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S.278

An act relating to cannabis

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

* * * Packaging Limit * * *

Sec. 1. 7 V.S.A. § 881 is amended to read:

§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

* * *

(3) Rules concerning product manufacturers shall include:

(A) requirements that a single package of a cannabis product shall not contain more than ~~400~~ 200 milligrams of THC, except in the case of:

* * *

* * * Transaction Limit * * *

Sec. 2. 7 V.S.A. § 907 is amended to read:

§ 907. RETAILER LICENSE

* * *

(b) In a single transaction, a retailer may provide ~~one ounce~~ two ounces of cannabis or the equivalent in cannabis products, or a combination thereof, to a person 21 years of age or older upon verification of a valid government-issued photograph identification card.

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Sec. 3. 18 V.S.A. § 4230 is amended to read:

§ 4230. CANNABIS

(a) Possession and cultivation.

(1) No person shall knowingly and unlawfully possess more than ~~one ounce~~ two ounces of cannabis or more than ~~five~~ 10 grams of hashish or cultivate more than two mature cannabis plants or four immature cannabis plants. A person who violates this subdivision shall be assessed a civil penalty as follows:

* * *

(2)(A) No person shall knowingly and unlawfully possess more than two ounces ~~or more~~ of cannabis or ~~ten~~ 10 grams or more of hashish or more than three mature cannabis plants or six immature cannabis plants. For a first offense under this subdivision (2), a person shall be provided the opportunity to participate in the Court Diversion Program unless the prosecutor states on the record why a referral to the Court Diversion Program would not serve the ends of justice. A person convicted of a first offense under this subdivision shall be imprisoned not more than six months or fined not more than \$500.00, or both.

* * *

1 Sec. 4. 18 V.S.A. § 4230a is amended to read:

2 § 4230a. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE
3 OR OLDER

4 (a)(1) Except as otherwise provided in this section, a person 21 years of age
5 or older who possesses ~~one ounce~~ two ounces or less of cannabis or ~~five~~ 10
6 grams or less of hashish and two mature cannabis plants or fewer or four
7 immature cannabis plants or fewer or who possesses paraphernalia for
8 cannabis use shall not be penalized or sanctioned in any manner by the State or
9 any of its political subdivisions or denied any right or privilege under State
10 law. The ~~one-ounce~~ two-ounce limit of cannabis or ~~five~~ 10 grams of hashish
11 that may be possessed by a person 21 years of age or older shall not include
12 cannabis cultivated, harvested, and stored in accordance with section 4230e of
13 this title.

14 * * *

15 * * * Permits; Pilot Programs * * *

16 Sec. 5. 7 V.S.A. § 912 is added to read:

17 § 912. EVENT PERMIT

18 (a) Authorization. The Board may grant event permits to licensed cannabis
19 establishments in good standing. The holder of an event permit is authorized
20 to oversee and administer a commercial event pursuant to this section and
21 procedures adopted by the Board. Notwithstanding section 833 of this title,

1 persons 21 years of age or older may consume cannabis or cannabis products at
2 an event authorized pursuant to this section.

3 (b) Eligibility. A licensed cannabis establishment is eligible to apply for an
4 event permit, provided that the establishment submits a fee and application
5 demonstrating to the Board's satisfaction:

6 (1) that the establishment has received written approval from the local
7 cannabis control commission created pursuant to 7 V.S.A. § 863, or the
8 municipal legislative body if no local cannabis control commission exists,
9 which may include conditions and limitations appropriate to protect the public,
10 manage traffic, and abate nuisance;

11 (2) a security plan to ensure that intoxicated persons or persons under 21
12 years of age cannot access the space subject to the permit, that the premises are
13 secured from diversion or inversion, and that the premises lawfully may be
14 used for the purpose intended;

15 (3) a product sale plan that describes quantities and types of cannabis
16 and cannabis products that will be offered for sale and how the cannabis will
17 be transported, monitored, secured, displayed, and sold in conformity with
18 State law and Board rule;

19 (4) capacity to administer and enforce the required plans, and
20 confirmation that the applicant has secured the services of a county law

1 enforcement agency or private security provider licensed pursuant to 26 V.S.A.
2 chapter 59, if required by the Board;

3 (5) proof of commercially reasonable insurance for the proposed event;
4 and

5 (6) compliance with any other health and safety requirements that the
6 Board may prescribe for the particular event or event location, including limits
7 on attendees or types of products that may be consumed at the event site.

8 (c) Restrictions. Annually, the Board shall issue not more than 10 permits
9 for public events and 10 permits for private events. An event permit shall be
10 valid for a single event not to exceed 24 hours held at a single access-
11 controlled location. An event permit shall not be issued for a location at which
12 alcoholic beverages are sold or furnished for on-premises consumption. A
13 cannabis retailer that holds an event permit shall not conduct sales at the
14 licensed retail location and the permitted event contemporaneously, except for
15 sales conducted from a permitted event location that is contiguous with the
16 licensed retail location. The holder of an event permit shall sell only registered
17 adult-use cannabis and cannabis products at the event.

18 (d) Noncompliance; penalties. Deviation from security and sales plans,
19 product tracking and taxation requirements, or permit terms shall be a violation
20 subject to adverse licensing action consistent with Board rules.

1 (e) Fee. Cannabis establishments shall be assessed a fee of \$500.00 to
2 apply for an event permit, of which 50 percent shall be distributed to the host
3 municipality and 50 percent shall be deposited in the Cannabis Regulation
4 Fund.

5 (f) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A.
6 § 835 to govern the event permits issued pursuant to this section, including
7 application procedures and associated forms, the permittee selection process,
8 security requirements, and event site restrictions. For the permittee selection
9 procedures, the Board shall include a requirement that permits are issued
10 equitably among cannabis establishment license categories.

11 (1) For each procedure proposed to be adopted or amended pursuant to
12 this section, the Board shall publish the proposed procedure on the Board's
13 website and hold not fewer than two public hearings at which members of the
14 public may seek additional information or submit oral or written comments
15 concerning the proposed procedure.

16 (2) The Board shall not be required to initiate rulemaking pursuant to
17 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A
18 procedure adopted pursuant to this section shall have the force of law and be
19 binding on all persons who apply for and hold an event permit pursuant to this
20 section.

1 Sec. 6. 7 V.S.A. § 913 is added to read:

2 § 913. DELIVERY PERMIT

3 (a) Authorization. The Board may grant delivery permits to tier 1 and tier
4 2 cultivators and tier 1 and tier 2 manufacturers licensed under this chapter,
5 provided that the cultivators and manufacturers do not also hold a retailer
6 license pursuant to section 907 of this chapter.

7 (b) Permit terms and restrictions. The Board may grant not more than 15
8 delivery permits annually. The holder of a delivery permit may deliver
9 cannabis and cannabis products sold from the licensed premises for
10 consumption off the premises to an individual who is 21 years of age or older,
11 provided:

12 (1) Deliveries shall only be made by the permit holder or an employee
13 or agent of the permit holder.

14 (2) Deliveries shall only occur between the hours of 9:00 a.m. and 5:00
15 p.m.

16 (3) Deliveries shall only be made to a physical address located in
17 Vermont.

18 (4) An employee or agent of a delivery permit holder shall not be
19 permitted to make deliveries pursuant to the permit unless the employee has
20 completed a training program approved by the Cannabis Control Board.

1 (b) The tax imposed by this section shall be paid by the purchaser to the
2 retailer or ~~integrated licensee~~ holder of an event or delivery permit. Each
3 retailer or ~~integrated licensee~~ permit holder shall collect from the purchaser the
4 full amount of the tax payable on each taxable sale.

5 * * *

6 Sec. 8. 32 V.S.A. § 7904 is amended to read:

7 § 7904. RETURNS; RECORDS

8 (a) Any retailer or ~~integrated licensee~~ holder of an event or delivery permit
9 required to collect the tax imposed by this chapter shall, on or before the 25th
10 day of every month, return to the Department of Taxes, under oath of a person
11 with legal authority to bind the retailer or ~~integrated licensee~~ permit holder, a
12 statement containing its name and place of business, the total amount of sales
13 subject to the cannabis excise tax made in the preceding month, and any
14 information required by the Department of Taxes, along with the total tax due.
15 Retailers and ~~integrated licensees~~ permit holders shall not remit the tax
16 collected to the Department of Taxes in cash absent the issuance of a waiver by
17 the Commissioner of Taxes, and the Commissioner may require that returns be
18 submitted electronically.

19 (b) Every retailer and ~~integrated licensee~~ permit holder shall maintain, for
20 not less than three years, accurate records showing all transactions subject to

1 tax liability under this chapter. The records are subject to inspection by the
2 Department of Taxes at all reasonable times during normal business hours.

3 Sec. 9. 32 V.S.A. § 7906 is amended to read:

4 § 7906. LICENSE

5 (a) Any retailer or ~~integrated licensee~~ holder of an event or delivery permit
6 required to collect tax imposed by this chapter must apply for and receive a
7 cannabis retail tax license from the Commissioner for each place of business
8 within the State where ~~he or she~~ the retailer or permit holder sells cannabis or
9 cannabis products prior to commencing business. The Commissioner shall
10 issue without charge a license, or licenses, empowering the retailer or
11 ~~integrated licensee~~ permit holder to collect the cannabis excise tax, provided
12 that a retailer's or ~~integrated licensee's~~ permit holder's application is properly
13 submitted and the retailer or ~~integrated licensee~~ permit holder is otherwise in
14 compliance with applicable laws, rules, and provisions.

15 * * *

16 Sec. 10. CANNABIS CONTROL BOARD; RULES AND REPORT

17 (a) On or before July 1, 2027, the Cannabis Control Board shall initiate
18 rulemaking pursuant to 3 V.S.A. chapter 25 to adopt rules governing the
19 permits established in Secs. 5 and 6 of this act.

20 (b) On or before November 15, 2027, the Cannabis Control Board shall
21 submit a written report to the House Committee on Government Operations

1 and Military Affairs and the Senate Committee on Economic Development,
2 Housing and General Affairs concerning the permits established in Secs. 5 and
3 6 of this act. The report shall include a concise assessment of the benefits,
4 challenges, and administrative viability of the permit programs. The Board
5 may recommend best practices for security, inventory tracking, tax
6 enforcement, permit administration, local government coordination, and
7 optimizing market access for small cultivators. The Board shall recommend
8 updates to the statutes governing event permits and delivery permits, including
9 whether either statute should be repealed on the date set by this act.

10 * * * Outdoor Cultivator Fees * * *

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

12 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

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

15 (1) Cultivators.

16 (A) Outdoor cultivators.

17 (i) Outdoor cultivator tier 1. Outdoor cultivators with up to 1,000
18 square feet of plant canopy or fewer than 125 cannabis plants in an outdoor
19 cultivation space shall be assessed an annual licensing fee of ~~\$750.00~~ \$375.00.

1 permit the operation of ~~such~~ cannabis establishments by majority vote of those
2 present and voting by Australian ballot at an annual or special meeting warned
3 for that purpose. ~~A municipality may place retailers or integrated licensees, or~~
4 ~~both, on the ballot for approval.~~ A proposal to hold a vote pursuant to this
5 subsection may be made by the legislative body of the municipality or by
6 petition of five percent of the voters of the municipality.

7 (2) A vote to permit the operation of a licensed cannabis retailer ~~or~~
8 ~~integrated licensee~~ within the municipality shall remain in effect until
9 rescinded by majority vote of those present and voting by Australian ballot at a
10 subsequent annual or special meeting warned for that purpose. A rescission of
11 the permission to operate a licensed cannabis retailer ~~or integrated licensee~~
12 within the municipality under this subdivision shall not apply to a licensed
13 cannabis retailer ~~or integrated licensee~~ that is operating within the municipality
14 at the time of the vote.

15 (b)(1) A municipality that hosts any cannabis establishment may establish a
16 cannabis control commission composed of commissioners who may be
17 members of the municipal legislative body.

18 (2) The local cannabis control commission may issue and administer
19 local control licenses under this subsection for cannabis establishments within
20 the municipality but shall not assess a fee for a local control license issued to a
21 cannabis establishment. The commissioners may condition the issuance of a

1 local control license upon compliance with any bylaw adopted pursuant to 24
2 V.S.A. § 4414 or ~~upon~~ ordinances regulating signs or public nuisances adopted
3 pursuant to 24 V.S.A. § 2291, except that ordinances may not regulate public
4 nuisances as applied to:

5 (A) indoor cultivators;

6 (B) tier 1 manufacturers;

7 (C) outdoor cultivators that are regulated in the same manner as the
8 Required Agricultural Practices under subdivision 869(f)(2) of this title.

9 (3) The commission may suspend or revoke a local control license for a
10 violation of any condition placed upon the license.

11 (4) The Board shall adopt rules relating to a municipality's issuance of a
12 local control license in accordance with this subsection and the local
13 commissioners shall administer the rules furnished to them by the Board as
14 necessary to carry out the purposes of this section.

15 * * *

16 (d) A municipality shall not:

17 (1) ~~prohibit~~ adopt an ordinance or bylaw that completely prohibits the
18 operation of a cannabis ~~establishment~~ establishments within the municipality
19 ~~through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a bylaw adopted~~
20 ~~pursuant to 24 V.S.A. § 4414, or regulate a cannabis establishment~~

1 establishments in a manner that has the effect of completely prohibiting the
2 operation of a cannabis ~~establishment~~ establishments within the municipality;

3 * * *

4 * * * Distribution of Local License Fees to Municipalities * * *

5 Sec. 12. 7 V.S.A. § 846 is amended to read:

6 § 846. FEES; AUTHORITY

7 * * *

8 (c) Distribution to municipalities. After reduction for costs of
9 administration and collection, the Board shall pay local license fees on a
10 ~~quarterly~~ an annual basis to the municipality for which the fees were collected.

11 * * * Two-Year Employee Identification Cards * * *

12 Sec. 13. 7 V.S.A. § 910 is amended to read:

13 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

14 The following fees shall apply to each person or product licensed by the
15 Board:

16 * * *

17 (8) Employees. Cannabis establishments licensed by the Board shall be
18 assessed ~~an annual~~ a biennial licensing fee of ~~\$50.00~~ \$100.00 for each
19 employee. Employee licenses shall be valid for two years.

20 (9) Products. Cannabis establishments licensed by the Board shall be
21 assessed an annual product licensing fee of \$50.00 for every type of cannabis

1 and cannabis product that is sold in accordance with this chapter. The Board
2 may issue longer product registrations, prorated at the same cost per year, for
3 products it deems low-risk and shelf-stable. The products may be defined and
4 distinguished in readily accessible published guidance.

5 * * *

6 * * * Repeal of Integrated License Provisions * * *

7 Sec. 14. 7 V.S.A. § 861 is amended to read:

8 § 861. DEFINITIONS

9 As used in this chapter:

10 * * *

11 (8) “Cannabis establishment” means a cannabis cultivator, propagation
12 cultivator, wholesaler, product manufacturer, retailer, or testing laboratory, ~~or~~
13 ~~integrated licensee~~ licensed by the Board to engage in commercial cannabis
14 activity in accordance with this chapter.

15 * * *

16 (24) ~~“Integrated licensee” means a person licensed by the Board to~~
17 ~~engage in the activities of a cultivator, wholesaler, product manufacturer,~~
18 ~~retailer, and testing laboratory in accordance with this chapter.~~ [Repealed.]

19 * * *

20 Sec. 15. 7 V.S.A. § 866 is amended to read:

21 § 866. YOUTH

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(c) The Board, in consultation with the Department of Health, shall adopt rules in accordance with section 881 of this title to:

* * *

(3) require that cannabis products sold by licensed retailers ~~and integrated licensees~~ are contained in child-resistant packaging; and

(4) require that cannabis and cannabis products sold by licensed retailers ~~and integrated licensees~~ are packaged with labels that clearly indicate that the contents of the package contain cannabis and should be kept away from persons under 21 years of age.

* * *

Sec. 16. 7 V.S.A. § 881 is amended to read:

§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

* * *

(2)(A) Rules concerning cultivators shall include:

* * *

(v) labeling requirements for cannabis sold to retailers ~~and integrated licensees~~, including health warnings developed in consultation with the Department of Health;

1 * * *

2 (7) ~~Rules concerning integrated licensees shall include the provisions~~
3 ~~provided in subdivisions (1) (6) of this subsection and any additional~~
4 ~~provisions the Board deems appropriate for safe regulation of integrated~~
5 ~~licensees in accordance with this chapter. [Repealed.]~~

6 (8) Rules concerning propagators shall include:

7 * * *

8 (E) labeling requirements for cannabis sold to retailers ~~and integrated~~
9 ~~licensees;~~

10 * * *

11 Sec. 17. 7 V.S.A. § 901 is amended to read:

12 § 901. GENERAL PROVISIONS

13 * * *

14 (d)(1) There shall be seven types of licenses available:

15 * * *

16 (E) a retailer license; and

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

18 ~~(G) an integrated license.~~

19 * * *

20 (3)(A) Except as provided in subdivisions (B) and (C) of this

21 subdivision (3), an applicant and its affiliates may obtain a maximum of one

1 type of each type of license as provided in subdivisions (1)(A)–(F) of this
2 subsection (d). Each license shall permit only one location of the
3 establishment.

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

14 * * *

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

19 * * *

20 Sec. 18. 7 V.S.A. § 904 is amended to read:

21 § 904. CULTIVATOR LICENSE

1 (a) A cultivator licensed under this chapter may:

2 (1) cultivate, process, package, label, transport, test, and sell cannabis to
3 a licensed wholesaler, product manufacturer, retailer, ~~integrated licensee~~, and
4 dispensary;

5 * * *

6 (3) possess and sell cannabis products to a licensed wholesaler, product
7 manufacturer, retailer, ~~integrated licensee~~, and dispensary.

8 * * *

9 Sec. 19. 7 V.S.A. § 904a is amended to read:

10 § 904a. SMALL CULTIVATORS

11 * * *

12 (d) Upon licensing, a small cultivator may sell cannabis to a licensed
13 dispensary at any time for sale to patients and caregivers pursuant to the
14 dispensary license ~~or to the public pursuant to an integrated license~~, including
15 the time period before retail sales are permitted for licensed cannabis retailers.

16 Sec. 20. 7 V.S.A. § 910 is amended to read:

17 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

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

20 * * *

1 (5) “Modified adjusted gross income” means “federal adjusted gross
2 income”:

3 * * *

4 (F) With the inclusion of any federal deduction or credit that the
5 claimant would have been allowed for the cultivation, testing, processing, or
6 sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33
7 or 37, but for 26 U.S.C. § 280E.

8 * * *

9 * * * Outdoor Cannabis Cultivation; Use Value Appraisal Program * * *

10 Sec. 25. 7 V.S.A. § 869 is amended to read:

11 § 869. CULTIVATION OF CANNABIS; ENVIRONMENTAL AND LAND
12 USE STANDARDS; REGULATION OF CULTIVATION

13 * * *

14 (f) Notwithstanding subsection (a) of this section, a cultivator licensed
15 under this chapter who ~~initiates cultivation of~~ cultivates cannabis outdoors ~~on a~~
16 ~~parcel of land~~ as defined in rule by the Cannabis Control Board pursuant to
17 section 881 of this chapter shall:

18 * * *

19 (3) be eligible to enroll in the Use Value Appraisal Program under 32
20 V.S.A. chapter 124 for the cultivation of cannabis;

1 (4) be exempt under 32 V.S.A. § 9741(3), (25), and (50) from the tax on
2 retail sales imposed under 32 V.S.A. § 9771; and

3 * * *

4 Sec. 26. 32 V.S.A. § 3102 is amended to read:

5 § 3102. CONFIDENTIALITY OF TAX RECORDS

6 * * *

7 (e) The Commissioner may, in the Commissioner's discretion and subject
8 to such conditions and requirements as the Commissioner may provide,
9 including any confidentiality requirements of the Internal Revenue Service,
10 disclose a return or return information:

11 * * *

12 (25) To the Cannabis Control Board for the purposes of administering
13 the Cannabis Excise Tax under chapter 207 of this title, the Sales and Use Tax
14 under chapter 233 of this title, and the exemptions to those taxes.

15 * * *

16 * * * Cannabis Cultivator Cooperatives * * *

17 Sec. 27. 7 V.S.A. § 904c is added to read:

18 § 904c. CANNABIS CULTIVATOR COOPERATIVE CORPORATIONS

19 Licensed cannabis cultivators may form a cannabis cultivator cooperative
20 corporation pursuant to 11 V.S.A. chapter 7 in the same manner as other

1 associations or persons engaged in the production of the agricultural or
2 handcraft products.

3 * * * Commercial Cannabis Compact * * *

4 Sec. 27a. COMMERCIAL CANNABIS COMPACT; INTENT

5 The General Assembly finds that the medical and commercial cannabis
6 industry has grown significantly throughout the United States since Vermont
7 transitioned to a recreational cannabis market in 2022. The General Assembly
8 further finds that recent statements from federal officials, including provisions
9 of Executive Order 14370, 90 F.R. 60541, “Increasing Medical Marijuana and
10 Cannabidiol Research,” indicate a shifting federal posture on regulated
11 cannabis markets. Accordingly, it is the intent of the General Assembly to
12 prepare for the possibility of regional or interstate cannabis markets by
13 authorizing the Governor to form agreements with other states that have
14 commercial cannabis markets.

15 Sec. 27b. 7 V.S.A. § 834 is added to read:

16 § 834. COMMERCIAL CANNABIS COMPACT

17 (a) As used in this section:

18 (1) “Agreement” means an agreement relating to commercial cannabis
19 authorized pursuant to this section and entered into between this State and
20 another state or states.

1 (2) “Contracting state” means a state of the United States, including a
2 district, commonwealth, territory, or possession subject to the legislative
3 authority of the United States, with which the Governor has entered into an
4 agreement pursuant to this section.

5 (3) “Foreign licensee” means the holder of a cannabis license issued
6 pursuant to the laws of another State that has entered into an agreement
7 pursuant to this section.

8 (4) “Vermont license” means a cannabis license issued by the Board.

9 (b) The Governor is authorized to enter into an agreement with another
10 state or states authorizing medical or commercial cannabis activity, or both,
11 between entities licensed under the laws of the contracting state and entities
12 operating with a Vermont license, provided that:

13 (1) the commercial cannabis activities are lawful and subject to
14 licensure under the laws of the contracting state; and

15 (2) with respect to the interstate transportation of cannabis or cannabis
16 products, the agreement prohibits the following:

17 (A) the transportation of cannabis and cannabis products by any
18 means other than those authorized under the laws of the contracting state and
19 the regulations of the Board; and

1 (B) the transportation of cannabis and cannabis products through the
2 jurisdiction of a state, district, commonwealth, territory, or possession of the
3 United States that does not authorize that transportation.

4 (c) Notwithstanding any other law, a foreign licensee may engage in
5 commercial cannabis activity with a Vermont licensee and a Vermont licensee
6 may engage in commercial cannabis activity with a foreign licensee, subject to
7 the requirements and limitations set forth in this section.

8 (d) A foreign licensee shall not engage in commercial cannabis activity
9 within the boundaries of this State without a Vermont license, or engage in
10 commercial cannabis activity within a local jurisdiction without proper
11 authorization issued by the local jurisdiction.

12 (e) An agreement shall require that the contracting state impose
13 requirements on foreign licensees with regard to cannabis and cannabis
14 products to be sold or otherwise transferred or distributed within this State that
15 meet or exceed the requirements applicable to Vermont licensees, including:

16 (1) enforceable public health and safety standards that are equivalent to
17 the requirements of the Board;

18 (2) mandatory participation in a system administered by this State to
19 regulate and track cultivation, manufacturing, distribution, transportation, sale,
20 and destruction of cannabis and cannabis products from seed to sale;

1 (3) standards for testing of cannabis or cannabis products that meet or
2 exceed the standards applicable to testing laboratories licensed by the Board;

3 (4) requirements for the packaging and labeling of cannabis and
4 cannabis products that meet or exceed the packaging and labeling requirements
5 established pursuant to Board rules;

6 (5) requirements for quality assurance and inspection of cannabis or
7 cannabis products that meet or exceed the requirements applicable to cannabis
8 or cannabis products cultivated, manufactured, or sold by Vermont licensees;

9 (6) restrictions on marketing, labeling, and advertising within this State
10 by foreign licensees that meet or exceed the restrictions of Vermont licensees
11 pursuant to this title; and

12 (7) a process for identification of adulterated or misbranded cannabis
13 products, and the destruction of those products, using standards that meet or
14 exceed the standards and procedures adopted by the Board.

15 (f) An agreement shall require that the contracting state impose restrictions
16 upon advertising, marketing, labeling, or sale within the contracting state that
17 meet or exceed restrictions established pursuant to this title and the rules
18 adopted by the Board.

19 (g) An agreement shall provide for collection of all taxes applicable to the
20 medical or commercial cannabis activity.

1 (h) An agreement shall include provisions requiring the Board and any
2 other appropriate regulatory authorities of the contracting state to address
3 public health and welfare emergencies concerning cannabis or cannabis
4 products that are sold or intended for sale within this State, including for
5 prompt recall or embargo of adulterated or misbranded cannabis products.

6 (i) An agreement shall include provisions requiring appropriate regulatory
7 authorities of each state to investigate instances of alleged noncompliance with
8 the commercial cannabis regulatory rules and regulations upon request by the
9 other state and in accordance with mutually agreed-upon procedures. An
10 agreement shall include provisions requiring the contracting state to reasonably
11 cooperate with this State’s investigations concerning foreign licensees and
12 requiring the Board to reasonably cooperate with investigations by the
13 contracting state concerning persons or entities holding Vermont licenses.

14 (j) An agreement shall include appropriate provisions reflecting Board
15 programs and efforts to promote the inclusion and support of individuals and
16 communities in the cannabis industry who are linked to populations and
17 neighborhoods that were negatively or disproportionately impacted by
18 cannabis criminalization.

19 (k) Prior to the execution of an agreement or amendment to an agreement,
20 the Governor shall:

1 (1) Submit the proposed agreement or amendments to the Board and the
2 Joint Fiscal Committee for review and comment. The Board and Committee
3 shall have 60 days to review the proposed agreement or amendment and to
4 submit written recommendations to the Governor. The Governor shall
5 consider all recommendations submitted by the Board and Committee and may
6 revise the proposed agreement or amendment to incorporate the
7 recommendations. If the Governor does not incorporate any recommendations,
8 the Governor shall set forth, in writing, the reasons for not incorporating the
9 recommendations.

10 (2) Post the proposed agreement or amendment on the Governor's and
11 Board's internet websites for public comment for 30 days. The Governor shall
12 consider any comments received.

13 (1) An agreement entered into pursuant to this section shall not take effect
14 unless one of the following occurs:

15 (1) federal law is amended to allow for the interstate transfer of cannabis
16 or cannabis products between authorized commercial cannabis businesses;

17 (2) federal law is enacted that specifically prohibits the expenditure of
18 federal funds to prevent the interstate transfer of cannabis or cannabis products
19 between authorized commercial cannabis businesses;

1 (3) the U.S. Department of Justice issues an opinion or memorandum
2 allowing or tolerating the interstate transfer of cannabis products between
3 authorized commercial cannabis businesses; or

4 (4) the Attorney General issues a written opinion that implementation of
5 agreements entered into under this section will not result in significant legal
6 risk to this State based on review of federal judicial decisions and
7 administrative action.

8 (m) The Board shall notify the Governor and the General Assembly upon
9 the occurrence of an event described in subsection (l) of this section and shall
10 post the notification on the Board's website.

11 (n) The Board may adopt emergency rules pursuant to 3 V.S.A. § 844
12 governing the procedures for admission of a foreign licensee to conduct
13 commercial cannabis activities within the State. Notwithstanding 3 V.S.A.
14 § 844(b), the Board's emergency rules shall be effective for one year from the
15 date of adoption. Within 90 days after adopting the emergency rules, the
16 Board shall report to the House Committee on Government Operations and
17 Military Affairs and the Senate Committee on Economic Development,
18 Housing and General Affairs concerning its recommendations for necessary
19 updates to Vermont's cannabis laws and a proposal for permanent rules
20 governing commercial cannabis activities subject to an agreement.

1 Sec. 28. [Deleted.]

2 * * * Repeals * * *

3 Sec. 29. REPEALS

4 (a) 7 V.S.A. § 909 (integrated license) is repealed on July 1, 2026.

5 (b) 7 V.S.A. § 862 (cannabis establishment chapter not applicable to hemp
6 or therapeutic use of cannabis) is repealed on July 1, 2026.

7 (c) 7 V.S.A. § 912 (cannabis event permit) is repealed on July 1, 2028.

8 (d) 7 V.S.A. § 913 (cannabis delivery permit) is repealed on July 1, 2028.

9 * * * Residential Rental Agreements; Prohibiting Restrictions on Cannabis

10 Possession or Use * * *

11 Sec. 30. 9 V.S.A. § 4468b is added to read:

12 § 4468b. RENTAL AGREEMENTS; CANNABIS RESTRICTIONS

13 PROHIBITED

14 A rental agreement shall not contain a provision that prohibits a tenant from
15 possessing cannabis or cannabis products within the rental premises or using
16 cannabis or cannabis products within a dwelling unit, except that a rental
17 agreement may prohibit the use of lighted cannabis or cannabis products within
18 the rental premises. This section shall not apply to any rental agreements that
19 are required by federal law to prohibit the possession or use of cannabis within
20 the rental premises.

1 Sec. 31. 18 V.S.A. § 4230a is amended to read:

2 § 4230A. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE
3 OR OLDER

4 * * *

5 (b)(1) Cannabis possessed or consumed in violation of State law is
6 contraband pursuant to subsection 4242(d) of this title and subject to seizure
7 and forfeiture.

8 (2) This section does not:

9 * * *

10 (E) prohibit a landlord from banning ~~possession or~~ use of lighted
11 cannabis or cannabis products in a lease agreement; or

12 * * *

13 * * * Effective Dates * * *

14 Sec. 32. EFFECTIVE DATES

15 (a) This section shall take effect on passage.

16 (b) Notwithstanding 1 V.S.A. § 214, Sec. 24 (household income; cannabis
17 business expenses deduction) shall take effect retroactively on January 1, 2025,
18 for household income received beginning in the 2025 calendar year and shall
19 apply to property tax credit claims filed on and after January 1, 2026.

20 (c) Sec. 10a shall take effect on July 1, 2026, provided that on or before
21 that date the General Assembly has appropriated or transferred a minimum of

- 1 \$105,000.00 to the Cannabis Regulation Fund for purposes of replacing the
- 2 reduction in fee revenue from outdoor cultivators.
- 3 (d) All other sections shall take effect on July 1, 2026.