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S.278

Senator Clarkson moves that the bill be amended by adding a reader assistance heading and two new sections to be Secs. 27a and 27b to read as follows:

* * * Commercial Cannabis Compact * * *

Sec. 27a. COMMERCIAL CANNABIS COMPACT; INTENT

The General Assembly finds that the medical and commercial cannabis industry has grown significantly throughout the United States since Vermont transitioned to a recreational cannabis market in 2022. The General Assembly further finds that recent statements from federal officials, including provisions of Executive Order 14370, 90 F.R. 60541, “Increasing Medical Marijuana and Cannabidiol Research,” indicate a shifting federal posture on regulated cannabis markets. Accordingly, it is the intent of the General Assembly to prepare for the possibility of regional or interstate cannabis markets by authorizing the Governor to form agreements with other states that have commercial cannabis markets.

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

§ 834. COMMERCIAL CANNABIS COMPACT

(a) As used in this section:

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

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

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

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

12 (b) The Governor is authorized to enter into an agreement with another
13 state or states authorizing medical or commercial cannabis activity, or both,
14 between entities licensed under the laws of the contracting state and entities
15 operating with a Vermont license, provided that:

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

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

1 (A) the transportation of cannabis and cannabis products by any
2 means other than those authorized under the laws of the contracting state and
3 the regulations of the Board; and

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

7 (c) Notwithstanding any other law, a foreign licensee may engage in
8 commercial cannabis activity with a State licensee and a State licensee may
9 engage in commercial cannabis activity with a foreign licensee, subject to the
10 requirements and limitations set forth in this section.

11 (d) A foreign licensee shall not engage in commercial cannabis activity
12 within the boundaries of this State without a State license, or engage in
13 commercial cannabis activity within a local jurisdiction without proper
14 authorization issued by the local jurisdiction.

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

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

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

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

6 (4) requirements for the packaging and labeling of cannabis and
7 cannabis products that meet or exceed the packaging and labeling requirements
8 established pursuant to Board rules;

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

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

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

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

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

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

8 (i) An agreement shall include provisions requiring appropriate regulatory
9 authorities of each state to investigate instances of alleged noncompliance with
10 the commercial cannabis regulatory rules and regulations upon request by the
11 other state and in accordance with mutually agreed-upon procedures. An
12 agreement shall include provisions requiring the contracting state to reasonably
13 cooperate with this State’s investigations concerning foreign licensees and
14 requiring the Board to reasonably cooperate with investigations by the
15 contracting state concerning persons or entities holding State licenses.

16 (j) An agreement shall include appropriate provisions reflecting Board
17 programs and efforts to promote the inclusion and support of individuals and
18 communities in the cannabis industry who are linked to populations and
19 neighborhoods that were negatively or disproportionately impacted by
20 cannabis criminalization.

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

3 (1) Submit the proposed agreement or amendments to the Board and the
4 Joint Fiscal Committee for review and comment. The Board and Committee
5 shall have 60 days to review the proposed agreement or amendment and to
6 submit written recommendations to the Governor. The Governor shall
7 consider all recommendations submitted by the Board and Committee and may
8 revise the proposed agreement or amendment to incorporate the
9 recommendations. If the Governor does not incorporate any recommendations,
10 the Governor shall set forth, in writing, the reasons for not incorporating the
11 recommendations.

12 (2) Post the proposed agreement or amendment on the Governor’s and
13 Board’s internet websites for public comment for 30 days. The Governor shall
14 consider any comments received.

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

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

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

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

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

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

11 (n) The Board may adopt emergency rules pursuant to 3 V.S.A. § 844
12 governing the procedures for admission of a foreign licensee to conduct
13 commercial cannabis activities within the State. Notwithstanding 3 V.S.A.
14 § 844(b), the Board’s emergency rules shall be effective for one year from the
15 date of adoption. Within 90 days after adopting the emergency rules, the
16 Board shall report to the House Committee on Government Operations and
17 Military Affairs and the Senate Committee on Economic Development,
18 Housing and General Affairs concerning its recommendations for necessary
19 updates to Vermont’s cannabis laws and a proposal for permanent rules
20 governing commercial cannabis activities subject to an agreement.