b) The Fund shall be composed of:

14 (1) all State application fees, annual license fees, renewal fees, and civil
15 penalties collected by the Board pursuant to ~~chapters~~ chapter 31 (cannabis);
16 chapter 33 (cannabis establishments); and chapter 37 (medical cannabis
17 dispensaries) of this title;

18 * * *

19 Sec. 20. 7 V.S.A. § 834 is added to read:

20 § 834. SALES RESTRICTIONS

1 (a) As used in this section, “unregistered hemp” or “unregistered cannabis”
2 means a product required by State law or rule of the Cannabis Control Board to
3 be registered with the Cannabis Control Board, including a product derived
4 from the unregistered hemp or unregistered cannabis, that is not registered on
5 the date a transaction occurs.

6 (b) No person shall cause unregistered hemp or unregistered cannabis
7 purchased by mail or through a computer network, telephonic network, or
8 other electronic network to be shipped to anyone other than a licensed cannabis
9 laboratory in this State.

10 (c) No person shall, with knowledge or reason to know of the violation,
11 provide substantial assistance to a person in violation of this section.

12 (d) A violation of this section is punishable as follows:

13 (1) A knowing or intentional violation of this section shall be punishable
14 by imprisonment for not more than five years or a fine of not more than
15 \$5,000.00, or both.

16 (2) In addition to or in lieu of any other civil or criminal remedy
17 provided by law, upon a determination that a person has violated this section,
18 the Attorney General may impose a civil penalty in an amount not to exceed
19 \$5,000.00 for each violation. For purposes of this subsection, each shipment
20 or transport of unregistered hemp or unregistered cannabis shall constitute a
21 separate violation.

1 (b) Membership. The working group shall be composed of the following:

2 (1) five livestock farmers who are in good standing, appointed by the

3 Speaker of the House as follows:

4 (A) one representative of the Champlain Valley Farmer Coalition;

5 (B) one representative of the Franklin and Grand Isle Farmers

6 Watershed Alliance;

7 (C) one representative of the Connecticut River Watershed Farmers

8 Alliance;

9 (D) one representative of the Vermont Dairy Producers Alliance; and

10 (E) one representative of farmers from the Northeast Kingdom;

11 (2) three agricultural technical service providers, appointed by the

12 Governor;

13 (3) three representatives from the environmental advocate community,

14 appointed by the Committee on Committees; and

15 (4) the executive director or designee from the Vermont Association of

16 Conservation Districts.

17 (c) Assistance. The Agency of Natural Resources and the Agency of

18 Agriculture, Food and Markets shall participate in the working group on an

19 advisory and administrative capacity but shall not have appointed members on

20 the working group and shall not be required to submit reports to the General

1 Assembly. The working group shall have the administrative, technical, and
2 legal assistance of the Agency of Natural Resources.

3 (d) Meetings.

4 (1) The Secretary of Natural Resources shall call the first meeting of the
5 working group to occur on or before November 1, 2026.

6 (2) The working group shall select co-chairs from among its members at
7 the first meeting. One of the co-chairs shall represent livestock farmers, and
8 one co-chair shall represent the environmental advocate community.

9 (3) A majority of the membership of the working group shall constitute
10 a quorum.

11 (4) The working group shall meet at least quarterly, or more frequently
12 at the request of the co-chairs or at the request of the Secretary of Natural
13 Resources.

14 (5) The working group's meetings shall be open to the public in
15 accordance with 1 V.S.A. chapter 5, subchapter 2. Notwithstanding 1 V.S.A.
16 § 313, the working group may go into executive session in order to discuss a
17 circumstance or an event regarding a specific farm or regarding a possible
18 CAFO permit violation by a specific farm.

19 (e) Report. The working group annually shall report to the House
20 Committees on Agriculture, Food Resiliency, and Forestry and on
21 Environment and the Senate Committees on Agriculture and on Natural

1 Resources and Energy. The report may take the form of testimony to
2 committees from members of the working group.

3 (f) Definition. As used in this section, “good standing” means a farmer
4 subject to the requirement of this subchapter or to the requirements of 6 V.S.A.
5 chapter 215 and who:

6 (1) does not have an active enforcement violation that has reached a
7 final order with the Secretary of Natural Resources or the Secretary of
8 Agriculture, Food and Markets; and

9 (2) is in compliance with the terms of any current grant agreement or
10 contract with the Agency of Natural Resources or the Agency of Agriculture,
11 Food and Markets.

12 Sec. 23. CONCENTRATED ANIMAL FEEDING OPERATION;
13 TRAINING ON INSPECTION

14 (a) On or before March 1, 2027, the Secretary of Natural Resources shall
15 contract with a third-party consultant to:

16 (1) assist the Secretary in the development of standards and procedures
17 to be used by the Agency of Natural Resources and the Agency of Agriculture,
18 Food and Markets when inspecting Concentrated Animal Feeding Operations
19 (CAFOs) as required by 10 V.S.A. chapter 47, subchapter 3A; and

20 (2) provide training to the Agency of Natural Resources and Agency of
21 Agriculture, Food and Markets staff on implementation of inspection of

1 CAFOs. Farmers who qualify for a CAFO permit may voluntarily attend
2 training sessions.

3 (b) When the Secretary of Natural Resources and the Secretary of
4 Agriculture, Food and Markets commence inspections of CAFOs under
5 10 V.S.A. chapter 47, subchapter 3A, the third-party consultant shall
6 accompany the Agency of Natural Resources' inspectors on 10 inspections to
7 ensure compliance with the inspection standards developed under subsection
8 (a) of this section.

9 Sec. 24. CONTINGENCY OF FUNDING

10 The duty to implement Sec. 23 of this act (Concentrated Animal Feeding
11 Operation; training on inspection) is contingent upon an appropriation of funds
12 in fiscal year 2027 from the General Fund to the Agency of Natural Resources
13 for the specific purposes described in Sec. 23 of this act.

14 * * * Farm and Forestry Operations Security Special Fund * * *

15 Sec. 24a. 6 V.S.A. § 4643(e) is amended to read:

16 (e) All administratively complete applications shall be evaluated by the
17 Review Board. Within 15 days following receipt of an administratively
18 complete application, the Review Board by majority vote shall recommend to
19 the Secretary whether to issue a payment to the applicant. ~~If the Review Board~~
20 ~~recommends an award under this section, the~~ The Secretary shall issue the

1 ~~award~~ make a final award determination within 15 days following the date of
2 the Review Board's recommendation.

3 * * * Permitting Large and Medium Farm Operations * * *

4 Sec. 24b. 6 V.S.A. § 4851(i) is amended to read:

5 (i) ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit under
6 this section shall ~~submit~~ not be required to pay an annual operating fee of
7 ~~\$2,500.00~~ to the Secretary. ~~During any calendar year in which a person has an~~
8 ~~active Large Concentrated Animal Feeding Operation permit issued by the~~
9 ~~Agency of Natural Resources pursuant to the federal Clean Water Act and pays~~
10 ~~the required associated fee, that person shall not be required to pay the~~
11 ~~\$2,500.00 annual operating fee described in this section. The fees collected~~
12 ~~under this section shall be deposited in the Agricultural Water Quality Special~~
13 ~~Fund under section 4803 of this title.~~

14 Sec. 24c. 6 V.S.A. § 4858(e) is amended to read:

15 (e) Operating fee. ~~A~~ Beginning on July 1, 2026, a person required to
16 obtain a permit or coverage under this section shall ~~submit~~ not be required to
17 pay an annual operating fee of ~~\$1,500.00~~ to the Secretary. ~~The fees collected~~
18 ~~under this section shall be deposited in the Agricultural Water Quality Special~~
19 ~~Fund under section 4803 of this title.~~

1

* * * Effective Dates * * *

2

Sec. 25. EFFECTIVE DATES

3

(a) Secs. 15–20 (hemp oversight) shall take effect on passage.

4

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