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ACTION CALENDAR

CONSIDERATION POSTPONED UNTIL MARCH 31, 2026

Second Reading

Favorable with Recommendation of Amendment

S. 193.

An act relating to establishing a forensic facility for certain criminal justice-involved persons.

Reported favorably with recommendation of amendment by Senator Hashim for the Committee on Judiciary.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 13 V.S.A. § 4815a is added to read:

§ 4815a. COMPETENCY RESTORATION SERVICES WITHIN
FORENSIC FACILITY

(a) A person shall be transferred to the forensic facility established in section 4826 of this title if the person:

(1) has been charged with an offense punishable by a life sentence;

(2)(A) has been held without bail pursuant to section 7553 of this title;

or

(B) if the person is not held without bail pursuant to section 7553 of this title, the person's release would create a substantial risk of bodily injury to another person;

(3) is not currently receiving treatment through an order of hospitalization pursuant to 18 V.S.A. § 7619 or section 4822 of this title; and

(4) has been found not competent to stand trial.

(b)(1)(A) Upon admission, the forensic facility shall cause the person to be evaluated for competency to stand trial not less often than the shorter of either:

(i) every six months; or

(ii) upon the determination by the forensic facility's clinical services director that the person is likely competent to stand trial.

(B) The results of all evaluations shall be supplied to the court and the parties to the underlying criminal action.

(2)(A) At the request of a party, the court may order that a second or subsequent evaluation include an opinion on whether the person's competency can be restored. If the court finds that the person may be found likely competent to stand trial, the court shall immediately notify the State's Attorney and the person's counsel in the criminal case. If the court finds by clear and convincing evidence that the person cannot be restored to competency, the court shall order continued commitment of the person, taking into account the least restrictive conditions applicable, unless subdivision (B) of this subdivision (2) applies.

(B) If the court finds that the release of a person who cannot be restored to competency would not create a substantial risk of bodily injury to another person, the court shall:

(i) order the release of the person under a prescribed regimen of medical, psychiatric, or psychological care or treatment that the forensic facility's clinical services director has certified as appropriate and that has been found by the court to be appropriate; and

(ii) order, as an explicit condition of release, that the person comply with the prescribed regimen of medical, psychiatric, or psychological care or treatment together with any other conditions appropriate to protect the public.

(c) The person shall remain at the forensic facility until the person is restored to competency or until there is a final disposition of the charges against the person.

(d) The person shall receive competency restoration services while at the forensic facility according to a plan approved by the forensic facility's clinical services director. Such services shall include any appropriate combination of medication, education, accommodations, habilitation, or other services identified as necessary or proper to achieve and maintain competency to stand trial. The person's refusal to receive competency restoration services shall not be grounds for release or dismissal from the forensic facility.

(e) Competency restoration services shall be provided to the person at the forensic facility, or at another location as part of a discharge plan, until the person is restored to competency or until there is a final disposition of the charges against the person.

(f)(1) The Commissioner shall actively monitor compliance with orders issued pursuant to subdivision (2)(B) of subsection (b) and shall immediately return a person to the forensic facility if:

(A) the person was previously restored to competence pursuant to this section and released from the facility;

(B) the Commissioner has reason to believe that the person is again incompetent; and

(C) the person's continued release would create a substantial risk of bodily injury to another person.

(2) The Commissioner shall notify the court where the person was committed upon return of the person to the forensic facility. Upon readmission, the court shall hold a hearing at which the State's Attorney shall have the burden of establishing by clear and convincing evidence that the person is not competent. If the court finds that the person is not competent, the court shall order the person readmitted to the forensic facility for competency restoration treatment pursuant to this section. If the court finds that the person is competent, the court shall order the person restored to the status the person had when the person was returned to the facility.

(g) The Commissioner shall receive prior approval of the Criminal Division of the Superior Court where the person's underlying criminal charge is pending for any competency restoration plan involving involuntary medication. The court shall not approve involuntary medication unless the court finds that:

(1) the involuntary medication is medically appropriate;

(2) the involuntary medication serves the important governmental interests of bringing to trial an individual accused of a serious crime and ensuring a fair, timely prosecution;

(3) the involuntary medication significantly furthers these important governmental interests by making it substantially likely to render the defendant competent to stand trial; and

(4) any alternative, less intrusive treatments are unlikely to achieve the same results.

Sec. 2. 13 V.S.A. § 4817 is amended to read:

§ 4817. COMPETENCY TO STAND TRIAL; DETERMINATION;
DISMISSAL

* * *

(e) When a person has been found incompetent to stand trial for an alleged misdemeanor offense, the charges against the person shall be dismissed without prejudice if, after the finding of incompetence, the case remains inactive for a continuous period of time equal to or greater than the maximum sentence for the offense. Dismissal under this section shall not be required if the court finds that dismissing the case would be contrary to the interests of justice.

Sec. 3. 13 V.S.A § 4819a is added to read:

§ 4819a. FORENSIC FACILITY PLACEMENT FOR PERSONS
ACQUITTED OF CERTAIN CRIMES

(a) A person who is charged with an offense punishable by a life sentence and is found not guilty only by reason of insanity at the time of the offense charged shall be committed to a forensic facility pursuant to this section. This section shall not be construed to prohibit the temporary transfer of a person requiring inpatient treatment through an order of hospitalization pursuant to 18 V.S.A. § 7619 or section 4822 of this title.

(b)(1) A hearing shall be held by the court where the person was tried within 48 hours following admission to the forensic facility, unless that period is extended by the court.

(2) Prior to the date of the hearing, the court shall order that a forensic risk assessment of the person be conducted that includes:

(A) the person's history and present dangerousness;

(B) a description of any tests that were employed and the results of the tests;

(C) the examiner's findings; and

(D) the examiner's opinion as to whether the person's release would create a substantial risk of bodily injury to another person.

(3)(A) At the hearing, the court shall order the person committed to the forensic facility if the State's Attorney establishes by clear and convincing evidence that the person is suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person.

(B) If the court finds that the State's Attorney has not established by clear and convincing evidence that the person is suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person, the court shall enter an order releasing the person pursuant to subdivision (e)(2) of this section.

(c) A person committed to the forensic facility pursuant to this section shall not be released until the court finds pursuant to subsection (e) of this section that the person is no longer suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person.

(d) The Commissioner of Corrections shall, taking into account the least restrictive conditions applicable, provide adequate care and individualized treatment at the forensic facility to persons ordered committed pursuant to this section. In order that the Commissioner may adequately determine the nature of the person's condition and needs, all persons committed pursuant to this section shall be promptly examined by qualified personnel in order to provide a proper evaluation, diagnosis, and treatment plan.

(e)(1)(A)(i) The State's Attorney shall petition the committing court for evaluation of the person not less often than the shorter of either:

(I) every six months after the date that the person is committed pursuant to subdivision (b)(3)(A) of this section; or

(II) certification to the Commissioner of Corrections by the forensic facility's clinical services director that the person is no longer suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person.

(ii) The Commissioner of Corrections shall provide all reports required under this section to the State's Attorney, who shall file them with the petition.

(B) A person committed pursuant to subdivision (b)(3)(A) of this section may petition the committing court for release on the grounds that the person is no longer suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person. A petition shall not be filed pursuant to this subdivision (B) until at least 90 days after the issuance of the commitment order.

(2) If the reviewing court finds by clear and convincing evidence that the person is no longer suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person, the court shall:

(A) order the release of the person under a prescribed regimen of medical, psychiatric, or psychological care or treatment that the forensic facility's clinical services director has certified as appropriate and that has been found by the court to be appropriate; and

(B) order, as an explicit condition of release, that the person comply with the prescribed regimen of medical, psychiatric, or psychological care or treatment together with any other conditions appropriate to protect the public.

(3) If the court finds that the person is suffering from a qualifying condition that, upon the person's release, would create a substantial risk of bodily injury to another person, the court shall deny the petition and order the person committed to the forensic facility for continued treatment pursuant to this section.

(f) The Commissioner shall actively monitor compliance with orders issued pursuant to subdivision (e)(2) of this section and shall immediately return the person to the forensic facility if the Commissioner determines that the person is noncompliant with the order and that the noncompliance may create a risk of bodily injury to another person. The Commissioner shall notify the court where the person was committed upon return of the person to the forensic facility. Upon readmission, the court shall hold a hearing at which the State's Attorney shall have the burden of establishing by a preponderance of the evidence that the person was noncompliant with the court's order for conditional release and that the noncompliance creates a risk of bodily injury to another person.

(g) At any hearing under this section, the victim may express the victim's views concerning the offense and preferences for the person's placement and care, and the court may consider the victim's testimony.

Sec. 4. 13 V.S.A. § 4826 is added to read:

§ 4826. FORENSIC FACILITY; DEFINITIONS

(a)(1) As used in this chapter:

(A) "Forensic facility" means a locked facility or placement that:

(i) the Department of Corrections provides for the secure evaluation, treatment, and care of persons involved in the legal system who do not require a hospitalization level of care; and

(ii) is required for the custody, control, correctional treatment, and rehabilitation of persons transferred pursuant to subsections 4815a(a) and 4819a(a) of this title.

(B) "Qualifying condition" means any condition whether mental, congenital, or traumatic, however acquired or developed, or any other circumstance that resulted in the person being determined:

(i) incompetent to stand trial; or

(ii) not guilty by reason of insanity.

(2) The evaluations required by this chapter may be conducted pursuant to contracts entered into between the Commissioner of General Services and evaluation providers.

(b) The Commissioner of Corrections shall establish and operate a locked secure forensic facility for the secure evaluation, treatment, and care of persons who have been transferred pursuant to subsections 4815a(a) and 4819a(a) of this title. The forensic facility shall not refuse any persons it is ordered to admit, and it shall not require any clinical or diagnostic prerequisites for admission. All forensic, clinical, and competency restoration services provided at the forensic facility shall be overseen by a clinical services director.

(c) Any records related to a person placed at the forensic facility shall be exempt from public inspection and copying under the Public Records Act and shall be kept confidential, except that:

(1) the records shall be made available to the parties in the underlying criminal case upon request; and

(2) the person's health care providers may, with the person's permission, view forensic facility records of the person's psychiatric assessments at the facility, including assessments of the person's competency to stand trial and criminal responsibility.

(d) Persons shall be admitted to and maintained at the forensic facility pursuant to sections 4815a and 4819a of this title, and in proceedings under those sections shall be entitled to have counsel appointed from Vermont Legal Aid to represent them.

(e) The Commissioner of Corrections shall regularly consult with the Commissioner of Mental Health when performing the duties required by this chapter for operating the forensic facility.

(f) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25 to implement this section.

Sec. 5. RULEMAKING; FORENSIC FACILITY

Pending the adoption of permanent rules pursuant to 3 V.S.A. chapter 25 to implement the provisions of Secs. 1–4 of this act, the Commissioner of Corrections shall adopt emergency rules pursuant to 3 V.S.A. § 844 on or before January 1, 2027, which shall be deemed to meet the emergency rulemaking standard in 3 V.S.A. § 844(a).

Sec. 6. Rule 1101 of the Vermont Rules of Evidence is amended to read:

RULE 1101. APPLICABILITY OF RULES

(a) Rules applicable. Except as otherwise provided in subdivision (b), these rules apply to all actions and proceedings in the courts of this state.

(b) Rules inapplicable. The rules other than those with respect to privileges do not apply in the following situations:

* * *

(3) Miscellaneous Proceedings. Proceedings for extradition or rendition; inquest proceedings; except as otherwise provided by statute or rule promulgated by the Supreme Court, sentencing or granting or revoking probation; proceedings concerning competency restoration; granting or revoking conditional release from a forensic facility; finding probable cause for arrests without warrant and issuance of citations, warrants for arrest, criminal summonses, and search warrants.

* * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 4-1-0)

Reported favorably by Senator Lyons for the Committee on Appropriations.

The Committee recommends that the bill ought to pass when amended as recommended by the Committee on Judiciary.

(Committee vote: 6-0-1)

UNFINISHED BUSINESS OF WEDNESDAY, MARCH 25, 2026

Second Reading

Favorable with Recommendation of Amendment

S. 142.

An act relating to a pathway to licensure for internationally trained physicians and medical graduates.

Reported favorably with recommendation of amendment by Senator Benson for the Committee on Health and Welfare.

The Committee recommends that the bill be amended by striking out Sec. 4, effective dates, and inserting in lieu thereof two new sections to be Secs. 4 and 5 to read as follows:

Sec. 4. ALTERNATIVE PATHWAY TO LICENSURE FOR
INTERNATIONALLY TRAINED PHYSICIANS AND
MEDICAL GRADUATES; REPORT

(a) On or before January 15, 2027, the Department of Health, in collaboration with the Board of Medical Practice, shall provide to the House Committees on Health Care and on Government Operations and Military Affairs and the Senate Committees on Health and Welfare and on Government Operations a report detailing a pathway to licensure for internationally trained physicians and medical graduates as an alternative to the pathway established in Sec. 2 of this act. The report shall include the following information:

(1) a summary of other states' processes for licensing internationally trained physicians and medical graduates to practice medicine and, if available, data on the outcomes of these processes and related programs;

(2) a description of the external resources needed to evaluate the education, experience, and examinations of internationally trained physicians and medical graduates and the availability of these resources;

(3) a proposal for licensing internationally trained physicians and medical graduates to practice medicine in Vermont, including potential qualifications and supervision requirements for licensure, a summary of any additional resources and statutory authority needed, and a plan and timeline for implementing the licensing program; and

(4) any additional information that the Department deems relevant to a robust consideration of the issues related to licensing internationally trained physicians and medical graduates to practice medicine in Vermont.

(b) In preparing the report required by this section, the Department shall consult with other states that have implemented licensing programs for internationally trained physicians and medical graduates; the Vermont chapter of the NAACP; third-party credentialing services; the Vermont Medical Society; the Vermont Association of Hospitals and Health Systems; and other advocacy organizations, researchers, and other entities whose expertise is relevant to developing the report.

Sec. 5. EFFECTIVE DATES

(a) Secs. 1 (26 V.S.A. § 1391) and 2 (26 V.S.A. chapter 23, subchapter 3B) shall take effect on July 1, 2028.

(b) Sec. 3 (rulemaking) shall take effect on July 1, 2027.

(c) Secs. 4 (alternative pathway to licensure for internationally trained physicians and medical graduates; report) and this section shall take effect on passage.

(Committee vote: 5-0-0)

Reported favorably by Senator Gulick for the Committee on Finance.

The Committee recommends that the bill ought to pass when amended as recommended by the Committee on Health and Welfare.

(Committee vote: 6-0-1)

Reported favorably by Senator Lyons for the Committee on Appropriations.

The Committee recommends that the bill ought to pass when amended as recommended by the Committee on Health and Welfare.

(Committee vote: 5-0-2)

S. 190.

An act relating to the Green Mountain Care Board, reference-based pricing, and hospital outsourcing of clinical care.

Reported favorably with recommendation of amendment by Senator Lyons for the Committee on Health and Welfare.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Reference-Based Pricing * * *

Sec. 1. 18 V.S.A. § 9376(e) is amended to read:

(e) Reference-based pricing.

* * *

(3)(A) The Board shall begin implementing reference-based pricing as soon as practicable but not later than hospital fiscal year 2027 by establishing the maximum amounts that Vermont hospitals shall accept as payment in full for items provided and services delivered. After initial implementation, the Board shall review the reference-based prices for each hospital annually as part

of the hospital budget review process set forth in chapter 221, subchapter 7 of this title.

(B) The Board, in collaboration with the Department of Financial Regulation, shall monitor the implementation of reference-based pricing to ensure that any decreases in amounts paid to hospitals also result in decreases in health insurance premiums. The Board shall post its findings regarding the alignment between price decreases and premium decreases annually on its website.

(C)(i) For provider contracts entered into, amended, or renewed on or after October 1, 2026, each hospital and health insurer shall begin expressing as a percentage of Medicare or of another benchmark, if another benchmark is deemed appropriate by the Green Mountain Care Board, the rates for items and services identified pursuant to a collaborative process between the Board and representatives of Vermont hospitals.

(ii) When making public the charges for items and services pursuant to 45 C.F.R. Part 180, each hospital shall include in its machine-readable files pricing information shown as a percentage of Medicare rates, as well as in dollars and cents, disaggregated by payer and by plan.

(iii) For purposes of subdivisions (i) and (ii) of this subdivision (3)(C), a hospital may express rates as a percentage of Medicare based on the actual reimbursement amounts the hospital receives from Medicare for items provided and services delivered to Medicare beneficiaries until such time as the Green Mountain Care Board adopts a rule establishing the methodology for determining Medicare rates for use as a benchmark in establishing reference-based prices pursuant to this subsection (e).

(D)(i) Each hospital shall apply for, obtain, and use a unique National Provider Identifier (NPI) on all claims filed after October 1, 2027, for reimbursement or payment of items provided and services delivered at an off-campus department of the hospital that is distinct from the NPI used for services delivered at the main hospital campus or at any other off-campus hospital department.

(ii) As used in this subdivision (D):

(I) “Campus” has the same meaning as in 42 C.F.R. § 413.65.

(II) “Off-campus” means a facility located more than 250 yards from the main hospital campus.

* * *

Sec. 2. 33 V.S.A. § 1815 is added to read:

§ 1815. LIMITATIONS ON HOSPITAL REIMBURSEMENTS

(a)(1) As used in this section, “Medicare adjusted base rate” means the standardized Medicare payment amount for a hospital inpatient, outpatient, or professional service as determined under the Medicare program, calculated prior to the application of any hospital-specific, patient-specific, or policy-based payment adjustments and reflecting only the core payment methodology used by the Centers for Medicare and Medicaid Services to establish baseline payment levels, which include adjustments for geographic factors such as wages.

(2) For items provided and services delivered at a critical access hospital, the Medicare adjusted base rate shall be determined under the applicable Medicare prospective payment system, using the Medicare payment methodology that would apply if the hospital were not designated as a critical access hospital.

(b)(1) A registered carrier shall not reimburse or agree to reimburse a hospital more than 250 percent of the Medicare adjusted base rate for any item provided or service delivered in Vermont to an enrollee in a qualified health benefit plan.

(2) In the event that a registered carrier reimburses a hospital for an item or service on a capitated or other non-fee-for-service basis, the carrier shall ensure that its reimbursement method is adjusted to account for the reimbursement limit set forth in subdivision (1) of this subsection.

(c) The reimbursement limit set forth in subsection (b) of this section shall apply until the applicability date specified in the Green Mountain Care Board rule establishing the reference-based pricing methodology for all items provided and services delivered in Vermont hospitals.

(d) A hospital or hospital provider that is reimbursed in accordance with subsection (b) of this section shall not charge or collect from the patient any additional amounts other than the cost-sharing amounts authorized by the terms of the health benefit plan.

(e) In its reviews of premium rates in accordance with 8 V.S.A. § 4026, the Green Mountain Care Board shall ensure that the limitations on reimbursements established in this section are appropriately reflected in the premium rates for qualified health benefit plans.

Sec. 3. 18 V.S.A. chapter 221, subchapter 7 is amended to read:

Subchapter 7. Hospital Budgets and Budget Review

§ 9451. DEFINITIONS

As used in this subchapter:

* * *

(4)(A) “Medicare adjusted base rate” means the standardized Medicare payment amount for a hospital inpatient, outpatient, or professional service as determined under the Medicare program, calculated prior to the application of any hospital-specific, patient-specific, or policy-based payment adjustments and reflecting only the core payment methodology used by the Centers for Medicare and Medicaid Services to establish baseline payment levels, which include adjustments for geographic factors such as wages.

(B) For items provided and services delivered at a critical access hospital, the Medicare adjusted base rate shall be determined under the applicable Medicare prospective payment system, using the Medicare payment methodology that would apply if the hospital were not designated as a critical access hospital.

* * *

§ 9459. TARGETED COMMERCIAL REIMBURSEMENT RATE REDUCTIONS

(a) A hospital shall implement any commercial reimbursement rate reduction ordered by the Board pursuant to section 9456 of this title through the limitations on its commercial reimbursement rates for qualified health benefit plans in accordance with 33 V.S.A. § 1815.

(b) To the extent that a hospital is required by the Board’s budget order to reduce its commercial reimbursement rates by amounts greater than the reductions achieved pursuant to subsection (a) of this section, the hospital shall reduce its commercial reimbursement rates that exceed 500 percent of the Medicare adjusted base rate or, if the hospital does not have any commercial reimbursement rates that exceed 500 percent of the Medicare adjusted base rate, by reducing its commercial reimbursement rates that are the highest in relation to the Medicare adjusted base rate.

(c) If a hospital demonstrates to the Board that the limitations on the hospital’s reimbursement rates for qualified health plans set forth in 33 V.S.A. § 1815 or pursuant to this section are having a negative impact on access to care, the quality of care, or the sustainability of rural health care services, or a combination of these, the hospital may propose to increase the commercial reimbursement rates for one or more of its service lines, such as primary care, and the Board shall consider both the demonstrated impact and the proposed increase to reimbursement rates.

Sec. 4. IMPLEMENTATION OF REFERENCE-BASED PRICING FOR
CERTAIN PUBLIC EMPLOYEE HEALTH PLANS; REPORT

(a) The Green Mountain Care Board, in consultation with the Departments of Financial Regulation and of Human Resources and the Vermont Education Health Initiative (VEHI), shall analyze commercial health insurance claims for inpatient and outpatient hospital items provided and services delivered to active and retired members and their dependents enrolled in the State Employees' Health Benefit Plan and in the health benefit plans offered to teachers and other school employees through VEHI to determine the opportunities available through the use of reference-based pricing and the projected impact on Vermont's hospitals. VEHI, the Department of Human Resources, and the administrator of the State Employees' Health Benefit Plan shall provide the Board with access to the claims data necessary to perform the analysis.

(b) On or before January 15, 2027, the Green Mountain Care Board shall provide to the House Committee on Health Care and the Senate Committee on Health and Welfare the Board's findings and any recommendations with respect to scope, timing, financial impacts, and other considerations in implementing reference-based pricing for items provided and services delivered to enrollees in the State Employees' Health Benefit Plan and in the health benefit plans offered by VEHI.

* * * Hospital Outsourcing * * *

Sec. 5. HOSPITAL OUTSOURCING; HOSPITAL BUDGETS;
PROVIDER TAXES; REPORT

(a) For fiscal year 2027 hospital budgets, the Green Mountain Care Board shall direct hospitals to provide such information as the Board may require regarding the clinical services that the hospital outsources to external entities.

(b) On or before January 15, 2027, the Green Mountain Care Board, after consulting with hospitals and their contracted independent providers and assessing the impact of outsourcing on access to and the quality and availability of care, shall provide findings and recommendations regarding hospital outsourcing to the House Committee on Health Care and the Senate Committee on Health and Welfare. In addition, the Board, in collaboration with the Agency of Human Services, shall report on the extent to which hospital outsourcing affects provider tax revenue and recommend any necessary modifications to 33 V.S.A. chapter 19, subchapter 2 to appropriately reflect expenditures for patient care at Vermont hospitals.

* * * Excluding Reference-Based Pricing from Scope of Health Care
Professional Bargaining * * *

Sec. 6. 18 V.S.A. § 9409 is amended to read:

§ 9409. HEALTH CARE PROVIDER BARGAINING GROUPS

(a) The Green Mountain Care Board may approve the creation of one or more health care provider bargaining groups, consisting of health care providers who choose to participate. A bargaining group is authorized to negotiate on behalf of all participating providers with the Secretary of Administration, the Secretary of Human Services, the Green Mountain Care Board, or the Commissioner of Labor with respect to any matter in this chapter; chapter 13, 219, 220, or 222 of this title; 21 V.S.A. chapter 9; and 33 V.S.A. chapters 18 and 19 with respect to provider regulation, provider reimbursement, administrative simplification, information technology, workforce planning, or quality of health care.

(b) The Green Mountain Care Board shall adopt by rule criteria for forming and approving bargaining groups and criteria and procedures for negotiations authorized by this section.

(c) The rules relating to negotiations shall include a nonbinding arbitration process to assist in the resolution of disputes. Nothing in this section shall be construed to limit the authority of the Secretary of Administration, the Secretary of Human Services, the Green Mountain Care Board, or the Commissioner of Labor to reject the recommendation or decision of the arbiter.

(d) Notwithstanding any provisions of this section to the contrary, the Green Mountain Care Board shall not be required to negotiate with a provider bargaining group or engage in a nonbinding arbitration process in connection with the Board's establishment of reference-based prices in accordance with subdivision 9375(b)(1)(A), subdivision 9375(b)(5), or section 9376 of this title.

* * * Appeals of Green Mountain Care Board Orders * * *

Sec. 7. 18 V.S.A. § 9381 is amended to read:

§ 9381. APPEALS

(a) The Green Mountain Care Board shall adopt procedures ~~for administrative appeals of its actions, orders, or other determinations. Such procedures shall~~ that provide for the issuance of a final order and for the creation of a record sufficient to serve as the basis for judicial review of the

Board's final actions, orders, and other determinations pursuant to subsection (b) of this section.

(b) Any person aggrieved by a final action, order, or other determination of the Green Mountain Care Board may, ~~upon exhaustion of all administrative appeals available pursuant to subsection (a) of this section,~~ appeal to the Supreme Court pursuant to the Vermont Rules of Appellate Procedure.

* * *

* * * Data Infrastructure * * *

Sec. 8. 18 V.S.A. § 9411 is amended to read:

§ 9411. INTERACTIVE PRICE TRANSPARENCY DASHBOARD AND
HEALTH SYSTEM PERFORMANCE TOOL

(a)(1) The Green Mountain Care Board shall develop and maintain a public, interactive, ~~Internet-based~~ internet-based price transparency dashboard that allows consumers to compare health care prices for certain health care services across the State. Using data from the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) established pursuant to section 9410 of this title, the dashboard shall provide the range of actual allowed amounts for selected health care services, showing both the amount paid by the health insurer or other payer and the amount of the member's responsibility, and shall allow the consumer to sort the information by geographic location, by health care provider, by payer type, and by the specific health care procedure or health care service. The Board shall provide a link on the dashboard to the statewide comparative hospital quality report published by the Commissioner of Health pursuant to section 9405b of this title.

~~(b)(2)~~ The Board shall update the information in the interactive price transparency dashboard at least annually.

(b)(1) The Board shall develop and maintain a public, interactive tool that displays information on health system performance, including information regarding quality, access, and affordability.

(2) The Board shall update the information in the health system performance tool on a regular basis, to the extent operationally feasible.

Sec. 9. IMPLEMENTATION OF HEALTH SYSTEM PERFORMANCE
TOOL

The Green Mountain Care Board shall develop the health system performance tool described in 18 V.S.A. § 9411(b), as added by Sec. 8 of this act, only if the Board receives sufficient funding from the federal government or another source for this purpose.

* * * Public Employee Health Benefit Authority Study Committee * * *

Sec. 10. PUBLIC EMPLOYEE HEALTH BENEFIT AUTHORITY
STUDY COMMITTEE; STATE TREASURER; REPORT

(a) Creation. There is created the Public Employee Health Benefit Authority Study Committee to evaluate opportunities to establish a State authority to develop and administer comprehensive and affordable health benefits for all public-sector employees in Vermont.

(b) Membership. The Study Committee shall be composed of the following members, who shall each be appointed by the entities they represent:

(1) the State Treasurer or designee;

(2) one member representing the Vermont State Employees' Association;

(3) one member representing the Vermont-National Education Association;

(4) one member representing the American Federation of Teachers;

(5) one member representing the United Electrical Workers;

(6) one member representing the American Federation of State, County and Municipal Employees;

(7) one member representing the Vermont School Boards Association;

(8) one member representing the Vermont League of Cities and Towns;

(9) one member representing the Vermont State College system;

(10) one member representing the University of Vermont; and

(11) one member representing the Department of Human Resources.

(c) Powers and duties; report.

(1) The Study Committee shall consider the topics set forth in this subsection and produce a report regarding the potential for establishing the Public Employee Health Benefit Authority to provide and administer health plans that would meet the health care and wellness needs of Vermont's municipal, State, public school, and public college and university employees and their dependents, including addressing all the following:

(A) the manner in which health benefits are provided to public employees in other states, including Oregon and Washington;

(B) the similarities and differences in the level and scope of coverage provided by current health plans offered to public employees;

(C) the similarities and differences in the current service or contractual agreements negotiated by public-sector parties with commercial health insurers, third-party administrators, and independent clinical and analytical vendors;

(D) uniform design, coordination, and administration of medical and pharmaceutical health plans, care networks, wellness initiatives, and medical privacy protections;

(E) uniform standards and protocols for contract review and negotiations with hospital facilities, nonhospital health care providers, commercial health insurers, third-party administrators, independent clinical and analytical vendors, and pharmacy benefit managers;

(F) streamlined, auditable processes to confirm the integrity and accuracy of billing from and reimbursements to hospitals, nonhospital health care providers, and vendors;

(G) opportunities to secure substantial and sustainable cost reductions for employees, employers, and taxpayers;

(H) monitoring and management of fiduciary risk;

(I) Public Employee Health Benefit Authority governance structures, deliberative processes, and equality of decision making by employer and organized labor representatives; staff positions; member and patient advocacy; and problem resolution on behalf of employees and employers;

(J) uniform standards and systems for collecting, analyzing, and securely transmitting data on clinical, utilization, quality of care, and other essential metrics to support health benefit plan management and vendor needs;

(K) opportunities to expand participant access to primary care, mental health, and community-based health care services; redirect care from hospitals and their emergency departments to less costly settings; and improve chronic disease management and medication therapy adherence; and

(L) alignment of Public Employee Health Benefit Authority operations and health benefit plans with the transition to reference-based pricing, global hospital budgets, and regional care transformations directed by acts of the General Assembly, including 2024 Acts and Resolves No. 134 and 2025 Acts and Resolves Nos. 55 and 68.

(2) The Study Committee shall provide recommendations regarding:

(A) a detailed blueprint, with timelines, to design, build, and launch the Public Employee Health Benefit Authority;

(B) the need, if any, for independent consultants or advisory personnel for establishing the Public Employee Health Benefit Authority and, going forward, to support its mission, on a regular or intermittent basis; and

(C) the projected costs of creating and annually funding the Public Employee Health Benefit Authority.

(3) On or before February 15, 2027, the Study Committee shall submit a report detailing the information set forth in subdivisions (1) and (2) of this subsection to the General Assembly and the Governor.

(d) Assistance. The Study Committee shall have the administrative, technical, and legal assistance of the Office of the State Treasurer and may engage the services of one or more consultants or firms to assist with facilitating meetings and public hearings and preparing its report.

(e) Meetings.

(1) The State Treasurer or designee shall call the first meeting of the Study Committee to occur on or before August 15, 2026.

(2) The State Treasurer or designee shall be the chair.

(3) A majority of the membership shall constitute a quorum.

(4) The Study Committee shall cease to exist on March 1, 2027.

(f) Public hearings. The Study Committee shall schedule public hearings, both remote and in person, to allow public-sector employers and employees the opportunity to share their health care needs and concerns with the Study Committee before the issuance of the Study Committee's report.

(g) Access to information. Commercial health insurers, third-party administrators, the Vermont Education Health Initiative (VEHI), and clinical and analytical vendors that serve the public sector shall provide full and timely access to the Study Committee, with appropriate nondisclosure agreements in place as needed, to:

(1) their service contracts or agreements with relevant public-sector entities; and

(2) any data, including claims, actuarial, financial, and other data, that the Study Committee requests.

(h) Compensation and reimbursement. Members of the Study Committee shall not receive per diem compensation and reimbursement of expenses for their participation on the Study Committee.

(i) Appropriation. The sum of \$50,000.00 is appropriated to the Office of the State Treasurer from the General Fund in fiscal year 2027 to pay for the services of one or more consultants or firms.

* * * Effective Date * * *

Sec. 11. EFFECTIVE DATE

This act shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to the Green Mountain Care Board, reference-based pricing, and studying the creation of a Public Employee Health Benefit Authority”

(Committee vote: 5-0-0)

Reported favorably with recommendation of amendment by Senator Lyons for the Committee on Appropriations.

The Committee recommends that the bill be amended as recommended by the Committee on Health and Welfare, with the following amendments thereto:

In Sec. 10, Public Employee Health Benefit Authority Study Committee; State Treasurer; report, in subsection (d), by inserting before the period “, to the extent funds are made available for this purpose” and by striking out subsection (i) in its entirety

(Committee vote: 6-0-1)

Amendment to the recommendation of amendment of the Committee on Health and Welfare to S. 190 to be offered by Senators Lyons, Benson, Cummings, Gulick and Morley

Senators Lyons, Benson, Cummings, Gulick, and Morley move that the report of the Committee on Health and Welfare, as amended by the Committee on Appropriations, be further amended as follows:

First: By striking out Sec. 2, 33 V.S.A. § 1815, in its entirety and inserting in lieu thereof a new Sec. 2 to read as follows:

Sec. 2. 33 V.S.A. § 1815 is added to read:

§ 1815. LIMITATIONS ON HOSPITAL REIMBURSEMENTS

(a) As used in this section, “actual hospital-specific Medicare reimbursement rate” means the actual reimbursement amount that a hospital receives from Medicare for items provided and services delivered to Medicare beneficiaries.

(b)(1) A registered carrier shall not reimburse or agree to reimburse a hospital more than 225 percent of the hospital’s actual hospital-specific

Medicare reimbursement rate for any item provided or service delivered in Vermont to an enrollee in a qualified health benefit plan issued pursuant to this subchapter.

(2) In the event that a registered carrier reimburses a hospital for an item or service on a capitated or other non-fee-for-service basis, the carrier shall ensure that its reimbursement method is adjusted to account for the reimbursement limit set forth in subdivision (1) of this subsection.

(c) The reimbursement limit set forth in subsection (b) of this section shall remain in effect unless and until the Green Mountain Care Board establishes a different reference-based price pursuant to 18 V.S.A. § 9376(e).

(d) A hospital or hospital provider that is reimbursed in accordance with subsection (b) of this section shall not charge or collect from the patient any additional amounts other than the cost-sharing amounts authorized by the terms of the health benefit plan.

(e) In its reviews of premium rates in accordance with 8 V.S.A. § 4026, the Green Mountain Care Board shall ensure that the limitations on reimbursements established in this section are appropriately reflected in the premium rates for qualified health benefit plans.

Second: In Sec. 3, 18 V.S.A. chapter 221, subchapter 7, in section 9459, by striking out subsection (c) in its entirety and inserting in lieu thereof a new subsection (c) to read as follows:

(c) Except as provided in subsections (a) and (b) of this section and in 33 V.S.A. § 1815, a hospital may increase the commercial reimbursement rates for one or more of its service lines, such as primary care, provided that in doing so the hospital remains compliant with the total budget ordered for the hospital by the Board pursuant to section 9456 of this subchapter.

S. 198.

An act relating to the regulation and taxation of tobacco products and tobacco substitutes.

Reported favorably with recommendation of amendment by Senator Chittenden for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 7 V.S.A. chapter 40 is amended to read:

CHAPTER 40. TOBACCO PRODUCTS

§ 1001. DEFINITIONS

As used in this chapter:

* * *

(5) “Tobacco license” means a license issued by the Division of Liquor Control under this chapter permitting the licensee to engage in the importation, distribution, wholesale sale, or retail sale, or a combination of these, of tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia.

* * *

(8)(A) “Tobacco substitute” means products, including any product that meets all of the following conditions:

(i) The product is manufactured from, is derived from, or contains tobacco or nicotine, whether natural or synthetic, including nicotine alkaloids and nicotine analogs.

(ii) The product is intended for human consumption by smoking, chewing, inhaling, sucking, absorbing, or consuming in any other manner.

(iii) The product is not a tobacco product, as defined in this section.

(B) The term “tobacco substitute” includes electronic cigarettes or and other electronic or battery-powered devices; that contain or are designed to deliver nicotine or other substances into the body through the inhalation of vapor and that have not been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes. The term also includes nicotine pouches and any liquids, whether nicotine based or not, and delivery devices sold separately for use with a tobacco substitute.

(C) Cannabis products as defined in section 831 of this title or products that have been approved by the U.S. Food and Drug Administration for tobacco cessation or other medical purposes shall not be considered to be tobacco substitutes.

(9) “Licensed wholesale dealer” means a wholesale dealer licensed under the provisions of this chapter.

(10) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for

the purpose of resale, but not by small quantity or parcel to consumers of these products.

(11) "Wholesale dealer's license" means the license granted under the provisions of this chapter to a wholesale dealer for a wholesale outlet.

(12) "Wholesale outlet" means any premises where cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco products are sold, transferred, displayed, or held for sale by a wholesale dealer.

(13) "Wholesale price" means the price at which a licensed wholesale dealer sells or furnishes cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco products to any retail dealer.

§ 1002. LICENSE REQUIRED FOR RETAIL SALE; APPLICATION;
FEE; ISSUANCE

(a)(1) Except as provided in subsection (h) of this section, no person shall engage in the retail sale of tobacco products, tobacco substitutes, or tobacco paraphernalia in the person's place of business without a tobacco license obtained from the Division of Liquor Control.

(2) No person shall engage in the retail sale of tobacco substitutes without also obtaining a tobacco substitute endorsement from the Division of Liquor Control.

(3) Tobacco licenses and tobacco substitute endorsements shall expire at midnight, April 30, of each year.

(b)(1) The Board shall prepare and issue tobacco license and tobacco substitute endorsement forms and applications. ~~These shall be incorporated into the liquor license forms and applications prepared and issued under this title.~~

(2) The licenses issued under this section shall be entitled "LIQUOR LICENSE," ~~"LIQUOR-TOBACCO LICENSE,"~~ or "TOBACCO LICENSE," as applicable. The endorsements issued under this section shall be entitled "TOBACCO SUBSTITUTE ENDORSEMENT."

(3) The Board shall also provide simple instructions for licensees, designed to assist them in complying with the provisions of this chapter.

(c) Each tobacco license and tobacco substitute endorsement shall be prominently displayed on the premises identified in the license.

(d)(1) For a license or endorsement required under this section, a person shall apply to the legislative body of the municipality and shall pay the following fees:

(A) to the Division of Liquor Control, the applicable liquor license fee provided in section 204 of this title for a liquor license and a tobacco license;

(B) to the legislative body of the municipality, a fee of ~~\$110.00~~ \$1,000.00 for a tobacco license or renewal; and

(C) to the legislative body of the municipality, a fee of ~~\$50.00~~ \$1,000.00 for a tobacco substitute endorsement as provided in subdivision (a)(2) of this section.

(2) The municipal clerk shall forward the application to the Division, and the Division shall issue the tobacco license and the tobacco substitute endorsement, as applicable, and shall forward all fees to the Commissioner for deposit in the Liquor Control Enterprise Fund.

(e) A person who sells tobacco products, tobacco substitutes, or tobacco paraphernalia without obtaining a tobacco license and a tobacco substitute endorsement, as applicable, in violation of this section shall be ~~guilty of a misdemeanor and fined~~ subject to a civil penalty of not more than ~~\$200.00~~ \$2,000.00 for the first offense and not more than ~~\$500.00~~ \$5,000.00 for each subsequent offense.

(f) No individual under 16 years of age may sell tobacco products, tobacco substitutes, or tobacco paraphernalia.

(g) No person shall engage in the importation, distribution, wholesale sale, or retail sale, or a combination of these, of tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia in the State unless the person is a licensed wholesale dealer ~~as defined in 32 V.S.A. § 7702~~ or has purchased the tobacco products, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia from a licensed wholesale dealer.

(h) This section shall not apply to a cannabis establishment licensed pursuant to chapter 33 of this title to engage in the retail sale of cannabis products as defined in section 831 of this title but not engaged in the sale of tobacco products or tobacco substitutes.

* * *

§ 1002b. WHOLESALE DEALERS; LICENSE REQUIRED

(a) License required. Each wholesale dealer shall secure a license from the Division of Liquor Control before engaging in the business of selling tobacco products or tobacco substitutes in this State. Licensed wholesale dealers shall

sell these products only to other Vermont licensed wholesale dealers or to retailers licensed pursuant to section 1002 of this chapter.

(b) Application for and issuance of license.

(1) A separate application and license shall be required for each wholesale outlet when a wholesale dealer owns or controls more than one such outlet.

(2) A wholesale license shall be issued by the Division upon application without charge, on forms prescribed by the Division, stating the name and address of the applicant, the address of the place of business at which the applicant proposes to engage in the wholesale business, the type of business, and such other information as the Division may require for the proper administration of this chapter. Each license issued pursuant to this section shall be prominently displayed on the premises covered by the license.

(c) Penalties for sales without license. Any licensed wholesale dealer who sells, offers for sale, or possesses with intent to sell tobacco products or tobacco substitutes without having first obtained a license as provided in this section shall be fined not more than \$2,000.00 for the first offense and not more than \$5,000.00 for each subsequent offense.

(d) Term of license. Each license issued under the provisions of this section shall be valid as long as the licensee continues to do business at the place named unless revoked or suspended by the Division as provided in subsection (e) of this section. If the business with respect to which the license was issued is sold or transferred or if the licensee ceases to do business at the place named, the license shall immediately be returned to the Division for cancellation.

(e) Revocation or suspension of license. The Division may revoke or suspend the license of any licensed wholesale dealer for failure to comply with any provision of this chapter, 11 V.S.A. chapter 15, 32 V.S.A. chapter 205, or 33 V.S.A. chapter 19, subchapter 1B.

* * *

~~§ 1005. PERSONS UNDER 21 YEARS OF AGE; POSSESSION OF
TOBACCO PRODUCTS; MISREPRESENTING AGE OR
PURCHASING TOBACCO PRODUCTS; PENALTY~~

~~(a)(1) A person under 21 years of age shall not possess, purchase, or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia unless:~~

~~(A) the person is an employee of a holder of a tobacco license and is in possession of tobacco products, tobacco substitutes, or tobacco paraphernalia to effect a sale in the course of employment; or~~

~~(B) the person is in possession of tobacco products or tobacco paraphernalia in connection with Indigenous cultural tobacco practices.~~

~~(2) A person under 21 years of age shall not misrepresent his or her age to purchase or attempt to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia.~~

~~(b) A person who possesses tobacco products, tobacco substitutes, or tobacco paraphernalia in violation of subsection (a) of this section shall be subject to having the tobacco products, tobacco substitutes, or tobacco paraphernalia immediately confiscated and shall be further subject to a civil penalty of \$25.00. An action under this subsection shall be brought in the same manner as a traffic violation pursuant to 23 V.S.A. chapter 24.~~

~~(c) A person under 21 years of age who misrepresents the person's age by presenting false identification to purchase tobacco products, tobacco substitutes, or tobacco paraphernalia shall be subject to a civil penalty of not more than \$50.00 or provide up to 10 hours of community service, or both. [Repealed.]~~

* * *

§ 1007. FURNISHING TOBACCO TO PERSONS INDIVIDUALS UNDER 21 YEARS OF AGE; PENALTIES; REPORT

(a) A person that sells or furnishes tobacco products, tobacco substitutes, or tobacco paraphernalia to a person under 21 years of age shall be subject to a civil penalty of not more than ~~\$100.00~~ \$1,000.00 for the first offense and ~~not more than \$500.00,~~ a civil penalty and license suspension or revocation as set forth in subdivision (b)(2) of this section. An action under this section shall be brought in the same manner as for a traffic violation pursuant to 23 V.S.A. chapter 24 and shall be brought within 24 hours ~~of following~~ the occurrence of the alleged violation.

(b)(1) The Division of Liquor Control shall conduct or contract for compliance tests of tobacco licensees as frequently and as comprehensively as necessary to ensure consistent statewide compliance with the prohibition on sales to persons under 21 years of age of at least 90 percent for buyers who are between 17 and 20 years of age. An individual under 21 years of age participating in a compliance test shall not be in violation of section 1005 of this title.

(2) Any violation by a tobacco licensee of subsection 1003(a) of this title ~~and or~~ this section after a sale violation or during a compliance test conducted within six months ~~of~~ after a previous violation shall be considered a multiple violation and shall result in the following civil penalties and minimum license suspension suspensions or license revocation, in addition to any other penalties available under this title. ~~Minimum license suspensions for multiple violations shall be assessed as follows:~~

(A) ~~two violations~~ second violation: suspension for two consecutive weekdays and \$1,000.00 civil penalty;

(B) ~~three violations~~ 15-day third violation: suspension for 15 consecutive days and \$2,000.00 civil penalty;

(C) ~~four violations~~ 90-day fourth violation: suspension for 90 consecutive days and \$3,500.00 civil penalty; and

(D) ~~five violations~~ one-year suspension fifth violation: revocation of license and \$5,000.00 civil penalty.

* * *

§ 1009. CONTRABAND AND SEIZURE

(a) Any cigarettes or other tobacco products or tobacco substitutes that have been sold, offered for sale, or possessed for sale in violation of section 1003, 1010, or 1013 of this title, 20 V.S.A. § 2757, 32 V.S.A. § 7786, or 33 V.S.A. § 1919, and any commercial cigarette rolling machines possessed or utilized in violation of section 1011 of this title, shall be deemed contraband and shall be subject to seizure by the Commissioner, the Commissioner's agents or employees, the Commissioner of Taxes, or any agent or employee of the Commissioner of Taxes, or by any law enforcement officer of this State when directed to do so by the either Commissioner or by the Department of Liquor and Lottery. All ~~cigarettes or other tobacco products~~ items seized under this subsection shall be destroyed at the expense of the violator, and disposition shall be in compliance with the Agency of Natural Resources, Hazardous Waste Management Regulations (CVR 12-032-001).

(b)(1) Any person in possession of property considered contraband under this section shall be fined not more than \$1,000.00 nor less than \$500.00 per item.

(2) Any vehicle, aircraft or watercraft, or other conveyance in which property considered contraband under this section is found may be seized and subject to forfeiture and condemnation pursuant to sections 570 and 572–574 of this title.

§ 1010. INTERNET SALES

* * *

(b) No person shall cause cigarettes, roll-your-own tobacco, little cigars, snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia, ordered or purchased by mail or through a computer network, telephonic network, or other electronic network, to be shipped to anyone other than a licensed wholesale dealer ~~or retail dealer~~ in this State.

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

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

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

(2) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed \$5,000.00 for each violation. For purposes of this subsection, each shipment or transport of cigarettes, roll-your-own tobacco, little cigars, ~~or snuff, tobacco substitutes, substances containing nicotine or otherwise intended for use with a tobacco substitute, or tobacco paraphernalia~~ shall constitute a separate violation.

* * *

§ 1013. DECEPTIVE TOBACCO PRODUCTS AND TOBACCO SUBSTITUTES PROHIBITED

No person shall market, promote, label, brand, advertise, distribute, offer for sale, or sell a tobacco product or tobacco substitute by:

(1) imitating a product that is not a tobacco product or tobacco substitute, including:

(A) a food or brand of food commonly marketed to minors, including candy, desserts, cereal, and beverages;

(B) school supplies commonly used by minors, including erasers, highlighters, pens, and pencils;

(C) portable devices, including smartphones, smartwatches, video games or video game consoles, and inhalers; and

(D) a product based on or depicting a character, personality, or symbol known to appeal to minors, including a celebrity; a character in a comic book, movie, television show, or video game; or a mythical creature;

(2) concealing the nature of the tobacco product or tobacco substitute;
or

(3) using terms for, describing, or depicting a product described in subdivision (1) of this section.

§ 1014. USE OF FUNDS FROM LICENSING FEES, PENALTIES, AND SETTLEMENTS

All penalties collected from violations of this chapter, all monies received by the State from settlements based on violations or alleged violations of Vermont laws relating to tobacco, and all revenue generated from licensing fees established in this chapter that exceed the amounts necessary for administration and enforcement of this chapter shall be deposited in the Tobacco Trust Fund established in 18 V.S.A. § 9502 and used for tobacco cessation and prevention activities.

Sec. 2. 3 V.S.A. § 167a is amended to read:

§ 167a. COMPLEX LITIGATION SPECIAL FUND

* * *

(b) The Fund shall consist of:

(1) Such sums as may be appropriated or transferred by the General Assembly.

(2) Settlement monies other than consumer restitution collected by the Office of the Attorney General, except for those recoveries that by law are transferred or appropriated for other uses pursuant to 7 V.S.A. § 1014 or 9 V.S.A. § 2458(b)(4), and subject to the Fund balance cap in subsection (c) of this section.

* * *

Sec. 3. 18 V.S.A. § 9502 is amended to read:

§ 9502. TOBACCO TRUST FUND

(a)(1) The Tobacco Trust Fund is established in the Office of the State Treasurer for the purposes of creating a self-sustaining, perpetual fund for tobacco cessation and prevention that is not dependent upon tobacco sales volume.

(2) The Trust Fund shall be composed of:

(A) transfers made by the General Assembly; ~~and~~

(B) penalties and settlement amounts for violations or alleged violations of tobacco laws and tobacco licensing fees pursuant to 7 V.S.A. § 1014; and

(C) contributions from any other source.

* * *

Sec. 4. 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 Department of Liquor and Lottery, if such return or information is for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40.

* * *

Sec. 5. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

As used in this chapter unless the context otherwise requires:

(1) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco; ~~and~~

(B) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(C) any roll of tobacco wrapped in substance containing tobacco that, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in subdivision (A) of this subdivision (1).

* * *

(5) “Licensed wholesale dealer” ~~shall mean~~ means a wholesale dealer licensed under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b.

* * *

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

(16) “Wholesale dealer” means a person who imports or causes to be imported into the State any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not by small quantity or parcel to consumers ~~thereof~~ of these products.

(17) “Wholesale dealer’s license” ~~shall mean~~ means the license granted under the provisions of ~~this chapter~~ 7 V.S.A. § 1002b to a wholesale dealer for a wholesale outlet.

* * *

Sec. 6. 32 V.S.A. § 7776 is amended to read:

§ 7776. COLLECTION OF CIGARETTE TAX THROUGH
NONRESIDENT LICENSED WHOLESALE DEALERS

* * *

(d) Any person complying with the provisions of this section shall thereupon become a licensed wholesale dealer within the meaning of 7 V.S.A. chapter 40 and this chapter and shall be subject to all provisions of ~~the chapter~~ both chapters applicable to wholesale dealers, including the furnishing of a bond specified in ~~subchapter 2~~ section 7703 of this chapter.

Sec. 7. 32 V.S.A. § 7821 is amended to read:

§ 7821. CRIMINAL PENALTIES

Any person who shall fail, neglect, or refuse to comply with or shall violate the provisions of this chapter relating to the tax on tobacco products or the rules adopted by the Commissioner under this chapter relating to such tax shall be guilty of a misdemeanor and upon conviction for a first offense shall be sentenced to pay a fine of not more than \$250.00 or to be imprisoned for not more than 60 days, or both, such fine and imprisonment in the discretion of the court, and for a second or subsequent offense shall be sentenced to pay a fine of not less than \$250.00 nor more than \$500.00 or be imprisoned for not more than six months, or both, such fine and imprisonment in the discretion of the court. This section shall not apply to violations of ~~sections 7731–7734 and section 7776~~ of this title.

Sec. 8. REDESIGNATION

32 V.S.A. § 7737 (licensed wholesale dealers; bonding) is redesignated as 32 V.S.A. § 7703.

Sec. 9. REPEALS

32 V.S.A. §§ 7731–7736 (licensure of wholesale dealers) are repealed.

Sec. 10. INVESTIGATOR POSITION CREATED; APPROPRIATION; REPORT

(a) One new permanent classified position, Investigator, is established in the Department of Liquor and Lottery to enforce, and to investigate potential violations of, Vermont laws relating to online sales and other direct-to-consumer sales and delivery of alcohol and tobacco products, including 7 V.S.A. §§ 277, 279, 280, and 1010.

(b)(1) The sum of \$160,000.00 is appropriated to the Department of Liquor and Lottery from the Tobacco Litigation Settlement Fund in fiscal year 2027 to fund the Investigator position established in subsection (a) of this section.

(2) It is the intent of the General Assembly that the position established in subsection (a) of this section should be funded from the Tobacco Litigation Settlement Fund for fiscal years 2027 and 2028. It is also the intent of the General Assembly that, beginning in fiscal year 2029, the funding for the Investigator position should be built into base funding for the Department of Liquor and Lottery's budget, with the amount of the salary and benefits for the Investigator position offset by an equivalent amount of the revenue generated to the Department or to the Office of the Attorney General, or both, by the Investigator's activities in enforcing and in investigating violations of Vermont law, with the remainder of the revenue deposited into the General Fund.

(c) If the revenue generated by the Investigator's activities becomes insufficient to cover the cost of the position in the future, the Department of

Liquor and Lottery shall propose eliminating the position as part of its next budget or budget adjustment presentation to the General Assembly.

(d)(1) On or before March 15, 2027, the Department of Liquor and Lottery shall provide an update to the House Committees on Government Operations and Military Affairs and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding the status of its implementation of the new Investigator position.

(2) Annually on or before December 15, the Department of Liquor and Lottery shall report to the House Committees on Government Operations and Military Affairs and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare on the impact of the Investigator's activities on compliance with Vermont's laws relating to direct-to-consumer sales and delivery of alcohol and tobacco products.

Sec. 11. TAXATION OF TOBACCO SUBSTITUTES; TAX STAMPS;
REPORT

(a) The Department of Taxes, in collaboration with the Department of Liquor and Lottery and the Office of the Attorney General and in consultation with wholesale dealers and other interested stakeholders, shall:

(1) identify efficient and effective processes by which to impose taxes on tobacco substitutes, as defined in 7 V.S.A. § 1001, based on the concentration of nicotine they contain; and

(2) evaluate the continued use of tax stamps as evidence of payment of the excise tax on cigarettes, little cigars, and roll-your-own tobacco in this State and consider the advantages and disadvantages of alternative approaches of certifying tax compliance.

(b) On or before January 15, 2027, the Department of Taxes shall provide its findings and recommendations for taxing tobacco substitutes based on nicotine concentration and regarding the continued use of tax stamps, including proposed next steps and legislative needs, to the House Committees on Human Services and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs; on Finance; and on Health and Welfare.

Sec. 12. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that:

(1) in Sec. 1 (7 V.S.A. chapter 40), § 1002b (wholesale dealers; license required) shall take effect on July 1, 2027;

(2) in Sec. 5 (32 V.S.A. § 7702), the amendments to subdivisions (5) (definition of “licensed wholesale dealer”) and (17) (definition of “wholesale dealer’s license”) shall take effect on July 1, 2027;

(3) Secs. 6 (32 V.S.A. § 7776), 7 (32 V.S.A. § 7821), 8 (redesignation), and 9 (repeals) shall take effect on July 1, 2027; and

(4) the first report under Sec. 10(d)(2) shall be due on or before December 15, 2027.

and that after passage the title of the bill be amended to read: “An act relating to the regulation of tobacco products and tobacco substitutes”

(Committee vote: 4-1-0)

Reported favorably with recommendation of amendment by Senator Chittenden for the Committee on Finance.

The Committee recommends that the bill be amended as recommended by the Committee on Economic Development, Housing and General Affairs, with the following amendments thereto:

First: In Sec. 1, 7 V.S.A. chapter 40, in section 1002, in subdivision (d)(1), by striking out subdivisions (B) and (C) in their entireties and inserting in lieu thereof new subdivisions (B) and (C) to read as follows:

(B) to the legislative body of the municipality, a fee of ~~\$110.00~~ \$150.00 for a tobacco license or renewal; and

(C) to the legislative body of the municipality, a fee of ~~\$50.00~~ \$75.00 for a tobacco substitute endorsement as provided in subdivision (a)(2) of this section.

Second: In Sec. 1, 7 V.S.A. chapter 40, in section 1002b, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

(b) Application for and issuance of license.

(1) A separate application and license shall be required for each wholesale outlet when a wholesale dealer owns or controls more than one such outlet. The license fee shall be \$1,245.00 for each outlet.

(2) A wholesale license shall be issued by the Division upon application on forms prescribed by the Division, stating the name and address of the applicant, the address of the place of business at which the applicant proposes to engage in the wholesale business, the type of business, and such other information as the Division may require for the proper administration of this chapter. Each license issued pursuant to this section shall be prominently displayed on the premises covered by the license.

Third: In Sec. 1, 7 V.S.A. chapter 40, in section 1002b, in subsection (c), by striking out “fined” following “shall be” and inserting in lieu thereof “subject to a civil penalty of”

(Committee vote: 5-1-1)

Reported without recommendation by Senator Perchlik for the Committee on Appropriations.

(Committee vote: 3-2-2)

Amendment to the recommendation of amendment of the Committee on Economic Development, Housing and General Affairs to S. 198 to be offered by Senators Perchlik, Baruth, Brennan, Norris and Westman

Senators Perchlik, Baruth, Brennan, Norris and Westman move to amend the recommendation of amendment of the Committee on Economic Development, Housing and General Affairs, as amended by the Committee on Finance, as follows:

First: In Sec. 1, 7 V.S.A. chapter 40, by striking out section 1014, use of funds from licensing fees, penalties, and settlements, in its entirety

Second: By striking out Secs. 2, 3 V.S.A. § 167a, and 3, 18 V.S.A. § 9502, in their entireties and inserting in lieu thereof new Secs. 2 and 3 to read as follows:

Sec. 2. [Deleted.]

Sec. 3. [Deleted.]

Third: By striking out Sec. 10, investigator position created; appropriation; report, in its entirety and inserting in lieu thereof a new Sec. 10 to read as follows:

Sec. 10. [Deleted.]

Fourth: In Sec. 12, effective dates, in subdivision (2), by inserting after the semicolon “and”; in subdivision (3), by striking out “; and” at the end and inserting in lieu thereof a period; and by striking out subdivision (4) in its entirety

S. 214.

An act relating to the provision of prekindergarten education in geographically isolated school districts.

Reported favorably with recommendation of amendment by Senator Heffernan for the Committee on Education.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 16 V.S.A. § 829 is amended to read:

§ 829. PREKINDERGARTEN EDUCATION

* * *

(i) Notwithstanding any provision of law to the contrary, the NEK Choice School District may provide prekindergarten education to eligible prekindergarten students by paying tuition pursuant to this section to one or more prekindergarten programs operated by a public school in New Hampshire that is located in a school district within 25 miles of the Vermont border. The Essex North Supervisory Union shall be responsible for administering enrollment procedures and managing prekindergarten tuition payments pursuant to this section and State Board of Education rules. The superintendent may apply for and receive a waiver from the Agency of Education and Agency of Human Services of any rule provision that is impractical for the NEK Choice School District or the New Hampshire program by demonstrating that a substantially equivalent provision is offered.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 6-0-0)

Reported favorably by Senator Beck for the Committee on Finance.

The Committee recommends that the bill ought to pass when amended as recommended by the Committee on Education.

(Committee vote: 5-0-2)

Reported favorably by Senator Brennan for the Committee on Appropriations.

The Committee recommends that the bill ought to pass when amended as recommended by the Committee on Education.

(Committee vote: 5-0-2)

NEW BUSINESS

Third Reading

S. 64.

An act relating to amendments to the scope of practice for optometrists.

S. 278.

An act relating to cannabis.

Amendment to S. 278 to be offered by Senator Chittenden before Third Reading

Senator Chittenden moves that the bill be amended as follows:

First: By inserting a Sec. 10a and a reader assistance heading to read as follows:

* * * 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.~~

* * *

Second: In Sec. 30, effective dates, by relettering subsection (c) to be subsection (d) and inserting a new subsection (c) to read as follows:

(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 Business Development Fund for purposes of replacing the reduction in fee revenue from outdoor cultivators.

NOTICE CALENDAR

Senate Resolution for Second Reading

Favorable

S.R. 24.

Senate resolution reaffirming the abiding friendship between the State of Vermont and the Republic of China (Taiwan) on the 27th anniversary of the Vermont-Taiwan sister-state relationship and supporting enhanced Vermont-Taiwan bilateral relations and Taiwan's participation in international organizations.

Reported favorably by Senator Brock for the Committee on Economic Development, Housing and General Affairs.

(Committee vote: 5-0-0)

ORDERED TO LIE

S. 26.

An act relating to prohibiting certain artificial dyes in foods and beverages served or sold at school.

CONCURRENT RESOLUTIONS FOR ACTION

Concurrent Resolutions For Action Under Joint Rule 16

The following joint concurrent resolutions have been introduced for approval by the Senate and House. They will be adopted by the Senate unless a Senator requests floor consideration before the end of the session. Requests for floor consideration should be communicated to the Secretary's Office.

H.C.R. 230-238 (For text of Resolutions, see Addendum to House Calendar for March 26, 2026)

CONFIRMATIONS

The following appointment will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission and the Cannabis Control Board, underlined below, shall be fully and separately acted upon.

Mike Donohue of Shelburne, VT – Member of the Vermont Economic Progress Council – By Senator Mattos for the Committee on Finance (February 27, 2026)

PUBLIC HEARINGS

Announcement: Public Hearing on Community Safety Concerns

The House and Senate Committees on Judiciary will hold a **public hearing on March 31 from 5:00 p.m. to 7:00 p.m.** in the House chamber of the State House. Those interested in testifying may attend the hearing in person or virtually.

The Committees will take testimony on community safety concerns arising from the March 11, 2026, protest and immigration enforcement action in South Burlington. **Anyone interested in testifying must sign up in advance of the hearing through the following online form no later than 5:00 p.m. on March 30.** For those planning to testify, instructions on how to access and participate in the hearing will be sent the morning of the hearing. Each participant will be given 2 minutes to testify.

Online sign-up form: <https://legislature.vermont.gov/links/public-hearing-on-community-safety-concerns>

For those not planning to testify, the hearing will be available to watch live on YouTube using the following link:

<https://legislature.vermont.gov/committee/streaming/house-judiciary>

Written testimony is encouraged and can be submitted through email to testimony@leg.state.vt.us or mailed to the House/Senate Committee on Judiciary, c/o Megan Cannella, 115 State Street, Montpelier, VT 05633. For

more information about the format of this event, contact Megan Cannella at Megan.Cannella@vtleg.gov.

JFO NOTICE

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3):

JFO #3273: \$29,303,666.00 to the Public Service Department, Office of Economic Opportunity from the U.S. Department of Energy. The Home Energy Rebate Program funds will be used to weatherize low-income homes. The first-year distribution is \$14,133.00 with subsequent yearly awards through May 31, 2029, for a total of \$29,303,666.00.

[Received March 9, 2026]

JFO #3274: \$50,000.00 to the Vermont Secretary of State's office from the Vermont Community Foundation. Funds are for the Local Civic Journalism program to support the State of Vermont Local Journalism Awards. This award expands the Local Journalism grants in the FY26 Secretary of State's budget.

[Received March 16, 2026]

JFO #3275: \$250,000.00 to the Vermont Police Academy, Criminal Justice Training Council from the U.S. Department of Justice, Office of Community Oriented Policing Services. Funds to support curriculum development of de-escalation of volatile and high-risk situations.

[Received March 16, 2026]

FOR INFORMATION ONLY

CROSSOVER DATES

The Joint Rules Committee established the following crossover deadlines:

(1) All **Senate/House** bills must be reported out of the last committee of reference (including the Committees on Appropriations and Finance/Ways and Means, except as provided below in (2) and the exceptions listed below) on or before **Friday, March 13, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day. Committee bills must be voted out of Committee by **Friday, March 13, 2026**.

(2) All **Senate/House** bills referred pursuant to Senate Rule 31 or House Rule 35(a) to the Committees on Appropriations and Finance/Ways and Means must be reported out by the last of those committees on or before **Friday, March 20, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

Note: The Senate will not act on bills that do not meet these crossover deadlines, without the consent of the Senate Rules Committee.

Exceptions to the foregoing deadlines include the major money bills (the General Appropriations Bill (“The Big Bill”), the Transportation Capital Bill, the Capital Construction Bill, and the Fee/Revenue Bills).