



# VERMONT LEGISLATIVE Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://ljfo.vermont.gov>

## Fiscal Note

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Ted Barnett, Senior Fiscal Analyst; Chris Rupe, Associate Fiscal Officer

### **H.321 – An act relating to miscellaneous cannabis amendments**

As recommended by the Senate Committee on Appropriations, Draft 1.1<sup>1,2</sup>

#### **Bill Summary**

This bill, as recommended by the Senate Committee on Appropriations, would make amendments to various cannabis regulations and statutory provisions, including:

- Clarifying regulation of hemp and hemp-infused products;
- Adding one member appointed by Migrant Justice to the Land Access and Opportunity Board;
- Creating a new \$500 trim and harvest service license for businesses that provide specified maintenance services to cannabis cultivators;
- Allowing for longer employee licenses (extended up to two years instead of the current annual renewal) and product licenses (at the discretion of the Cannabis Control Board) for cannabis establishments;
- Allowing for a Cannabis Showcase Event Permit pilot;
- Repealing the intent to apply fee for cannabis establishment licenses;
- Requiring the Cannabis Control Board to submit a report to the General Assembly on cannabis fees and whether to allocate a portion of the cannabis excise tax to specific uses;
- Clarifying the definition of other tobacco products and new smokeless tobacco to include products made from either natural or synthetic nicotine; and

#### **Fiscal Impact**

The following provisions of the bill have a fiscal impact, though the overall impact of the bill is minimal:

- Adding a member to the Land Access and Opportunity Board is expected to represent a nominal additional cost for per diem compensation and expense reimbursement.
- The new trim and harvest services license will have a minimal impact on fee revenue for the Cannabis Regulation Fund. Fewer than 10 establishments are expected to apply for the proposed \$500 license.
- Allowing for two-year employee licenses and product licenses would change the timing of revenues received by the Cannabis Regulation Fund from those fees, but long-term total revenue is not expected to change since the existing \$50 annual fees would be prorated.

<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

<sup>2</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.

- The cannabis showcase event permits would have a minimal fiscal impact to the Cannabis Regulation Fund and host municipalities due to the limited scope and duration of the pilot.

## Fiscal Impacts

### Section 2b: Land Access and Opportunity Board

Section 2b would add a member appointed by Migrant Justice to the Land Access and Opportunity Board. According to 10 V.S.A. § 325u(d), the additional member would be entitled to per diem compensation and expense reimbursement pursuant to 32 V.S.A. § 1010 for meetings. This will represent a nominal additional cost to the monies appropriated to the Vermont Housing and Conservation Board (VHCB) for the support and administration of the Land Access and Opportunity Board.

### Section 12: Proposed License Fee Changes

Section 12 proposes several fee changes, each of which would have a minimal impact to the Cannabis Regulation Fund beginning in fiscal year 2026:

- New trim and harvest service licenses would be created and assessed an annual fee of \$500. This is expected to result in minimal revenue to the Cannabis Regulation Fund, as fewer than 10 establishments are expected to apply for the licenses.
- The Cannabis Control Board would be permitted to offer two-year employee licenses and product licenses. The existing annual \$50 fee for one-year licenses would be prorated for two-year licenses. Therefore, the timing of revenues to the Cannabis Regulation Fund from those fees might be impacted, but long-term total revenue received is not expected to change.
- Cannabis establishment license applicants would continue to be assessed an initial one-time fee of \$1,000. However, applicants would no longer have the option to choose to pay a \$500 “intent to apply fee” and then have that amount credited toward their \$1,000 application fee if they seek a license within one year after paying that fee. This is not expected to have a significant fiscal impact.

### Section 12a: Cannabis Control Board Report on Fees and Appropriations

Section 12a would require the Cannabis Control Board to submit a report to legislative committees on or before November 15, 2025 that includes the following information:

- a) A summary of all cannabis fees in effect for fiscal year 2026, including the amounts of revenue derived from each fee in fiscal year 2025;
- b) A projection of the fee revenues in fiscal year 2026;
- c) Any available information regarding comparable fees in other jurisdictions;
- d) Any policies or trends that might affect the viability of the fee amount; and
- e) A recommendation regarding how the cannabis establishment fee schedule as set forth in 7 V.S.A. § 910 may be adjusted to better promote the intent of the General Assembly to encourage participation in the regulated cannabis market by small local farmers and social equity applicants.

As part of the report, the Board shall recommend whether a portion of the cannabis excise tax should be allocated to the Cannabis Business Development Fund for uses as provided pursuant to 7 V.S.A. § 918 and the Vermont Land Access and Opportunity Board to fulfill the duties of the Board.

The extent to which the General Assembly might allocate cannabis excise tax revenue to specific uses in the future would reduce the amount of revenue available to the General Fund each fiscal year to support the broader State budget.

**Section 15a: Cannabis Showcase Event Permit Pilot**

Section 15a proposes to allow licensed retail cannabis establishments in good standing with the Board to apply for a cannabis showcase event permit. Multiple retailers may apply and be granted permission to participate in each event, but the Board would be able to allow no more than five events between July 1, 2025 and December 31, 2026. Permits would authorize recipients to coordinate, oversee, and be the responsible administrator of a single, defined commercial event, held at a defined access-control location, for a defined period not to exceed 24 hours, at which cannabis or cannabis products lawfully may be purchased and possessed by screened participants acting in conformity with terms set out by the Board in the issued permit.

Permit applicants would be assessed a \$250 application fee, which would be split 50/50 between the host municipality and the Cannabis Regulation Fund.

Due to its limited nature, this provision is not expected to have a significant fiscal impact.