

1 Introduced by Representative Birong of Vergennes  
2 Referred to Committee on  
3 Date:  
4 Subject: Cannabis; cannabis establishments  
5 Statement of purpose of bill as introduced: This bill proposes to clarify that  
6 cannabis possessed unlawfully in violation of administrative rules adopted by  
7 the Cannabis Control Board may be seized by law enforcement and is subject  
8 to forfeiture; to require fingerprint-based state and national criminal history  
9 record check on any person prior to issuance of a cannabis establishment  
10 identification card; to amend the definition of “hemp” to comport with the  
11 Title 6 definition; to require the Board to adopt rules for cannabis retailers  
12 regarding requirements and criteria governing licensee applications to change  
13 ownership, control, or location; to authorize the Board to repeat criminal  
14 background checks; to establish a procedure for receivership of a cannabis  
15 establishment for a period of time in cases of death, disability, bankruptcy,  
16 insolvency, receivership, assignment for the benefit of creditors, shareholder or  
17 LLC member disputes, license interruption, or other exceptional circumstances  
18 rendering one or more owners incapable of performing, or ineligible to  
19 perform, the duties of a licensee; to establish a new trim and harvest service  
20 license with an annual fee of \$500.00; to require cannabis cultivators to include  
21 on cannabis packaging a “harvested on” date reflecting the date the cultivator

1 harvested the cannabis and a “packed on” date reflecting the date the product  
2 was packaged for sale; to require cannabis retailers that collect cannabis excise  
3 tax to inform the Department of Taxes before transferring the business to a  
4 new entity; and to create a new position, Enforcement Attorney, within the  
5 Cannabis Control Board.

6 An act relating to miscellaneous cannabis amendments

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

8 Sec. 1. 7 V.S.A. § 832 is amended to read:

9 § 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO SEIZURE  
10 AND FORFEITURE

11 Cannabis possessed unlawfully in violation of this title or administrative  
12 rules adopted pursuant to this title may be seized by law enforcement and is  
13 subject to forfeiture.

14 Sec. 2. 7 V.S.A. § 844 is amended to read:

15 § 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

16 (a) The Board shall establish a user agreement with the Vermont Crime  
17 Information Center in accordance with 20 V.S.A. chapter 117 for the purpose  
18 of obtaining Vermont criminal history records, out-of-state criminal history  
19 records, and criminal history records from the Federal Bureau of Investigation

1 as required by chapters 33 (cannabis establishments) and 37 (medical cannabis  
2 dispensaries) of this title.

3 (b) A fingerprint-based state and national criminal history record check  
4 shall be conducted for each natural person prior to being issued a cannabis  
5 establishment identification card pursuant to chapter 33 (cannabis  
6 establishments) of this title or a medical cannabis dispensary identification  
7 card pursuant to chapter 37 (medical cannabis dispensaries) of this title. The  
8 Board may require that such record checks be completed as a condition  
9 precedent to license renewal.

10 Sec. 3. 7 V.S.A. § 861(23) is amended to read:

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

19 (B) Notwithstanding subdivision (A) of this subdivision (23), “hemp  
20 products” and “hemp-infused products” do not include any substance,  
21 manufacturing intermediary, or product that:

- 1                    (i) is prohibited or deemed a regulated cannabis product by  
2                    administrative rule of the Cannabis Control Board; or  
3                    (ii) contains more than 0.3 percent total tetrahydrocannabinol on a  
4                    dry-weight basis.

5                    (C) A hemp-derived product or substance that is excluded from the  
6                    definition of “hemp products” or “hemp-infused products” pursuant to  
7                    subdivision (B) of this subdivision (23) shall be considered a cannabis product  
8                    as defined by 7 V.S.A. § 831(3); provided, however, that a person duly  
9                    licensed or registered by the Cannabis Control Board lawfully may possess  
10                   such products in conformity with the person’s license or hemp processor  
11                   registration.

12                   Sec. 4. 7 V.S.A. § 881 is amended to read:

13                   § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

16                   (1) Rules concerning any cannabis establishment shall include:

17                   (A) the form and content of license and renewal applications;

18                   (B) qualifications for licensure that are directly and demonstrably  
19                   related to the operation of a cannabis establishment, including:

20                   (i) a requirement to submit an operating plan, which shall include  
21                   information concerning:

1 (I) the type of business organization, the identity of its  
2 controlling owners and principals, and the identity of the controlling owners  
3 and principals of its affiliates; and

4 (II) the sources, amount, and nature of its capital, assets, and  
5 financing; the identity of its financiers; and the identity of the controlling  
6 owners and principals of its financiers;

7 (ii) a requirement to file an amendment to its operating plan in the  
8 event of a significant change in organization, operation, or financing; and

9 (iii) the requirement for a fingerprint-based criminal history record  
10 check and regulatory record check pursuant to section 883 of this title;

11 (C) oversight requirements, including provisions to ensure that a  
12 licensed establishment complies with State and federal regulatory requirements  
13 governing insurance, securities, workers' compensation, unemployment  
14 insurance, and occupational health and safety;

15 (D) inspection requirements;

16 (E) records to be kept by licensees and the required availability of the  
17 records;

18 (F) employment and training requirements;

19 (G) security requirements, including any appropriate lighting,  
20 physical security, video, and alarm requirements;

21 (H) health and safety requirements;

1 (I) regulation of additives to cannabis and cannabis products,  
2 including cannabidiol derived from hemp and substances that are toxic or  
3 designed to make the product more addictive, more appealing to persons under  
4 21 years of age, or to mislead consumers;

5 (J) procedures for seed-to-sale traceability of cannabis, including any  
6 requirements for tracking software;

7 (K) regulation of the storage and transportation of cannabis;

8 (L) sanitary requirements;

9 (M) procedures for the renewal of a license, which shall allow  
10 renewal applications to be submitted up to 90 days prior to the expiration of  
11 the cannabis establishment’s license;

12 (N) procedures for suspension and revocation of a license;

13 (O) requirements for banking and financial transactions, including  
14 provisions to ensure that the Board, the Department of Financial Regulation,  
15 and financial institutions have access to relevant information concerning  
16 licensed establishments to comply with State and federal regulatory  
17 requirements;

18 (P) disclosure or eligibility requirements for a financier, its owners  
19 and principals, and its affiliates, which may include:

20 (i) requirements to disclose information to a licensed  
21 establishment, the Board, or the Department of Financial Regulation;







1 because of ~~his or her~~ the applicant's criminal history record based on factors  
2 that demonstrate whether the applicant presently poses a threat to public safety  
3 or the proper functioning of the regulated market. Nonviolent drug offenses  
4 shall not automatically disqualify an applicant.

5 (c) Notwithstanding subsection (a) of this section or subsection 844(b) of  
6 this title, if required records are not reasonably available to the Board due to  
7 circumstances beyond its control, with the consent of the applicant, the Board  
8 may accept third-party criminal background checks ~~submitted by an applicant~~  
9 ~~for a cannabis establishment license or renewal in lieu of obtaining the records~~  
10 ~~from the Vermont Crime Information Center a copy of the person's Vermont~~  
11 ~~fingerprint-based criminal history records, out of state criminal history~~  
12 ~~records, and criminal history records from the Federal Bureau of Investigation~~  
13 from a reputable commercial provider. Any such third-party background  
14 check shall:

15 ~~(1) be conducted by a third-party consumer reporting agency or~~  
16 ~~background screening company that is in compliance with the federal Fair~~  
17 ~~Credit Reporting Act; and~~

18 ~~(2) include a multistate and multi-jurisdiction criminal record locator.~~  
19 Consumer credit scores shall not be a basis for license denial.

1 Sec. 6. 7 V.S.A. § 884 is amended to read:

2 § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

3 (a) Every owner, principal, and employee of a cannabis establishment shall  
4 obtain an identification card issued by the Board. A person may apply for an  
5 identification card prior to obtaining employment with a licensee. An  
6 employee identification card shall authorize the person to work for any  
7 licensee.

8 (b)(1)(A) Prior to issuing the identification card to an owner or principal of  
9 a cannabis establishment, the Board shall obtain from the Vermont Crime  
10 Information Center a copy of the person’s Vermont fingerprint-based criminal  
11 history records, out-of-state criminal history records, and criminal history  
12 records from the Federal Bureau of Investigation.

13 (B) Prior to issuing the identification card to an employee of a  
14 cannabis establishment, the Board shall obtain a copy of a fingerprint-based  
15 identity history summary record from the Federal Bureau of Investigation.

16 (2) The Board shall adopt rules that set forth standards for determining  
17 whether a person should be denied a cannabis establishment identification card  
18 because of ~~his or her~~ the person’s criminal history record based on factors that  
19 demonstrate whether the applicant presently poses a threat to public safety or  
20 the proper functioning of the regulated market. Nonviolent drug offenses shall  
21 not automatically disqualify an applicant.

1 (c) Once an identification card application has been submitted, ~~a person~~ the  
2 Board, for good cause, may serve issue a temporary permit authorizing the  
3 applicant to serve as an employee of a cannabis establishment pending the  
4 background check, provided the person is supervised ~~in his or her duties~~ by  
5 someone who is a cardholder. ~~The Board shall issue a temporary permit to the~~  
6 ~~person for this purpose, which shall expire upon the issuance of the~~  
7 ~~identification card or disqualification of the person in accordance with this~~  
8 ~~section~~ Good cause exists if, among other reasons, the application is  
9 reasonably expected to take more than 12 days to process.

10 (d) An identification card shall expire one year after its issuance or, in the  
11 case of owners and principals, upon the expiration of the cannabis  
12 establishment’s license, whichever occurs first.

13 Sec. 7. 7 V.S.A. § 886 is added to read:

14 § 886. RECEIVERSHIP; SPECIAL PERMITTING; IMMUNITY

15 (a) When a cannabis establishment becomes distressed, it may abruptly  
16 lose authority or ability to possess commercial quantities of cannabis. It is the  
17 purpose of this section to empower the Civil Division of the Superior Court  
18 and the Board to oversee the orderly unwinding of cannabis establishments,  
19 including lawful disposition of inventory in lieu of forfeiture, in case of  
20 functional distress or interruption in active licensure.

1       (b)(1) An individual may be appointed as receiver, representative, executor,  
2       administrator, guardian, conservator, trustee, or assignee, to temporarily  
3       operate a cannabis establishment on the licensed premises for a period of time  
4       determined by the Board in cases of death, disability, bankruptcy, insolvency,  
5       receivership, assignment for the benefit of creditors, shareholder or LLC  
6       member disputes, license interruption, or other exceptional circumstances  
7       rendering one or more owners incapable of performing, or ineligible to  
8       perform, the duties of a licensee. Such appointee shall be at least 21 years of  
9       age.

10       (2)(A) Such appointee shall not be permitted to conduct licensed  
11       activities without the express authorization of the Board, which may be granted  
12       upon submission and approval of a written request for the authority to  
13       temporarily conduct licensed activities. The written request shall include  
14       information or disclosures required by the Board, including:

- 15               (i) name;  
16               (ii) valid identification;  
17               (iii) phone number;  
18               (iv) mailing address;  
19               (v) email address;  
20               (vi) Social Security number;

1                    (vii) the name of the person on whose behalf the appointee is  
2 appointed;

3                    (viii) proof that such appointee is the legal receiver,  
4 representative, executor, administrator, guardian, conservator, trustee, or  
5 assignee, and;

6                    (ix) any direct or indirect interests held by that appointee in a  
7 cannabis license, registration or permit.

8                    (B) The Board may adopt rules governing appointment and the  
9 process and qualifications.

10                   (3) Authorization to conduct licensed activities by the appointee is  
11 conditioned on compliance with these regulations, including restrictions on  
12 ownership and other interests, approval by the Board, and the authorization  
13 shall not constitute a guarantee of license issuance or renewal by the Board.

14                   (4) Any licensee or person who files, or against whom is filed, any  
15 action or proceeding, or who seeks an appointment, as set forth in subdivision  
16 (1) of this subsection, is required to serve the Board with original notice of the  
17 action or proceeding and provide the Board with opportunity to be heard  
18 regarding the appointment. Such notice shall be provided to employees upon  
19 commencement of such proceeding for a receivership. A licensee surrendering  
20 its license shall provide its employees any lawfully required warnings of  
21 closures and layoffs.

1        (c) When no licensed custodian can be found to take custody of or transport  
2        cannabis or cannabis products, the Board, in its sole discretion, may issue a  
3        special permit temporarily authorizing an unlicensed designee of suitable  
4        ability and judgment to possess, transport, or dispose of cannabis and cannabis  
5        products as specified by the terms of the permit. The permit shall be printed  
6        on official Board letterhead, bear the signature of the Chair of the Board, state  
7        clearly a means of prompt authentication by law enforcement and licensees,  
8        and specify start and end dates and times.

9        (d) A person acting as a duly appointed receiver or in conformity with the  
10       terms of a special Board permit issued pursuant to subsection (c) of this section  
11       shall be immune from civil and criminal liability in relation to possession,  
12       transportation, or transfer of cannabis within the borders of this State. The  
13       Board shall not be liable for economic losses resulting from forfeiture, seizure,  
14       sequestration, sale stoppage, transportation, storage, or destruction of cannabis  
15       or cannabis products.

16       Sec. 8. 7 V.S.A. § 901 is amended to read:

17       § 901. GENERAL PROVISIONS

18       (a) Except as otherwise permitted by law, a person shall not engage in the  
19       cultivation, preparation, processing, packaging, transportation, testing, or sale  
20       of cannabis or cannabis products without obtaining a license from the Board.

1 (b) All licenses shall be valid for one year and expire at midnight on the  
2 eve of the anniversary of the date the license was issued. A licensee may apply  
3 to renew the license annually.

4 (c) Applications for licenses and renewals shall be submitted on forms  
5 provided by the Board and shall be accompanied by the fees provided for in  
6 section 910 of this title.

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

8 (A) a cultivator license;

9 (B) a propagator license;

10 (C) a wholesaler license;

11 (D) a product manufacturer license;

12 (E) a retailer license;

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

14 (G) a trim and harvest service license; and

15 (H) an integrated license.

16 (2)(A) The Board shall develop tiers for:

17 (i) cultivator licenses based on the plant canopy size of the  
18 cultivation operation or plant count for breeding stock; and

19 (ii) retailer licenses.

20 (B) The Board may develop tiers for other types of licenses.

1           (3)(A) Except as provided in subdivisions (B) and (C) of this  
2 subdivision (3), an applicant and its affiliates may obtain a maximum of one  
3 type of each type of license as provided in subdivisions (1)(A)–~~(F)~~(G) of this  
4 subsection (d). Each license shall permit only one location of the  
5 establishment, however a trim and harvest service licensee may provide  
6 services at multiple other licensed cannabis establishments.

7           (B) An applicant and its affiliates that control a dispensary registered  
8 on April 1, 2022 may obtain one integrated license provided in subdivision  
9 (1)~~(G)~~(H) of this subsection (d) or a maximum of one of each type of license  
10 provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated  
11 licensee may not hold a separate cultivator, propagator, wholesaler, product  
12 manufacturer, retailer, or testing laboratory license, and no applicant or its  
13 affiliates that control a dispensary shall hold more than one integrated license.  
14 An integrated license shall permit only one location for each of the types of  
15 activities permitted by the license: cultivation, propagator, wholesale  
16 operations, product manufacturing, retail sales, and testing.

17           (C) An applicant and its affiliates may obtain multiple testing  
18 laboratory licenses.

19           (e) A dispensary that obtains a retailer license or an integrated license  
20 pursuant to this chapter shall maintain the dispensary and retail operations in a



1 manner that protects patient and caregiver privacy in accordance with rules  
2 adopted by the Board.

3 (f) Each licensee shall obtain and maintain commercial general liability  
4 insurance in accordance with rules adopted by the Board. Failure to provide  
5 proof of insurance to the Board, as required, may result in revocation of the  
6 license.

7 (g) All licenses may be renewed according to procedures adopted through  
8 rulemaking by the Board.

9 (h) [Repealed.]

10 Sec. 9. 7 V.S.A. § 904 is amended to read:

11 § 904. CULTIVATOR LICENSE

12 \* \* \*

13 (d) Each cultivator shall create packaging for its cannabis.

14 (1) Packaging shall include:

15 (A) The name and registration number of the cultivator.

16 (B) The strain and variety of cannabis contained.

17 (C) The potency of the cannabis represented by the amount of  
18 tetrahydrocannabinol and cannabidiol in milligrams total and per serving.

19 (D) A ~~“produced on” date reflecting the date that the cultivator~~  
20 ~~finished producing the cannabis~~ “harvested on” date reflecting the date the

1 cultivator harvested the cannabis and a “packed on” date reflecting the date the  
2 product was packaged for sale.

3 (E) Appropriate warnings as prescribed by the Board in rule.

4 (F) Any additional requirements contained in rules adopted by the  
5 Board in accordance with this chapter. Rules shall take into consideration that  
6 different labeling requirements may be appropriate depending on whether the  
7 cannabis is sold to a wholesaler, product manufacturer, or retailer.

8 (2) Packaging shall not be designed to appeal to persons under 21 years  
9 of age.

10 \* \* \*

11 Sec. 10. 7 V.S.A. § 904b is amended to read:

12 § 904b. PROPAGATION CULTIVATOR LICENSE

13 (a) A propagation cultivator licensed under this section may:

14 (1) cultivate not more than 3,500 square feet of cannabis clones,  
15 immature cannabis plants, or mature cannabis plants;

16 (2) test, transport, and sell cannabis clones and immature cannabis  
17 plants to licensed cultivators and retailers; and

18 (3) test, transport, and sell cannabis seeds that meet the federal  
19 definition of hemp to a licensed cultivator or retailer or to the public.

1 (b) A licensed propagation cultivator shall not cultivate mature cannabis  
2 plants for the purpose of producing, harvesting, transferring, or selling  
3 cannabis flower for or to any person.

4 Sec. 11. 7 V.S.A. § 904c is added to read:

5 § 904c. TRIM AND HARVEST SERVICE LICENSE

6 A trim and harvest service licensed under this section may contract with  
7 cultivators licensed under section 904 or 904a of this chapter, on a seasonal or  
8 temporary basis, to supply specified cannabis maintenance services within the  
9 scope of each client-cultivator’s license.

10 Sec. 12. 7 V.S.A. § 910 is amended to read:

11 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

12 The following fees shall apply to each person or product licensed by the  
13 Board:

14 \* \* \*

15 (8) Trim and harvest services. Trim and harvest services shall be  
16 assessed an annual licensing fee of \$500.00.

17 (9) Employees. Cannabis establishments licensed by the Board shall be  
18 assessed ~~an annual~~ a biennial licensing fee of \$50.00 for each employee.

19 (9)(10) Products. Cannabis establishments licensed by the Board shall  
20 be assessed ~~an annual~~ a biennial product licensing fee of \$50.00 for every type  
21 of cannabis and cannabis product that is sold in accordance with this chapter.

1 The Board may issue longer product registrations, prorated at the same cost per  
2 year, for products it deems low risk and shelf stable. Such products may be  
3 defined and distinguished in readily accessible published guidance.

4 ~~(10)~~(11) Local licensing fees. Cannabis establishments licensed by the  
5 Board shall be assessed an annual local licensing fee of \$100.00 in addition to  
6 each fee assessed under subdivisions (1)–(7) of this section. Local licensing  
7 fees shall be distributed to the municipality in which the cannabis  
8 establishment is located pursuant to section 846(c) of this title.

9 ~~(11)~~(12) ~~One-time fees~~ Application fee.

10 ~~(A)~~ All applicants for a cannabis establishment license shall be  
11 assessed an initial one-time application fee of \$1,000.00.

12 ~~(B) An applicant may choose to be assessed an initial one-time intent-~~  
13 ~~to-apply fee of \$500.00. If the applicant subsequently seeks a license within~~  
14 ~~one year after paying the intent-to-apply fee, the initial one-time application~~  
15 ~~fee of \$1,000.00 shall be reduced by \$500.00.~~

16 Sec. 13. 32 V.S.A. § 3260 is amended to read:

17 § 3260. BULK SALES

18 (a) Whenever a person (transferor) required to collect or withhold a trust  
19 tax pursuant to chapter 151, 207, 225, or 233 of this title shall make any sale,  
20 transfer, long-term lease, or assignment (transfer) in bulk of any part or the  
21 whole of the assets of a business, otherwise than in the ordinary course of the

1 business, the purchaser, transferee or assignee (transferee) shall, at least 10  
2 days before taking possession of the subject of the transfer or before payment  
3 therefore if earlier, notify the Commissioner in writing of the proposed sale  
4 and of the price, terms, and conditions thereof whether or not the transferor has  
5 represented to or informed the transferee that the transferor owes any trust tax  
6 pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee has  
7 knowledge that such taxes are owed, and whether any taxes are in fact owed.

8 (b) Whenever the transferee shall fail to give notice to the Commissioner as  
9 required by subsection (a) of this section, or whenever the Commissioner shall  
10 inform the transferee that a possible claim for tax exists, any sums of money,  
11 property, or choses in action, or other consideration, which the transferee is  
12 required to transfer over to or for the transferor, shall be subject to a first  
13 priority right and lien for any taxes theretofore or thereafter determined to be  
14 due from the transferor to the State, and the transferee is forbidden to transfer  
15 the consideration to or for the transferor to the extent of the amount of the  
16 State's claim.

17 (c) For failure to comply with this section, the transferee shall be  
18 personally liable for the payment to the State of any taxes theretofore or  
19 thereafter determined to be due to the State from the transferor and the liability  
20 may be assessed and enforced in the same manner as the liability for tax under  
21 chapter 151, 207, 225, or 233.



