

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Government Operations and Military Affairs to which
3 was referred House Bill No. 321 entitled “An act relating to miscellaneous
4 cannabis amendments” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

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

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

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

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

14 § 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

15 (a) The Board shall establish a user agreement with the Vermont Crime
16 Information Center in accordance with 20 V.S.A. chapter 117 for the purpose
17 of obtaining Vermont criminal history records, out-of-state criminal history
18 records, and criminal history records from the Federal Bureau of Investigation
19 as required by chapters 33 (cannabis establishments) and 37 (medical cannabis
20 dispensaries) of this title.

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

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

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

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

20 (i) is prohibited or deemed a regulated cannabis product by
21 administrative rule of the Cannabis Control Board; or

1 (ii) contains more than 0.3 percent total tetrahydrocannabinol on a
2 dry-weight basis.

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

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

11 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

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

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

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

18 (i) a requirement to submit an operating plan, which shall include
19 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;

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(F) location or siting requirements that increase the geographic distribution of new cannabis retail establishments based on regional population, and market needs, and community input; and

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(9) Rules concerning trim and harvest services shall include:

(A) requirements for verification of the licenses of clients;

(B) essential content and permissible terms of written service contracts, including provisions for security and diversion prevention;

(C) provisions to ensure safe and lawful transportation and lodging of travelling personnel;

(D) essential content of employee health, safety, and skills training, including first aid and recognition of common pests and pathogens;

(E) requirements appropriate to minimize the risk of pest and pathogen transmission; and

(F) procedures for documenting lawful compensation.

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Sec. 5. 7 V.S.A. § 883 is amended to read:

§ 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS

(a) The Board shall obtain from the Vermont Crime Information Center a copy of a fingerprint-based Vermont criminal history records, out-of-state

1 criminal history records, and criminal history records from the Federal Bureau
2 of Investigation for each license applicant, principal of an applicant, and
3 person who controls an applicant who is a natural person. Checks may be
4 repeated for good cause or with prudent frequency as determined by the Board.

5 (b) The Board shall adopt rules that set forth standards for determining
6 whether an applicant should be denied a cannabis establishment license
7 because of ~~his or her~~ the applicant's criminal history record based on factors
8 that demonstrate whether the applicant presently poses a threat to public safety
9 or the proper functioning of the regulated market. Nonviolent drug offenses
10 shall not automatically disqualify an applicant.

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

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

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

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

7 § 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD

8 (a) Every owner, principal, and employee of a cannabis establishment shall
9 obtain an identification card issued by the Board. A person may apply for an
10 identification card prior to obtaining employment with a licensee. An
11 employee identification card shall authorize the person to work for any
12 licensee.

13 (b)(1)(A) Prior to issuing the identification card to an owner or principal of
14 a cannabis establishment, the Board shall obtain from the Vermont Crime
15 Information Center a copy of the person's Vermont fingerprint-based criminal
16 history records, out-of-state criminal history records, and criminal history
17 records from the Federal Bureau of Investigation.

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

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

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

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

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

20 **§ 886. INCAPACITY OR DISTRESS; SPECIAL PERMITTING;**

21 **IMMUNITY**

1 (a) It is the purpose of this section to authorize the Board to effectively
2 oversee cannabis establishments and the persons authorized to operate such
3 establishments in case of incapacity of a principal, dysfunction, operating
4 distress, interruption in licensure, abrupt closure, or judicial intervention
5 including receivership.

6 (b) The Board may issue a special permit temporarily authorizing a
7 licensed or unlicensed designee of suitable ability and judgment to temporarily
8 operate a cannabis establishment, or to possess, transport, or dispose of
9 cannabis and cannabis products, as specified by the terms of the permit. The
10 permit shall be printed on official Board letterhead, bear the signature of the
11 Chair of the Board, state clearly a means of prompt authentication by law
12 enforcement and licensees, and specify start and end dates and times. A
13 person’s eligibility for a permit under this subsection (b) shall not be limited by
14 subdivision 901(d)(3) of this title.

15 (c) A person acting in conformity with the terms and scope of a special
16 permit issued pursuant to subsection (b) of this section shall be immune from
17 civil and criminal liability in relation to possession, transportation, or transfer
18 of cannabis within the borders of this State. The Board shall not be liable for
19 economic losses resulting from forfeiture, seizure, sequestration, sale stoppage,
20 transportation, storage, or destruction of cannabis or cannabis products.

1 (d) If appropriate to facilitate judicial proceedings involving a cannabis
2 establishment or its principals, including an action for receivership, a State
3 court of competent jurisdiction may request that the Board determine whether a
4 person is suited by background and qualifications to hold a special permit
5 issued pursuant to subsection (b) of this section for a purpose specified by the
6 court. In the alternative, the court may ask that the Board recommend such
7 person.

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

9 § 901. GENERAL PROVISIONS

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

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

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

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

20 (A) a cultivator license;

21 (B) a propagator license;

- 1 (C) a wholesaler license;
- 2 (D) a product manufacturer license;
- 3 (E) a retailer license;
- 4 (F) a testing laboratory license; ~~and~~
- 5 (G) a trim and harvest service license; and
- 6 (H) an integrated license.

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

- 8 (i) cultivator licenses based on the plant canopy size of the
- 9 cultivation operation or plant count for breeding stock; and
- 10 (ii) retailer licenses.

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

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

18 (B) An applicant and its affiliates that control a dispensary registered
19 on April 1, 2022 may obtain one integrated license provided in subdivision
20 (1)~~(G)~~(H) of this subsection (d) or a maximum of one of each type of license
21 provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated

1 licensee may not hold a separate cultivator, propagator, wholesaler, product
2 manufacturer, retailer, or testing laboratory license, and no applicant or its
3 affiliates that control a dispensary shall hold more than one integrated license.

4 An integrated license shall permit only one location for each of the types of
5 activities permitted by the license: cultivation, propagator, wholesale
6 operations, product manufacturing, retail sales, and testing.

7 (C) An applicant and its affiliates may obtain multiple testing
8 laboratory licenses.

9 (e) A dispensary that obtains a retailer license or an integrated license
10 pursuant to this chapter shall maintain the dispensary and retail operations in a
11 manner that protects patient and caregiver privacy in accordance with rules
12 adopted by the Board.

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

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

19 (h) [Repealed.]

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

21 § 904. CULTIVATOR LICENSE

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

(1) Packaging shall include:

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

(B) The strain and variety of cannabis contained.

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

(D) A ~~“produced on” date reflecting the date that the cultivator finished producing the cannabis~~ “harvested on” date reflecting the date the cultivator harvested the cannabis and a “packed on” date reflecting the date the product was packaged for sale.

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

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

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

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

§ 904b. PROPAGATION CULTIVATOR LICENSE

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

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

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

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

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

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

12 § 904c. TRIM AND HARVEST SERVICE LICENSE

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

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

18 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

19 The following fees shall apply to each person or product licensed by the
20 Board:

21 * * *

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

3 (9) Employees. Cannabis establishments licensed by the Board shall be
4 assessed **an annual** licensing fee of \$50.00 for each employee. **The Board shall**
5 **offer one-year and two-year employee licenses.**

6 ~~(9)~~(10) Products. Cannabis establishments licensed by the Board shall
7 be assessed **an annual** product licensing fee of \$50.00 for every type of
8 cannabis and cannabis product that is sold in accordance with this chapter.
9 The Board may issue longer product registrations, prorated at the same cost per
10 year, for products it deems low risk and shelf stable. Such products may be
11 defined and distinguished in readily accessible published guidance.

12 ~~(10)~~(11) Local licensing fees. Cannabis establishments licensed by the
13 Board shall be assessed an annual local licensing fee of \$100.00 in addition to
14 each fee assessed under subdivisions (1)–(7) of this section. Local licensing
15 fees shall be distributed to the municipality in which the cannabis
16 establishment is located pursuant to section 846(c) of this title.

17 ~~(11)~~(12) ~~One-time fees~~ Application fee.

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

20 ~~(B) An applicant may choose to be assessed an initial one-time intent-~~
21 ~~to apply fee of \$500.00. If the applicant subsequently seeks a license within~~

1 ~~one year after paying the intent to apply fee, the initial one-time application~~
2 ~~fee of \$1,000.00 shall be reduced by \$500.00.~~

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

4 § 3260. BULK SALES

5 (a) Whenever a person (transferor) required to collect or withhold a trust
6 tax pursuant to chapter 151, 207, 225, or 233 of this title shall make any sale,
7 transfer, long-term lease, or assignment (transfer) in bulk of any part or the
8 whole of the assets of a business, otherwise than in the ordinary course of the
9 business, the purchaser, transferee or assignee (transferee) shall, at least 10
10 days before taking possession of the subject of the transfer or before payment
11 therefore if earlier, notify the Commissioner in writing of the proposed sale
12 and of the price, terms, and conditions thereof whether or not the transferor has
13 represented to or informed the transferee that the transferor owes any trust tax
14 pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee has
15 knowledge that such taxes are owed, and whether any taxes are in fact owed.

16 (b) Whenever the transferee shall fail to give notice to the Commissioner as
17 required by subsection (a) of this section, or whenever the Commissioner shall
18 inform the transferee that a possible claim for tax exists, any sums of money,
19 property, or choses in action, or other consideration, which the transferee is
20 required to transfer over to or for the transferor, shall be subject to a first
21 priority right and lien for any taxes theretofore or thereafter determined to be

1 due from the transferor to the State, and the transferee is forbidden to transfer
2 the consideration to or for the transferor to the extent of the amount of the
3 State’s claim.

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

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11 **Sec. 14. 2022 Acts and Resolves No. 185, Sec. E.240.7 is amended to read:**

12 Sec. E.240.7 TRANSFER IN JULY ~~2025~~ 2026

13 (a) Notwithstanding any provision of law to the contrary, the
14 Commissioner of Finance and Management shall do the following not later
15 than July 31, ~~2025~~ 2026:

16 (1) transfer the unexpended and unobligated balance of the Cannabis
17 Regulation Fund to the General Fund at the close of the ~~2024~~ 2025 fiscal year;
18 and

19 (2) report the amount of the transfer made pursuant to subdivision (1) of
20 this section to the Joint Fiscal Committee.

21 **Sec. 15. 2022 Acts and Resolves No. 185, Sec. H.100(b) is amended to read:**

1 (b) Secs. E.240.5 (7 V.S.A. § 845) and E.240.6 (32 V.S.A. § 7909(a)) shall
2 take effect on July 1, ~~2025~~ 2026.

3 Sec. 16. CANNABIS CONTROL BOARD; ENFORCEMENT ATTORNEY;
4 POSITION

5 One full-time, permanent, exempt position of Enforcement Attorney is
6 authorized in the Cannabis Control Board in fiscal year 2026.

7 Sec. 17. EFFECTIVE DATES

8 This act shall take effect July 1, 2025.

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15 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE