

1 S.278

2 Senator Clarkson moves that the bill be amended following the end of Sec.
3 27, 7 V.S.A. § 904c, by inserting a reader assistance heading and a new section
4 to be Sec. 27a to read as follows:

5 * * * Commercial Cannabis Compact * * *

6 Sec. 27a. 7 V.S.A. § 834 is added to read:

7 § 834. COMMERCIAL CANNABIS COMPACT

8 (a) As used in this section:

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

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

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

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

20 (b) The Governor is authorized to enter into an agreement with another
21 state or states authorizing medical or commercial cannabis activity, or both,

1 between entities licensed under the laws of the contracting state and entities
2 operating with a Vermont license, provided that:

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

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

7 (A) the transportation of cannabis and cannabis products by any
8 means other than those authorized under the laws of the contracting state and
9 the regulations of the Board; and

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

13 (c) Notwithstanding any other law, a foreign licensee may engage in
14 commercial cannabis activity with a State licensee and a State licensee may
15 engage in commercial cannabis activity with a foreign licensee, subject to the
16 requirements and limitations set forth in this section.

17 (d) A foreign licensee shall not engage in commercial cannabis activity
18 within the boundaries of this State without a State license, or engage in
19 commercial cannabis activity within a local jurisdiction without proper
20 authorization issued by the local jurisdiction.

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

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

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

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

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

15 (5) requirements for quality assurance and inspection of cannabis or
16 cannabis products that meet or exceed the requirements applicable to cannabis
17 or cannabis products cultivated, manufactured, or sold by State licensees;

18 (6) restrictions on marketing, labeling, and advertising within this State
19 by foreign licensees that meet or exceed the restrictions of State licensees
20 pursuant to this title; and

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

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

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

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

15 (i) An agreement shall include provisions requiring appropriate regulatory
16 authorities of each state to investigate instances of alleged noncompliance with
17 the commercial cannabis regulatory rules and regulations upon request by the
18 other state and in accordance with mutually agreed-upon procedures. An
19 agreement shall include provisions requiring the contracting state to reasonably
20 cooperate with this State’s investigations concerning foreign licensees and

1 requiring the Board to reasonably cooperate with investigations by the
2 contracting state concerning persons or entities holding State licenses.

3 (j) An agreement shall include appropriate provisions reflecting Board
4 programs and efforts to promote the inclusion and support of individuals and
5 communities in the cannabis industry who are linked to populations and
6 neighborhoods that were negatively or disproportionately impacted by
7 cannabis criminalization.

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

10 (1) Submit the proposed agreement or amendments to the Board and the
11 Joint Fiscal Committee for review and comment. The Board and Committee
12 shall have 60 days to review the proposed agreement or amendment and to
13 submit written recommendations to the Governor. The Governor shall
14 consider all recommendations submitted by the Board and Committee and may
15 revise the proposed agreement or amendment to incorporate the
16 recommendations. If the Governor does not incorporate any recommendations,
17 the Governor shall set forth, in writing, the reasons for not incorporating the
18 recommendations.

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

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

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

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

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

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

15 (m) The Board shall notify the Governor and the General Assembly upon
16 the occurrence of an event described in subsection (l) of this section and shall
17 post the notification on the Board’s website.

18 (n) The Board may adopt emergency rules pursuant to 3 V.S.A. § 844
19 governing the procedures for admission of a foreign licensee to conduct
20 commercial cannabis activities within the State. Notwithstanding 3 V.S.A.
21 § 844(b), the Board’s emergency rules shall be effective for one year from the

1 date of adoption. Within 90 days after adopting the emergency rules, the
2 Board shall report to the House Committee on Government Operations and
3 Military Affairs and the Senate Committee on Economic Development,
4 Housing and General Affairs concerning its recommendations for necessary
5 updates to Vermont’s cannabis laws and a proposal for permanent rules
6 governing commercial cannabis activities subject to an agreement.