

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to  
3 which was referred Senate Bill No. 278 entitled “An act relating to cannabis”  
4 respectfully reports that it has considered the same and recommends that the  
5 bill be amended by striking out all after the enacting clause and inserting in  
6 lieu thereof the following:

7 \* \* \* Tetrahydrocannabinol Content and Packaging Limits \* \* \*

8 Sec. 1. 7 V.S.A. § 868 is amended to read:

9 § 868. PROHIBITED PRODUCTS

10 \* \* \*

11 (b)(1) Except as provided by subdivision (2) of this subsection and in  
12 section 907 of this title relating to a retailer with a medical endorsement, solid  
13 and liquid concentrate cannabis products with greater than ~~60~~ 70 percent  
14 tetrahydrocannabinol may be produced by a licensee and sold to another  
15 licensee in accordance with subchapter 3 of this chapter but shall not be sold to  
16 the public by a licensed retailer ~~or integrated licensee~~.

17 (2) Liquid concentrate cannabis products with greater than ~~60~~ 70 percent  
18 tetrahydrocannabinol that are prepackaged for use with battery-powered  
19 devices shall be permitted to be sold to the public by a licensed retailer ~~or~~  
20 ~~integrated licensee~~.

1 Sec. 2. 7 V.S.A. § 866 is amended to read:

2 § 866. YOUTH

3 (a)(1) A cannabis establishment licensed pursuant to this chapter shall not  
4 dispense or sell:

5 (A) cannabis to a person under 21 years of age or employ a person  
6 under 21 years of age; or

7 (B) cannabis products with greater than 60 percent  
8 tetrahydrocannabinol to a person under 25 years of age.

9 (2) The Board may assess civil penalties against or suspend or revoke  
10 the license of a cannabis establishment that dispenses or sells cannabis or  
11 cannabis products to a person ~~under 21 years of age~~ in violation of this  
12 subsection.

13 \* \* \*

14 Sec. 3. 7 V.S.A. § 881 is amended to read:

15 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

16 (a) The Board shall adopt rules to implement and administer this chapter in  
17 accordance with subdivisions ~~(4)–(8)~~ (1)–(8) of this subsection.

18 \* \* \*

19 (3) Rules concerning product manufacturers shall include:

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

\* \* \*

\* \* \* Transaction Limit \* \* \*

Sec. 4. 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.

\* \* \*

Sec. 5. 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

1 than three mature cannabis plants or six immature cannabis plants. For a first  
2 offense under this subdivision (2), a person shall be provided the opportunity  
3 to participate in the Court Diversion Program unless the prosecutor states on  
4 the record why a referral to the Court Diversion Program would not serve the  
5 ends of justice. A person convicted of a first offense under this subdivision  
6 shall be imprisoned not more than six months or fined not more than \$500.00,  
7 or both.

8 \* \* \*

9 Sec. 6. 18 V.S.A. § 4230a is amended to read:

10 § 4230a. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE  
11 OR OLDER

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

\* \* \*

\* \* \* Permits; Pilot Programs \* \* \*

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

§ 912. EVENT PERMIT

(a) Authorization. The Board may grant event permits to licensed cannabis establishments in good standing. The holder of an event permit is authorized to oversee and administer a commercial event pursuant to this section and procedures adopted by the Board. Notwithstanding section 833 of this title, persons 21 years of age or older may consume cannabis or cannabis products at an event authorized pursuant to this section.

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

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

(2) a security plan to ensure that intoxicated persons or persons under 21 years of age cannot access the space subject to the permit, that the premises are

1 secured from diversion or inversion, and that the premises lawfully may be  
2 used for the purpose intended;

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

7 (4) capacity to administer and enforce the required plans, and  
8 confirmation that the applicant has secured the services of a county law  
9 enforcement agency or private security provider licensed pursuant to 26 V.S.A.  
10 chapter 59, if required by the Board;

11 (5) proof of commercially reasonable insurance for the proposed event;  
12 and

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

16 (c) Restrictions. The Board shall not issue more than 10 event permits  
17 annually. An event permit shall be valid for a single event not to exceed 24  
18 hours held at a single access-controlled location. An event permit shall not be  
19 issued for a location at which alcoholic beverages are sold or furnished for on-  
20 premises consumption. The holder of an event permit shall sell only registered  
21 adult-use cannabis and cannabis products at the event.

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

4        (e) Fee. Cannabis establishments shall be assessed a fee of \$1,000.00 to  
5        apply for an event permit, of which 50 percent shall be distributed to the host  
6        municipality and 50 percent shall be deposited in the Cannabis Regulation  
7        Fund.

8        (f) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A.  
9        § 835 to govern the event permits issued pursuant to this section, including any  
10       application procedures, event site restrictions, security requirements,  
11       associated forms, and the permittee selection process.

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

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

1      Sec. 8. 7 V.S.A. § 913 is added to read:

2      § 913. DELIVERY PERMIT

3          (a) Authorization. The Board may grant delivery permits to cannabis  
4      establishments licensed under this chapter.

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

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

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

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

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

19          (5) Cannabis and cannabis products delivered pursuant to a delivery  
20      permit shall be for personal use and not for resale.



1        (c) Fee. A cannabis establishment shall pay an annual fee of \$100.00 when  
2        applying for or renewing a delivery permit.

3        (d) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A.  
4        § 835 to govern the delivery permits issued pursuant to this section, including  
5        any application procedures, restrictions, security requirements, associated  
6        forms, and the permittee selection process.

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

12           (2) The Board shall not be required to initiate rulemaking pursuant to  
13       3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A  
14       procedure adopted pursuant to this section shall have the force of law and be  
15       binding on all persons who apply for and hold a delivery permit pursuant to  
16       this section.

17       Sec. 9. CANNABIS CONTROL BOARD; RULES AND REPORT

18       (a) On or before July 1, 2027, the Cannabis Control Board shall initiate  
19       rulemaking pursuant to 3 V.S.A. chapter 25 to adopt rules governing the  
20       permits established in Secs. 7 and 8 of this act.

1        (b) On or before November 15, 2027, the Cannabis Control Board shall  
2        submit a written report to the House Committee on Government Operations  
3        and Military Affairs and the Senate Committee on Economic Development,  
4        Housing and General Affairs concerning the permits established in Secs. 7 and  
5        8 of this act. The report shall include a concise assessment of the benefits,  
6        challenges, and administrative viability of the permit programs. The Board  
7        may recommend best practices for security, inventory tracking, tax  
8        enforcement, permit administration, local government coordination, and  
9        optimizing market access for small cultivators. The Board shall recommend  
10       updates to the statutes governing event permits and delivery permits, including  
11       whether either statute should be repealed on the date set by this act.

12                                \* \* \* Cannabis Advertising \* \* \*

13        Sec. 10. 7 V.S.A. § 864 is amended to read:

14        § 864. ADVERTISING

15                                \* \* \*

16        (c) Cannabis establishments shall not ~~advertise their products via~~ place a  
17        paid advertisement in any third-party medium unless the licensee can show that  
18        not more than ~~45~~ 30 percent of the audience is reasonably expected to be under  
19        21 years of age.

20        (d) All advertisements shall contain health warnings adopted by rule by the  
21        Board in consultation with the Department of Health.



1 establishments shall not ~~advertise their products via~~ place a paid advertisement  
2 in any third-party medium unless ~~the licensee can show that~~ not more than ~~15~~  
3 30 percent of the audience is reasonably expected to be under 21 years of age.

4 \* \* \* Cannabis Excise Tax \* \* \*

5 Sec. 12. 32 V.S.A. § 7902 is amended to read:

6 § 7902. CANNABIS EXCISE TAX

7 (a) There is imposed a cannabis excise tax equal to ~~14~~ 10 percent of the  
8 sales price of each retail sale in this State of cannabis and cannabis products,  
9 including food or beverages.

10 \* \* \*

11 \* \* \* Municipal Authority \* \* \*

12 Sec. 13. 7 V.S.A. § 863 is amended to read:

13 § 863. REGULATION BY LOCAL GOVERNMENT

14 \* \* \*

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

1 compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or ~~upon~~  
2 ordinances ~~regulating signs or public nuisances~~ adopted pursuant to 24 V.S.A.  
3 § 2291 or the municipality's charter, except that ordinances may not regulate  
4 public nuisances as applied to outdoor cultivators that are regulated in the same  
5 manner as the Required Agricultural Practices under subdivision 869(f)(2) of  
6 this title. The commission may suspend or revoke a local control license for a  
7 violation of any condition placed upon the license. The Board shall adopt rules  
8 relating to a municipality's issuance of a local control license in accordance  
9 with this subsection and the local commissioners shall administer the rules  
10 furnished to them by the Board as necessary to carry out the purposes of this  
11 section.

12 \* \* \*

13 (d) A municipality shall not:

14 (1) adopt an ordinance or bylaw to expressly prohibit the operation of a  
15 cannabis establishment within the municipality ~~through an ordinance adopted~~  
16 ~~pursuant to 24 V.S.A. § 2291 or a bylaw adopted pursuant to 24 V.S.A. §~~  
17 ~~4414~~, or regulate a cannabis establishment in a manner that has the effect of  
18 prohibiting the operation of a cannabis establishment;

19 \* \* \*

20 \* \* \* Municipal Vote Concerning Cannabis Establishments \* \* \*

21 Sec. 14. 7 V.S.A. § 863a is added to read:

1     § 863a. MUNICIPAL VOTE TO PERMIT OPERATION OF CANNABIS  
2             ESTABLISHMENTS

3             (a) At the 2026 general election, a city, town, or incorporated village that as  
4             of July 1, 2026, has not voted on the question of whether to affirmatively  
5             permit the operation of cannabis establishments within the municipality shall  
6             vote on the article contained in this section. A city, town, or incorporated  
7             village shall vote on the article by Australian ballot.

8             (b) The warning for the election shall contain an article providing for a vote  
9             upon the following question:

10            Shall licensed cannabis retailers be authorized to operate in this  
11            municipality?

12            Yes        No        

13            (c) A vote to permit the operation of a licensed cannabis retailer within the  
14            municipality shall take effect six months after the date of the vote and may be  
15            rescinded at any time pursuant to the provisions of section 863 of this chapter.

16                    \* \* \* Distribution of Local License Fees to Municipalities \* \* \*

17            Sec. 15. 7 V.S.A. § 846 is amended to read:

18            § 846. FEES; AUTHORITY

19                                   \* \* \*

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

4 \* \* \* Two-Year Employee Identification Cards and Product Registrations \* \* \*

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

6 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

7 The following fees shall apply to each person or product licensed by the  
8 Board:

9 \* \* \*

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

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

19 \* \* \*

20 \* \* \* Repeal of Integrated License Provisions \* \* \*

21 Sec. 17. 7 V.S.A. § 861 is amended to read:

§ 861. DEFINITIONS

As used in this chapter:

\* \* \*

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

\* \* \*

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

\* \* \*

Sec. 18. 7 V.S.A. § 863 is amended to read:

§ 863. REGULATION BY LOCAL GOVERNMENT

(a)(1) Prior to a cannabis retailer ~~or the retail portion of an integrated licensee~~ operating within a municipality, the municipality shall affirmatively permit the operation of such cannabis establishments by majority vote of those present and voting by Australian ballot at an annual or special meeting warned for that purpose. A municipality may place retailers ~~or integrated licensees, or both,~~ on the ballot for approval.



\* \* \*

\* \* \*

\* \* \*

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\* \* \*

Sec. 20. 7 V.S.A. § 868 is amended to read:

§ 868. PROHIBITED PRODUCTS

\* \* \*

(b)(1) Except as provided by subdivision (2) of this subsection and in section 907 of this title relating to a retailer with a medical endorsement, solid and liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol may be produced by a licensee and sold to another licensee in accordance with subchapter 3 of this chapter but shall not be sold to the public by a licensed retailer ~~or integrated licensee~~.

(2) Liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol that are prepackaged for use with battery-powered devices shall be permitted to be sold to the public by a licensed retailer ~~or integrated licensee~~.

Sec. 21. 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 ~~(4)–(8)~~ (1)–(8) of this subsection.

\* \* \*

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

\* \* \*

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

4 \* \* \*

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

9 (8) Rules concerning propagators shall include:

10 \* \* \*

11 (E) labeling requirements for cannabis sold to retailers ~~and integrated~~  
12 ~~licensees~~;

13 \* \* \*

14 Sec. 22. 7 V.S.A. § 901 is amended to read:

15 § 901. GENERAL PROVISIONS

16 \* \* \*

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

18 \* \* \*

19 (E) a retailer license; ~~and~~

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

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

\* \* \*

(3)(A) Except as provided in subdivisions (B) and (C) of this subdivision (3), an applicant and its affiliates may obtain a maximum of one type of each type of license as provided in subdivisions (1)(A)–(F) of this subsection (d). Each license shall permit only one location of the establishment.

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

\* \* \*

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

\* \* \*

Sec. 23. 7 V.S.A. § 904 is amended to read:

§ 904. CULTIVATOR LICENSE

(a) A cultivator licensed under this chapter may:

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

\* \* \*

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

\* \* \*

Sec. 24. 7 V.S.A. § 904a is amended to read:

§ 904a. SMALL CULTIVATORS

\* \* \*

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

Sec. 25. 7 V.S.A. § 910 is amended to read:

§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

\* \* \*

\* \* \*

\* \* \*

\* \* \*

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1 (a) There is established the Cannabis Business Development Fund, which  
2 shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

3 (b) The Fund shall comprise:

4 (1) ~~a one-time contribution of \$50,000.00 per integrated license to be~~  
5 ~~made on or before October 15, 2022; and~~ [Repealed.]

6 \* \* \*

7 \* \* \* CBDF Grants for Cultivators, Manufacturers, and Economic  
8 Empowerment Businesses \* \* \*

9 Sec. 28. 7 V.S.A. § 987 is amended to read:

10 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

11 \* \* \*

12 (c) The Fund shall be used for the following purposes:

13 (1) to provide low-interest rate loans and grants to:

14 (A) social equity applicants to pay for ordinary and necessary  
15 expenses to start and operate a licensed cannabis establishment; and

16 (B) tier 1 cultivators, tier 1 manufacturers, and businesses granted  
17 economic empowerment status by the Board;

18 \* \* \*

19 Sec. 29. APPROPRIATIONS

20 (a) In fiscal year 2027, the sum of \$1,000,000.00 is transferred from the  
21 General Fund to the Cannabis Business Development Fund.

\* \* \* Repeals \* \* \*

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

\* \* \* Effective Dates \* \* \*

(Committee vote: \_\_\_\_\_)

Senator \_\_\_\_\_

FOR THE COMMITTEE