

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 * * *

(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 70 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~~.

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 (1)–(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:

1

* * *

2

* * * Transaction Limit * * *

3

Sec. 4. 7 V.S.A. § 907 is amended to read:

4

§ 907. RETAILER LICENSE

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* * *

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(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.

10

* * *

11

Sec. 5. 18 V.S.A. § 4230 is amended to read:

12

§ 4230. CANNABIS

13

(a) Possession and cultivation.

14

(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:

19

* * *

20

(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.

1

* * *

2

* * * Permits; Pilot Programs * * *

3

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

4

§ 912. EVENT PERMIT

5

(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.

11

(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:

14

(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;

19

(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.

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.

(e) All advertisements shall be submitted to the Board on a form or in a format prescribed by the Board, prior to the dissemination of the advertisement. The Board may:

4 (1) require a specific disclosure be made in the advertisement in a clear
5 and conspicuous manner if the Board determines that the advertisement would
6 be false or misleading without such a disclosure; or

15 Sec. 11. 7 V.S.A. § 866 is amended to read:

16 § 866. YOUTH

* * *

18 (d) In accordance with section 864 of this title, advertising by a cannabis
19 establishment shall not depict a person under 21 years of age consuming
20 cannabis or cannabis products or be designed to be or have the effect of being
21 particularly appealing to persons under 21 years of age. Cannabis

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

10 * * *

11 * * * Municipal Authority * * *

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

13 § 863. REGULATION BY LOCAL GOVERNMENT

14 * * *

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.

19 * * *

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

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

1 § 861. DEFINITIONS

2 As used in this chapter:

3 * * *

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

8 * * *

12 * * *

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

14 § 863. REGULATION BY LOCAL GOVERNMENT

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

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

16 (3) require that cannabis products sold by licensed retailers ~~and~~
17 ~~integrated licensees~~ are contained in child-resistant packaging; and
18 (4) require that cannabis and cannabis products sold by licensed retailers
19 ~~and integrated licensees~~ are packaged with labels that clearly indicate that the
20 contents of the package contain cannabis and should be kept away from
21 persons under 21 years of age.

1

* * *

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

3 § 868. PROHIBITED PRODUCTS

4

* * *

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

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

15 Sec. 21. 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) (1)–(8) of this subsection.

19

* * *

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

21

* * *

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 * * *

9 (8) Rules concerning propagators shall include:

10 * * *

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

13 * * *

15 § 901 GENERAL PROVISIONS

17 (1)(1) The 1-11-1 61

21 (S) an integrated license.

1

* * *

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

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

17

* * *

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

1

* * *

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

3 § 904. CULTIVATOR LICENSE

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

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

8 * * *

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

11 * * *

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

13 § 904a. SMALL CULTIVATORS

14 * * *

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

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

20 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

1 The following fees shall apply to each person or product licensed by the
2 Board:

3 * * *

4 (6) Integrated licensees. Integrated licensees shall be assessed an annual
5 licensing fee of \$100,000.00. [Repealed.]

6 * * *

7 Sec. 26. 7 V.S.A. § 974 is amended to read:

8 § 974. RULEMAKING

13 (2) Rules shall include:

14 * * *

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

18 * * *

19 Sec. 27. 7 V.S.A. § 987 is amended to read:

20 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

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

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.

1 (b) In fiscal year 2027, the sum of \$5,600,000.00 is appropriated to the
2 Vermont Land Access and Opportunity Board for purposes of loans, grants,
3 and financial assistance pursuant to 10 V.S.A. § 325u.

4 * * * Repeals * * *

Sec. 30. REPEALS

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

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

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

11 * * * Effective Dates * * *

Sec. 31. EFFECTIVE DATES

13 (a) This section and Sec. 14 shall take effect on passage.

14 (b) All other sections shall take effect on July 1, 2026.

15 (Committee vote: _____)

16 _____

17 Senator _____