

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 * * * Packaging Limit * * *

8 Sec. 1. 7 V.S.A. § 881 is amended to read:

9 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

12 * * *

13 (3) Rules concerning product manufacturers shall include:

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

16 * * *

17 * * * Transaction Limit * * *

18 Sec. 2. 7 V.S.A. § 907 is amended to read:

19 § 907. RETAILER LICENSE

20 * * *

1 (b) In a single transaction, a retailer may provide ~~one ounce~~ two ounces of
2 cannabis or the equivalent in cannabis products, or a combination thereof, to a
3 person 21 years of age or older upon verification of a valid government-issued
4 photograph identification card.

5 * * *

6 Sec. 3. 18 V.S.A. § 4230 is amended to read:

7 § 4230. CANNABIS

8 (a) Possession and cultivation.

9 (1) No person shall knowingly and unlawfully possess more than ~~one~~
10 ~~ounce~~ two ounces of cannabis or more than ~~five~~ 10 grams of hashish or
11 cultivate more than two mature cannabis plants or four immature cannabis
12 plants. A person who violates this subdivision shall be assessed a civil penalty
13 as follows:

14 * * *

15 (2)(A) No person shall knowingly and unlawfully possess more than
16 two ounces ~~or more~~ of cannabis or ~~ten~~ 10 grams or more of hashish or more
17 than three mature cannabis plants or six immature cannabis plants. For a first
18 offense under this subdivision (2), a person shall be provided the opportunity
19 to participate in the Court Diversion Program unless the prosecutor states on
20 the record why a referral to the Court Diversion Program would not serve the
21 ends of justice. A person convicted of a first offense under this subdivision

1 shall be imprisoned not more than six months or fined not more than \$500.00,
2 or both.

3 * * *

4 Sec. 4. 18 V.S.A. § 4230a is amended to read:

5 § 4230a. CANNABIS POSSESSION BY A PERSON 21 YEARS OF AGE
6 OR OLDER

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

17 * * *

18 * * * Permits; Pilot Programs * * *

19 Sec. 5. 7 V.S.A. § 912 is added to read:

20 § 912. EVENT PERMIT

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

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

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

15 (2) a security plan to ensure that intoxicated persons or persons under 21
16 years of age cannot access the space subject to the permit, that the premises are
17 secured from diversion or inversion, and that the premises lawfully may be
18 used for the purpose intended;

19 (3) a product sale plan that describes quantities and types of cannabis
20 and cannabis products that will be offered for sale and how the cannabis will

1 be transported, monitored, secured, displayed, and sold in conformity with

2 State law and Board rule;

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

7 (5) proof of commercially reasonable insurance for the proposed event;
8 and

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

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

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

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

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

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

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

19 Sec. 6. 7 V.S.A. § 913 is added to read:

20 § 913. DELIVERY PERMIT

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

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

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

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

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

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

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

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

1 (d) Procedures. The Board shall adopt procedures pursuant to 3 V.S.A.
2 § 835 to govern the delivery permits issued pursuant to this section, including
3 any application procedures, restrictions, security requirements, associated
4 forms, and the permittee selection process.

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

10 (2) The Board shall not be required to initiate rulemaking pursuant to
11 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section. A
12 procedure adopted pursuant to this section shall have the force of law and be
13 binding on all persons who apply for and hold a delivery permit pursuant to
14 this section.

15 Sec. 7. CANNABIS CONTROL BOARD; RULES AND REPORT

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

19 (b) On or before November 15, 2027, the Cannabis Control Board shall
20 submit a written report to the House Committee on Government Operations
21 and Military Affairs and the Senate Committee on Economic Development,

1 Housing and General Affairs concerning the permits established in Secs. 7 and
2 8 of this act. The report shall include a concise assessment of the benefits,
3 challenges, and administrative viability of the permit programs. The Board
4 may recommend best practices for security, inventory tracking, tax
5 enforcement, permit administration, local government coordination, and
6 optimizing market access for small cultivators. The Board shall recommend
7 updates to the statutes governing event permits and delivery permits, including
8 whether either statute should be repealed on the date set by this act.

9 * * * Cannabis Advertising * * *

10 Sec. 8. 7 V.S.A. § 864 is amended to read:

11 § 864. ADVERTISING

12 * * *

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

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

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

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* * *

* * * Municipal Authority * * *

Sec. 10. 7 V.S.A. § 863 is amended to read:

§ 863. REGULATION BY LOCAL GOVERNMENT

* * *

(b) A municipality that hosts any cannabis establishment may establish a cannabis control commission composed of commissioners who may be members of the municipal legislative body. The local cannabis control commission may issue and administer local control licenses under this subsection for cannabis establishments within the municipality but shall not assess a fee for a local control license issued to a cannabis establishment. The commissioners may condition the issuance of a local control license upon compliance with any bylaw adopted pursuant to 24 V.S.A. § 4414 or ~~upon~~ ordinances ~~regulating signs or public nuisances~~ adopted pursuant to 24 V.S.A. § 2291 or the municipality's charter, except that ordinances may not regulate public nuisances as applied to outdoor cultivators that are regulated in the same manner as the Required Agricultural Practices under subdivision 869(f)(2) of this title. The commission may suspend or revoke a local control license for a violation of any condition placed upon the license. The Board shall adopt rules relating to a municipality's issuance of a local control license in accordance with this subsection and the local commissioners shall administer the rules

1 furnished to them by the Board as necessary to carry out the purposes of this
2 section.

3 * * *

4 (d) A municipality shall not:

5 (1) ~~prohibit~~ adopt an ordinance or bylaw that completely prohibits the
6 operation of a cannabis ~~establishment~~ establishments within the municipality
7 ~~through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a bylaw adopted~~
8 ~~pursuant to 24 V.S.A. § 4414, or regulate a cannabis establishment~~
9 establishments in a manner that has the effect of completely prohibiting the
10 operation of a cannabis ~~establishment~~ establishments within the municipality;

11 * * *

12 * * * Distribution of Local License Fees to Municipalities * * *

13 Sec. 11. 7 V.S.A. § 846 is amended to read:

14 § 846. FEES; AUTHORITY

15 * * *

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

19 * * * Two-Year Employee Identification Cards and Product Registrations * * *

20 Sec. 12. 7 V.S.A. § 910 is amended to read:

21 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

1 ~~integrated licensee~~ licensed by the Board to engage in commercial cannabis
2 activity in accordance with this chapter.

3 * * *

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

7 * * *

8 Sec. 14. 7 V.S.A. § 863 is amended to read:

9 § 863. REGULATION BY LOCAL GOVERNMENT

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

16 (2) A vote to permit the operation of a licensed cannabis retailer ~~or~~
17 ~~integrated licensee~~ within the municipality shall remain in effect until
18 rescinded by majority vote of those present and voting by Australian ballot at a
19 subsequent annual or special meeting warned for that purpose. A rescission of
20 the permission to operate a licensed cannabis retailer ~~or integrated licensee~~
21 within the municipality under this subdivision shall not apply to a licensed

1 cannabis retailer ~~or integrated licensee~~ that is operating within the municipality
2 at the time of the vote.

3 * * *

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

5 § 866. YOUTH

6 * * *

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

9 * * *

10 (3) require that cannabis products sold by licensed retailers ~~and~~
11 ~~integrated licensees~~ are contained in child-resistant packaging; and

12 (4) require that cannabis and cannabis products sold by licensed retailers
13 ~~and integrated licensees~~ are packaged with labels that clearly indicate that the
14 contents of the package contain cannabis and should be kept away from
15 persons under 21 years of age.

16 * * *

17 Sec. 16. 7 V.S.A. § 881 is amended to read:

18 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

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

21 * * *

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

2 * * *

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

6 * * *

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

11 (8) Rules concerning propagators shall include:

12 * * *

13 (E) labeling requirements for cannabis sold to retailers ~~and integrated~~
14 ~~licensees~~;

15 * * *

16 Sec. 17. 7 V.S.A. § 901 is amended to read:

17 § 901. GENERAL PROVISIONS

18 * * *

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

20 * * *

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

1 (F) a testing laboratory license; and

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

3 * * *

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

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

19 * * *

20 (e) A dispensary that obtains a retailer license ~~or an integrated license~~
21 pursuant to this chapter shall maintain the dispensary and retail operations in a

1 manner that protects patient and caregiver privacy in accordance with rules
2 adopted by the Board.

3 * * *

4 Sec. 18. 7 V.S.A. § 904 is amended to read:

5 § 904. CULTIVATOR LICENSE

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

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

10 * * *

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

13 * * *

14 Sec. 19. 7 V.S.A. § 904a is amended to read:

15 § 904a. SMALL CULTIVATORS

16 * * *

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

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

1 § 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

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

4 * * *

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

7 * * *

8 Sec. 20. 7 V.S.A. § 974 is amended to read:

9 § 974. RULEMAKING

10 (a)(1) The Board shall adopt rules to implement and administer this
11 chapter. In adoption of rules, the Board shall strive for consistency with rules
12 adopted for cannabis establishments pursuant to chapter 33 of this title where
13 appropriate.

14 (2) Rules shall include:

15 * * *

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

19 * * *

20 Sec. 21. 7 V.S.A. § 987 is amended to read:

21 § 987. CANNABIS BUSINESS DEVELOPMENT FUND

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. 22. 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. 23. 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.

