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 clarify that the Board is authorized to obtain a
9	fingerprint-based state and national criminal history record check on any
10	person prior to issuance of a cannabis establishment identification card; \underline{to}
11	amend the definition of "hemp" to comport with the Title 6 definition; to
12	require the Board to adopt rules for cannabis retailers regarding requirements
13	and criteria governing licensee applications to change ownership, control, or
14	location; to authorize the Board to repeat criminal background checks improve
15	flexibility about the frequency of record checks; to establish a procedure for
16	the issuance of special purpose permits in case of incapacity of principals,
17	license interruption, receivership, or other exceptional circumstances
18	receivership of a cannabis establishment for a period of time in cases of death,
19	disability, bankruptcy, insolvency, receivership, assignment for the benefit of
20	creditors, shareholder or LLC member disputes, license interruption, or other
21	exceptional circumstances rendering one or more owners incapable of

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I	performing, or ineligible to perform, the duties of a licensee; to establish a new
2	trim and harvest service license with an annual fee of \$500.00; to require
3	cannabis cultivators to include on cannabis packaging a"harvested on" date
4	reflecting the date the cultivator harvested the cannabis and a "packed on" date
5	reflecting the date the product was packaged for sale; to require cannabis
6	retailers that collect cannabis excise tax to inform the Department of Taxes
7	before transferring the business to a new entity; to create a new position,
8	Enforcement Attorney, within the Cannabis Control Board;
9	An act relating to miscellaneous cannabis amendments
10	It is hereby enacted by the General Assembly of the State of Vermont:
11	Sec. 1. 7 V.S.A. § 832 is amended to read:
12	§ 832. CANNABIS POSSESSED UNLAWFULLY SUBJECT TO SEIZURE
13	AND FORFEITURE
14	Cannabis possessed unlawfully in violation of this title or administrative
15	rules adopted pursuant to this title may be seized by law enforcement and is
16	subject to forfeiture.
17	Sec. 2. 7 V.S.A. § 844 is amended to read:
18	§ 844. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS
19	(a) The Board shall establish a user agreement with the Vermont Crime
20	Information Center in accordance with 20 V.S.A. chapter 117 for the purpose
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1	(B) Notwithstanding subdivision (A) of this subdivision (23), "hemp
2	products" and "hemp-infused products" do not include any substance.
3	manufacturing intermediary, or product that:
4	(i) is prohibited or deemed a regulated cannabis product by
5	administrative rule of the Cannabis Control Board; or
6	(ii) contains more than 0.3 percent total tetrahydrocannabinol on a dry-
7	weight basis.
8	(C) A hemp-derived product or substance that is excluded from the
9	definition of "hemp products" or "hemp-infused products" pursuant to
10	subdivision (B) of this subdivision (23) shall be considered a cannabis product
11	as defined by 7 V.S.A. § 831(3); provided, however, that a person duly
12	licensed or registered by the Cannabis Control Board lawfully may possess
13	such products in conformity with the person's license or hemp processor
14	registration.
15	Sec. 4. 7 V.S.A. § 881 is amended to read:
16	§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS
17	(a) The Board shall adopt rules to implement and administer this chapter in
18	accordance with subdivisions (1)-(8) of this subsection.
19	(1) Rules concerning any cannabis establishment shall include:
20	(A) the form and content of license and renewal applications;

1	(B) qualifications for licensure that are directly and demonstrably
2	related to the operation of a cannabis establishment, including:
3	(i) a requirement to submit an operating plan, which shall include
4	information concerning:
5	(I) the type of business organization, the identity of its
6	controlling owners and principals, and the identity of the controlling owners
7	and principals of its affiliates; and
8	(II) the sources, amount, and nature of its capital, assets, and
9	financing; the identity of its financiers; and the identity of the controlling
10	owners and principals of its financiers;
11	(ii) a requirement to file an amendment to its operating plan in the
12	event of a significant change in organization, operation, or financing; and
13	(iii) the requirement for a fingerprint-based criminal history record
14	check and regulatory record check pursuant to section 883 of this title;
15	(C) oversight requirements, including provisions to ensure that a
16	licensed establishment complies with State and federal regulatory requirements
17	governing insurance, securities, workers' compensation, unemployment
18	insurance, and occupational health and safety;
19	(D) inspection requirements;
20	(E) records to be kept by licensees and the required availability of the
21	records;

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1	(F) employment and training requirements;
2	(G) security requirements, including any appropriate lighting,
3	physical security, video, and alarm requirements;
4	(H) health and safety requirements;
5	(I) regulation of additives to cannabis and cannabis products,
6	including cannabidiol derived from hemp and substances that are toxic or
7	designed to make the product more addictive, more appealing to persons under
8	21 years of age, or to mislead consumers;
9	(J) procedures for seed-to-sale traceability of cannabis, including any
10	requirements for tracking software;
11	(K) regulation of the storage and transportation of cannabis;
12	(L) sanitary requirements;
13	(M) procedures for the renewal of a license, which shall allow
14	renewal applications to be submitted up to 90 days prior to the expiration of
15	the cannabis establishment's license;
16	(N) procedures for suspension and revocation of a license;
17	(O) requirements for banking and financial transactions, including
18	provisions to ensure that the Board, the Department of Financial Regulation,
19	and financial institutions have access to relevant information concerning
20	licensed establishments to comply with State and federal regulatory
21	requirements;

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1	(P) disclosure or eligibility requirements for a financier, its owners
2	and principals, and its affiliates, which may include:
3	(i) requirements to disclose information to a licensed
4	establishment, the Board, or the Department of Financial Regulation;
5	(ii) a minimum age requirement and a requirement to conduct a
6	background check for natural persons;
7	(iii) requirements to ensure that a financier complies with
8	applicable State and federal laws governing financial institutions, licensed
9	lenders, and other financial service providers; and
10	(iv) any other requirements, conditions, or limitations on the type
11	or amount of loans or capital investments made by a financier or its affiliates,
12	which the Board, in consultation with the Department of Financial Regulation,
13	determines are necessary to protect the public health, safety, and general
14	welfare;
15	(Q) policies and procedures for conducting outreach and promoting
16	participation in the regulated cannabis market by diverse groups of individuals,
17	including those who have been disproportionately harmed by cannabis
18	prohibition;
19	(R) advertising and marketing; and
20	(S) requirements for cannabis control testing of hemp, hemp-infused
21	products, cannabis, and cannabis products; and

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1	(T) requirements and criteria governing licensee applications to
2	change ownership, control, or location.
3	* * *
4	Sec. 5. 7 V.S.A. § 883 is amended to read:
5	§ 883. CRIMINAL BACKGROUND RECORD CHECKS; APPLICANTS
6	(a) The Board shall obtain from the Vermont Crime Information Center a
7	copy of a fingerprint-based Vermont criminal history records, out-of-state
8	criminal history records, and criminal history records from the Federal Bureau
9	of Investigation for each license applicant, principal of an applicant, and
10	person who controls an applicant who is a natural person. Checks may be
11	repeated for good cause or with prudent frequency as determined by the Board.
12	(b) The Board shall adopt rules that set forth standards for determining
13	whether an applicant should be denied a cannabis establishment license
14	because of his or her criminal history record based on factors that demonstrate
15	whether the applicant presently poses a threat to public safety or the proper
16	functioning of the regulated market. Nonviolent drug offenses shall not
17	automatically disqualify an applicant.
18	(c) Notwithstanding subsection (a) of this section or subsection 844(b) of
19	this title, if required records are not reasonably available to the Board due to
20	circumstances beyond its control, with the consent of the applicant, the Board
21	may accept third-party criminal background checks submitted by an applicant

1	for a cannabis establishment license or renewal in lieu of obtaining the records
2	from the Vermont Crime Information Center a copy of the person's Vermont
3	fingerprint based criminal history records, out of state criminal history
4	records, and criminal history records from the Federal Bureau of Investigation
5	from a reputable commercial provider. Any such third-party background check
6	shall :
7	(1) be conducted by a third party consumer reporting agency or
8	background screening company that is in compliance with the federal Fair
9	Credit Reporting Act; and
10	(2) include a multistate and multi-jurisdiction criminal record locator.
11	Consumer credit scores shall not be a basis for license denial.
12	Sec. 6. 7 V.S.A. § 884 is amended to read:
13	§ 884. CANNABIS ESTABLISHMENT IDENTIFICATION CARD
14	(a) Every owner, principal, and employee of a cannabis establishment shall
15	obtain an identification card issued by the Board. A person may apply for an
16	identification card prior to obtaining employment with a licensee. An
17	employee identification card shall authorize the person to work for any
18	licensee.
19	(b)(1)(A) Prior to issuing the identification card to an owner or principal of
20	a cannabis establishment, the Board shall obtain from the Vermont Crime
21	Information Center a copy of the person's Vermont fingerprint-based criminal

- history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation.
 - (B) Prior to issuing the identification card to an employee of a cannabis establishment, the Board shall obtain a copy of a fingerprint-based identity history summary record from the Federal Bureau of Investigation.
 - (2) The Board shall adopt rules that set forth standards for determining whether a person should be denied a cannabis establishment identification card because of his or her criminal history record based on factors that demonstrate whether the applicant presently poses a threat to public safety or the proper functioning of the regulated market. Nonviolent drug offenses shall not automatically disqualify an applicant.
 - (c) Once an identification card application has been submitted, a person the Board, for good cause, may serve issue a temporary permit authorizing the applicant to serve as an employee of a cannabis establishment pending the background check, provided the person is supervised in his or her duties by someone who is a cardholder. The Board shall issue a temporary permit to the person for this purpose, which shall expire upon the issuance of the identification card or disqualification of the person in accordance with this section Good cause exists if, among other reasons, the application is reasonably expected to take more than 12 days to process.

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1	(d) An identification card shall expire one year after its issuance or, in the
2	case of owners and principals, upon the expiration of the cannabis
3	establishment's license, whichever occurs first.
4	Sec. 7. 7 V.S.A. § 886 is added to read:
5	886. RECEIVERSHIP; INCAPACITY OR DISTRESS; SPECIAL
6	PERMITTING; IMMUNITY
7	(a) When a cannabis establishment becomes distressed, it may abruptly lose
8	authority or ability to possess commercial quantities of cannabis. It is the
9	purpose of this section to empower the Civil Division of the Superior Court
10	and the Board to oversee the orderly unwinding of cannabis establishments,
11	including lawful disposition of inventory in lieu of forfeiture, in case of
12	functional distress or interruption in active licensure. It is the purpose of this
13	section to authorize the Board to effectively oversee cannabis establishments
14	and the persons authorized to operate them, in case of incapacity of a principal,
15	dysfunction, operating distress, interruption in licensure, abrupt closure, or
16	judicial intervention including receivership.
17	(b)(1) An individual may be appointed as receiver, representative, executor,
18	administrator, guardian, conservator, trustee, or assignee, to temporarily
19	operate a cannabis establishment on the licensed premises for a period of time
20	determined by the Board in cases of death, disability, bankruptcy, insolvency,
21	receivership, assignment for the benefit of creditors, shareholder or LLC

1	member disputes, license interruption, or other exceptional circumstances
2	rendering one or more owners incapable of performing, or ineligible to
3	perform, the duties of a licensee. Such appointee shall be at least 21 years of
4	age.
5	(2)(A) Such appointee shall not be permitted to conduct licensed
6	activities without the express authorization of the Board, which may be granted
7	upon submission and approval of a written request for the authority to
8	temporarily conduct licensed activities. The written request shall include
9	information or disclosures required by the Board, including:
10	(i) name,
11	(ii) valid identification,
12	(iii) phone number,
13	(iv) mailing address.
14	(v) email address.
15	(vi) social security number.
16	(vii) the name of the person on whose behalf the appointee is
17	appointed,
18	(viii) proof that such appointee is the legal receiver,
19	representative, executor, administrator, guardian, conservator, trustee, or
20	assignee, and

1	(ix) any direct or indirect interests held by that appointee in a
2	cannabis license, registration or permit.
3	(B) The Board may adopt rules governing appointment and the
4	process and qualifications.
5	(3) Authorization to conduct licensed activities by the appointee is
6	conditioned on compliance with these regulations, including restrictions on
7	ownership and other interests, approval by the Board, and the authorization
8	shall not constitute a guarantee of license issuance or renewal by the Board.
9	
10	(4) Any licensee or person who files, or against whom is filed, any
11	action or proceeding, or who seeks an appointment, as set forth in subdivision
12	(1) of this subsection is required to serve the Board with original notice of the
13	action or proceeding and provide the Board with opportunity to be heard
14	regarding the appointment. Such notice shall be provided to employees upon
15	commencement of such proceeding for a receivership. A licensee surrendering
16	its license shall provide its employees any lawfully required warnings of
17	closures and layoffs.
18	(be) When no licensed custodian can be found to take custody of or
19	transport cannabis or cannabis products, the The Board, in its sole discretion,
20	may issue a special permit temporarily authorizing an licensed or unlicensed
21	designee of suitable ability and judgment to temporarily operate a cannabis

1	establishment, or to possess, transport, or dispose of cannabis and cannabis
2	products, as specified by the terms of the permit. The permit shall be printed
3	on official Board letterhead, bear the signature of the Chair of the Board, state
4	clearly a means of prompt authentication by law enforcement and licensees,
5	and specify start and end dates and times. A person's eligibility for a permit
6	under this subsection (b) shall not be limited by 7 V.S.A. § 901(d)(3).
7	(cd) A person acting as a duly appointed receiver or in conformity with the
8	terms and scope of a special Board permit issued pursuant to subsection (eb) of
9	this section shall be immune from civil and criminal liability in relation to
10	possession, transportation, or transfer of cannabis within the borders of this
11	State. The Board shall not be liable for economic losses resulting from
12	forfeiture, seizure, sequestration, sale stoppage, transportation, storage, or
13	destruction of cannabis or cannabis products.
14	(d) If appropriate to facilitate judicial proceedings involving a cannabis
15	establishment or its principals, including an action for receivership, the
16	Superior Court may request that the Board determine whether a person is
17	suited by background and qualifications to hold a special Board permit issued
18	pursuant to subsection (b) of this section for a purpose specified by the court.
19	In the alternative, the Superior Court may ask that the Board recommend such
20	person.
21	Sec. 8. V.S.A. § 7 V.S.A. § 901 is amended to read:

1	§ 901. GENERAL PROVISIONS
2	(a) Except as otherwise permitted by law, a person shall not engage in the
3	cultivation, preparation, processing, packaging, transportation, testing, or sale
4	of cannabis or cannabis products without obtaining a license from the Board.
5	(b) All licenses shall be valid for one year and expire at midnight on the
6	eve of the anniversary of the date the license was issued. A licensee may apply
7	to renew the license annually.
8	(c) Applications for licenses and renewals shall be submitted on forms
9	provided by the Board and shall be accompanied by the fees provided for in
10	section 910 of this title.
11	(d)(1) There shall be seven eight types of licenses available:
12	(A) a cultivator license;
13	(B) a propagator license;
14	(C) a wholesaler license;
15	(D) a product manufacturer license;
16	(E) a retailer license;
17	(F) a testing laboratory license; and
18	(G) a trim and harvest service license; and
19	(H) an integrated license.
20	(2)(A) The Board shall develop tiers for:

1	(i) cultivator licenses based on the plant canopy size of the
2	cultivation operation or plant count for breeding stock; and
3	(ii) retailer licenses.
4	(B) The Board may develop tiers for other types of licenses.
5	(3)(A) Except as provided in subdivisions (B) and (C) of this
6	subdivision (3), an applicant and its affiliates may obtain a maximum of one
7	type of each type of license as provided in subdivisions (1)(A)–(F) $\underline{(G)}$ of this
8	subsection (d). Each license shall permit only one location of the
9	establishment, however a trim and harvest service licensee may provide
10	services at multiple other licensed cannabis establishments.
11	(B) An applicant and its affiliates that control a dispensary registered
12	on April 1, 2022 may obtain one integrated license provided in subdivision
13	(1)(G) (H) of this subsection (d) or a maximum of one of each type of license
14	provided in subdivisions (1)(A)–(F) of this subsection (d). An integrated
15	licensee may not hold a separate cultivator, propagator, wholesaler, product
16	manufacturer, retailer, or testing laboratory license, and no applicant or its
17	affiliates that control a dispensary shall hold more than one integrated license.
18	An integrated license shall permit only one location for each of the types of
19	activities permitted by the license: cultivation, propagator, wholesale
20	operations, product manufacturing, retail sales, and testing.

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1	(C) An applicant and its affiliates may obtain multiple testing
2	laboratory licenses.
3	(e) A dispensary that obtains a retailer license or an integrated license
4	pursuant to this chapter shall maintain the dispensary and retail operations in a
5	manner that protects patient and caregiver privacy in accordance with rules
6	adopted by the Board.
7	(f) Each licensee shall obtain and maintain commercial general liability
8	insurance in accordance with rules adopted by the Board. Failure to provide
9	proof of insurance to the Board, as required, may result in revocation of the
10	license.
11	(g) All licenses may be renewed according to procedures adopted through
12	rulemaking by the Board.
13	(h) [Repealed.]
14	Sec. 9. 7 V.S.A. § 904 is amended to read:
15	§ 904. CULTIVATOR LICENSE
16	* * *
17	(d) Each cultivator shall create packaging for its cannabis.
18	(1) Packaging shall include:
19	(A) The name and registration number of the cultivator.
20	(B) The strain and variety of cannabis contained.

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1	(C) The potency of the cannabis represented by the amount of
2	tetrahydrocannabinol and cannabidiol in milligrams total and per serving.
3	(D) A "produced on" date reflecting the date that the cultivator
4	finished producing the cannabis "harvested on" date reflecting the date the
5	cultivator harvested the cannabis and a "packed on" date reflecting the date the
6	product was packaged for sale.
7	(E) Appropriate warnings as prescribed by the Board in rule.
8	(F) Any additional requirements contained in rules adopted by the
9	Board in accordance with this chapter. Rules shall take into consideration that
10	different labeling requirements may be appropriate depending on whether the
11	cannabis is sold to a wholesaler, product manufacturer, or retailer.
12	(2) Packaging shall not be designed to appeal to persons under 21 years
13	of age.
14	* * *
15	Sec. 9. 7 V.S.A. § 904b is amended to read:
16	§ 904B. PROPAGATION CULTIVATOR LICENSE
17	(a) A propagation cultivator licensed under this section may:
18	(1) cultivate not more than 3,500 square feet of cannabis clones,
19	immature cannabis plants, or mature cannabis plants;
20	(2) test, transport, and sell cannabis clones and immature cannabis
21	plants to licensed cultivators and retailers; and

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1	(3) test, transport, and sell cannabis seeds that meet the federal
2	definition of hemp to a licensed cultivator or retailer or to the public.
3	(b) A licensed propagation cultivator shall not cultivate mature cannabis
4	plants for the purpose of producing, harvesting, transferring, or selling
5	cannabis flower for or to any person.
6	Sec. 10. 7 V.S.A. § 904c is added to read:
7	§ 904c. TRIM AND HARVEST SERVICE LICENSE
8	???
9	Sec. 11. 7 V.S.A. § 910 is amended to read:
10	§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE
11	The following fees shall apply to each person or product licensed by the
12	Board:
13	* * *
14	(8) <u>Trim and harvest services</u> . <u>Trim and harvest services shall be</u>
15	assessed an annual licensing fee of \$500.
16	(9) Employees. Cannabis establishments licensed by the Board shall be
17	assessed an annual licensing fee of \$50.00 for each employee. The Board shall
18	offer one-year and two-year employee licenses.
19	(9)(10) Products. Cannabis establishments licensed by the Board shall
20	be assessed an annual product licensing fee of \$50.00 for every type of
21	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) One time fees (12) 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. 12. 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

- business, the purchaser, transferee or assignee (transferee) shall, at least 10 days before taking possession of the subject of the transfer or before payment therefore if earlier, notify the Commissioner in writing of the proposed sale and of the price, terms, and conditions thereof whether or not the transferor has represented to or informed the transferee that the transferor owes any trust tax pursuant to chapter 151, 207, 225, or 233 and whether or not the transferee has knowledge that such taxes are owed, and whether any taxes are in fact owed.
 - (b) Whenever the transferee shall fail to give notice to the Commissioner as required by subsection (a) of this section, or whenever the Commissioner shall inform the transferee that a possible claim for tax exists, any sums of money, property, or choses in action, or other consideration, which the transferee is required to transfer over to or for the transferor, shall be subject to a first priority right and lien for any taxes theretofore or thereafter determined to be due from the transferor to the State, and the transferee is forbidden to transfer the consideration to or for the transferor to the extent of the amount of the State's claim.
 - (c) For failure to comply with this section, the transferee shall be personally liable for the payment to the State of any taxes theretofore or thereafter determined to be due to the State from the transferor and the liability may be assessed and enforced in the same manner as the liability for tax under chapter 151, 207, 225, or 233.

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1	Sec. 13. CANNABIS REGULATION FUND; CONTINUITY	OF SELF-	
2	FUNDING REGULATION AND LICENSE ADMINISTRAT	ION	
3	2022 Acts and Resolves No. 185, Secs. E.240.5 (7 V.S.A. §	845) and	
4	E.240.6 (32 V.S.A. § 7909(a)) are repealed.		
5	Sec. 14. CANNABIS CONTROL BOARD; ENFORCEMENT	Γ ATTORNEY;	
6	POSITION		
7	One full-time, permanent, exempt position of Enforcement	Attorney is	
8	authorized in the Cannabis Control Board in fiscal year 2025.		
9	Sec. 15. EFFECTIVE DATE		
0	This act shall take effect on passage (?)		
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