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CANNABIS CONTROL BOARD
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May 6, 2026

Hon. Theresa Wood, Chair
House Committee on Human Services
Vermont State House
Room 46
115 State Street
Montpelier, Vermont 05633-5301

Re: S.278 - An act relating to cannabis

Chair Wood and Committee:

Thank you for inviting testimony from the Cannabis Control Board on S.278. This letter summarizes the Board's observations and recommendations concerning relevant sections, based on the text passed by the Senate on March 27.

Sections 1-4

Secs. 1-4 raise the maximum THC content in a single product package from 100mg to 200mg; raise the single-transaction limit from one ounce or equivalent to two; and raise the personal possession allowance from one ounce of cannabis or five grams of hashish (concentrate) to two ounces of cannabis or ten of hashish.

The Board supports the proposed text and believes increases in package and transaction limits would bring Vermont more closely in line with regional norms.

Be aware that the existing statutory language "or the equivalent in cannabis products" (7 V.S.A. § 907) has been problematic to operationalize, because it is not possible to compute mathematical equivalence between drug products that use different modes of administration. If a more enforceable transaction limit on cannabis products is desired, consider specifying in statute a THC milligram limit.

Section 5

Section 5 would create a pilot program for cannabis event permitting, framed loosely around the tested system for alcohol permitting. The section gives appropriate place to local oversight, including authority for a locality to include conditions and limitations appropriate to protect the public, manage traffic, and abate nuisance in the specific settings with which local officials are more familiar than the Board.

The Board could issue not more than 10 permits annually. Aware that it would not be possible to complete conventional administrative rulemaking in time to operate a pilot event this summer, the Senate included authority for the Board to generate procedures with the force of law relative to all persons who apply for or hold one of the pilot permits. This strikes the Board as wise, not only for the sake of efficiency, but also because it gives us an opportunity to incorporate lessons learned into durable administrative rules.

Be aware that the class of eligible event permittees includes all cannabis establishment license types—cultivators, manufacturers, wholesalers, and notionally, even laboratories. While it is easy to envision an on-farm events at a cultivator's adjacent farm, it is less clear what the section would mean for wholesalers and manufacturers. We frankly can't imagine a laboratory hosting an event, or wanting to, so the Board would not plan to draft procedures or rules allowing it. Considerable rule development around security, bookkeeping, age verification, and point-of-sale requirements will be necessary to structure the involvement of businesses that have not heretofore interacted directly with consumers.

The Board supports the idea of event permitting and believes the current language was thoughtfully developed to balance public safety, municipal authority, and the promise of a new travel and tourism sector that responsibly integrates cannabis.

Section 6

Section 6 would expand delivery to the adult-use market, based on issuance of not more than 15 delivery permits per year. Delivery is currently allowed only in relation to registered medical patients. In the medical system, addresses are verified and matched to a known, registered patient before a driver ever departs on a run. Outside that system, any person can order delivery, to an unchecked location, of a valuable product, by a driver who may be alone and is likely to be carrying cash. Limiting delivery to ordinary business hours, as the draft language does, may mitigate risk to drivers. The Board anticipates challenges defining and enforcing what insurance coverage is commercially reasonable in the context of cannabis delivery, as conventional auto policies exclude the relevant activities. We do not know whether commercial liability policies are available for this purpose.

Careful planning of procedures and provisions for security, age verification, and inventory tracking should precede issuance of adult-use delivery permits. The Board explored the possibility of mirroring the State's system of Class 2 alcohol delivery licensing; however, we found that no business currently takes advantage of the option.

State tax law considers that a delivery sale is consummated at the destination, meaning cannabis establishments would have to undertake municipality-by-municipality assessment of the applicability of local option taxes. The Legislature should specify whether delivery is or is not to be allowed in municipalities that have not authorized retail sale pursuant to 7 V.S.A. § 863(a).

Finally, though adult-use delivery represents an exciting service offering to cannabis entrepreneurs, expect that the same economic considerations that limit the availability of pizza and flower delivery in many areas of Vermont would burden cannabis delivery as well. Anticipate uptake primarily in population centers, not a broad improvement in rural access.

Section 7

Section 7 would apply the cannabis excise tax, now applicable only to retailers, to sales by event or delivery permittees who are not retailers—a necessary follow-on to authorizing consumer sales by new license types.

Finally, the Legislature may wish to clarify whether delivery is permitted or prohibited in municipalities that have not opted in to retail cannabis sales pursuant to 7 V.S.A. § 863(a).

Section 10

This section directs the Board, by July 1, 2027, to initiate rulemaking concerning the event and delivery permit systems created by preceding chapters, and then, by November 25, 2027, to submit a report assessing how the programs have gone and offering recommendations based on lessons learned.

Section 10a

This section would reduce licensing fees for all outdoor cannabis cultivators by half. Current fee revenue from cannabis establishment licensing is considerably less than program operating costs. Cuts would compound that problem each year. By definition, a 50% fee reduction across cultivation tiers returns the greatest economic benefit to the largest operators.

Section 11

Purely as a technical matter, we are not sure that the word “such” at p. 13, ln. 1 is surplusage, as it tends to clarify that the cannabis establishments subject to municipal vote are cannabis retailers specifically. For some readers, striking "such” could introduce more ambiguity than it eliminates.

In substance, section 11 makes prudent adjustments to enhance municipal authority to regulate cannabis establishments, among other ways, by allowing the municipal legislative body to place an opt-in/out vote for retail establishments on the ballot *sua sponte*; and by implicitly allowing enforcement of all relevant ordinances, not just those “regulating signs or public nuisances.” The proposed language shields indoor cultivators and tier-1 manufacturers from nuisance ordinances, however. The Board believes enhanced local control would be helpful and supports the proposal.

Section 12

This section proposes annual, rather than quarterly, distribution of local license fees. The CCB collects local license fees with applications and renewals, bundles the fees, and distributes them to recipient

municipalities. But quarterly distributions are too frequent and generate undue administrative work for the agency and for municipalities. We have never had to deduct administrative expenses as the statute allows. Switching to annual distribution would improve efficiency and help ensure every penny of local fees continues to reach localities.

Section 13

We recommend against making incremental changes to license and registration durations, because the unseen administrative and IT costs associated with these changes will swamp any benefit they might offer to efficiency. Peripheral instruction and guidance materials, internal operating procedures, administrative rules, and training materials all must be updated to reflect simple-seeming adjustments like those in Sec. 13.

It is possible to change to a biennial employee licensing system, holding per-annum costs the same, but there is little demand for this. The online renewal process is minimally burdensome. Further, many ID card holders would rather not commit $100 for two years rather than $50 for one.

As a matter of efficient public administration, we strongly recommend preserving the simple, one-year product registration system. Offering longer and variable durations, as section 13 would, could have the paradoxical effect of unnecessarily complicating simple and highly effective processes.

Today, all registered products get a one-year check, across the board, and our information technology systems are built around the assumption of one-year renewal. There is every reason to keep it that way. The science remains unsettled around cannabis product shelf life and safety issues, such as novel pesticides and heavy metal leaching into distillate, so priorities for analytical attention evolve constantly.

The Board very much appreciates that the Senate committee took seriously the agency's concerns and amended the bill language around extending product registration so that it is permissive rather than mandatory. We want to be candid with you: The Board is resourced neither to make scientific determinations about risk and shelf-stability, nor to restructure our IT systems around varying registration durations. Were § 910(9) amended as proposed, the Board likely would extend registration durations for topicals but leave the vast majority of products for ingestion or inhalation on a one-year schedule.

Annual registration has proven to be a powerful tool for regulators to address nonconforming products without resorting to product recalls. Recalls can devastate a small business and are not to be undertaken lightly. Longer durations sound good, but on the ground, they mean more bureaucracy to categorize products and messier cleanups when something goes wrong.

Section 14-21

These sections keep statutes current by striking obsolete references to integrated licenses. The last integrated licensee has converted to conventional licensing, so it is no longer necessary for our statutes to recognize the license type.

Section 24

This section prevents an inequity in the Internal Revenue Code from spilling over into State tax computations.

Section 25

This section strikes ambiguous qualifying criteria for benefits intended for licensed outdoor cultivators. The outgoing language could have been construed as extending to those benefits groups the Legislature did not intend: (1) illicit cultivators—they did, after all, "initiate[] cannabis outdoors on a parcel of land," and (2) the indoor operations of cultivators who also cultivate outdoors under a mixed license.

Section 26

This section authorizes the Commissioner of taxes to share information with the Board for enforcement purposes.

Section 27

This section would allow cannabis cultivators to form cooprative corporations.

Note that cultivators must be individually incorporated, each with a Board license attached to its specific site and ownership structure. To our understanding, that would not change. If the Legislature's intent is otherwise, this section could call for considerable attention.

Section 27a

This section would enable the Governor, on a discretionary basis, to enter into agreements under an interstate compact, in the event certain changes in federal law make interstate cannabis commerce lawful. It is modeled on language used in New Jersey. It contains corresponding authority for the Board to write emergency rules fitted to such an agreement. The Board believes this enabling legislation is prudent to put Vermont on nimble footing in the event of future contingencies.

Section 30-31

These sections would prohibit residential rental agreements not subject to federal restrictions from prohibiting the possession and use of cannabis. The Legislature should clarify whether "lighted" to does or does not encompass vapes and electric pipes that heat flower or concentrate (dabs) below the point of combustion.

The Board hopes this commentary is helpful to advancing the important purposes of S.278. Please do not hesitate to reach out with questions.

Sincerely,
/s/gmg
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