

Vermont Cannabis Equity Coalition's Recommendations for Bill S.278 Draft v1.1, an Act Relating to Cannabis

This document includes the Vermont Cannabis Equity Coalition's recommendations for Bill S.278, an act relating to cannabis, draft v1.1, as introduced in the Senate Committee on Economic Development, Housing, and General Affairs on Thursday, February 12. Please see the [Vermont Cannabis Equity Coalition's 2026 Priorities](#) for a full listing of our legislative priorities and proposed statutory language.

Here is the full text for Bill S.278 draft v1.1 which can be seen on the SEDHGA committee page for Thursday, February 12 ([full text](#)).

Section 1

Proposal

Restore striking the THC cap for cannabis (flower) as in draft v1.0.

Rationale

From a practical standpoint, cannabis is not intoxicating unless a chemical process known as decarboxylation occurs, which activates its intoxicating compounds. In principle, any cannabis or cannabis products that are restricted from state regulation result in lost potential revenue for the state and cede that aspect of the market to neighboring states and the illicit market.

Section 2

Proposal

Strike the age limit proposal, which is new for draft version 1.1.

Section 3

Proposal

Increase the total package limit to 500 mg of THC.

Rationale

Any cannabis or cannabis products that are restricted from state regulation result in lost potential revenue for the state and cede that aspect of the market to neighboring states and the illicit market.

Section 4-6

Support.

Section 7

Proposal

Reduce the Event Permit fee to \$500.00, as in draft version 1.0, and are not subject to 7 V.S.A. § 863 (a)(1) and (a)(2).

Section 8

Proposal

Rename the proposal to a Delivery and On-Site Permit, which is eligible only for Tier 1 and 2 cultivators and Tier 1 and 2 manufacturers. Include explicit allowances that ensure cultivators may sell cannabis, living plants, and seeds produced by the licensee, and cannabis products made from cannabis principally produced by the licensee on the licensee's premises or through aggregated delivery. Manufacturers may sell cannabis products principally produced by the licensee on the licensee's premises or through aggregated delivery. Strike the hours of operation limitation. The Delivery and On-Site Permit location and delivery area of service are not subject to 7 V.S.A. § 863 (a)(1) and (a)(2). See recommended language for direct sales for producers in VCEC's 2026 Priorities and Statutory Language Recommendations document.

Rationale

The Cannabis Control Board has long recommended to legislators to enact well-regulated direct sales market channels for small producers, most recently in its Act 56 Report, "The CCB has heard consistently from small cultivators that their inability to sell products directly to consumers severely limits their market access, profitability, and branding opportunities. These concerns have only deepened over time as business-to-business relationships become increasingly entrenched and retailers vertically integrate. In various forums, small cultivators have advocated for the CCB or the Legislature to create an allowance for them to bypass licensed retailers and sell their own products directly. Once again, the CCB considers this request reasonable and has recommended the General Assembly consider direct-to-consumer legislation in previous reports."

Whitney Economics reports that, "Nationally, in 2024, participation in state-regulated marijuana markets was measured at 29.4%, meaning that 70.6% of all cannabis transactions are still conducted in the illicit market." As Beau Whitney, a leading cannabis economist, remarks, "The result is a system where licensed businesses struggle to survive while the illicit market continues to thrive. One glaring example of this regulatory mismatch is the retail-centric model. While well-intentioned, the forced reliance on brick-and-mortar retail has proved to be a significant barrier to consumer access and, consequently, market growth." There is a relationship between enabling small producers to access direct market channels and reducing the influence of the illicit market. Many potential customers will not transition to the regulated market until they have the option to purchase directly from producers. We estimate that 20% to 30% of the potential customer base in Vermont will transition from the illicit market to the regulated market if a well-regulated direct-to-consumer option is made available, which would increase foot traffic to retail shops and generate an additional \$10-15 million in tax revenue.

Section 9

Proposal

Change the rulemaking date to January 1, 2027.

Section 10-11

Support.

Section 12

Proposal

Strike this section.

Section 13

Proposal

Strike this section.

Section 14

Proposal

Amend to include towns that have held a retail opt-in vote but voted against the issue to vote again during the upcoming General Election.

Rationale

We have observed that retail opt-in measures often fail due to a lack of public awareness around the value of retail cannabis sales, and we have seen community members change their views. This sensible amendment will allow towns that previously voted against the measure another chance to express their views in this General Election.

Section 15

Summary

Support.

Rationale

Section 16

Summary

Change the annual production licensing fee to \$25 for standard applicants and \$10 for Social Equity and Economic Empowerment applicants. Allow a licensee to bring a product to market 5 business days after submitting a completed production registration to the Cannabis Control Board, except for product renewals less than two years old, which may be brought to market immediately.

Rationale

The \$50 registration fee is too high for most licensees, especially during a period when financial burdens are rising and revenue is declining. A higher product registration fee was more justifiable when the market was first established, as there were only a few products actively registered. However, after nearly four years in the market and with a significant number of actively registered products, around 3,000, the agency should consider reducing this financial burden and sharing greater equity to support its licensed participants better.

Additionally, applicants for Social Equity and Economic Empowerment need more tangible benefits associated with their designation, and would be consistent with the intention underlying 7 V.S.A. § 903(a)(2). Cannabis and cannabis products are specialty agricultural items with a limited time frame during which they are freshest for consumer appeal and enjoyment. Expecting a licensee to wait five business days is reasonable, and the Cannabis Control Board should assist licensees in getting their products to consumers. At the same time, they are still in the best condition possible.

Section 17-27

Summary

Support.

Rationale

Section 28

Summary

Support.

Rationale

Section 29

Summary

Our recommendations echo the CCB's Act 56 Report's recommendations on Social Equity and Excise Tax Allocation. These include the following:

- 1) Allocate \$1M* of cannabis excise tax revenue annually to the Cannabis Business Development Fund to be used for the following purposes:
 - a) Testing & Compliance Cost Relief – \$350,000 allocation administered by the Cannabis Control Board (CCB);
 - b) Business Advising & Coaching – \$250,000 allocation to contract with the Farm & Forest Viability Program, Vermont Sustainable Jobs Fund, and local Small Business Development Centers;
 - c) Business Improvement & Infrastructure Grants– \$250,000 allocation administered by the Working Lands Enterprise Board (WLEB) in partnership with the Cannabis Control Board (CCB) and the Vermont Sustainable Jobs Fund (VSJF);
 - d) Market Access & Public Education – \$150,000 allocation would fund a Market Access and Public Education Program.
 - e)

Rationale

Additional Recommendations:

Please see the Vermont Cannabis Equity Coalition's 2026 Priorities for a full listing of our legislative priorities and proposed statutory language.

1. Include automatic and cost-free expungement without possession or plant limitations and without the need to petition or pay outstanding court fees (see proposed language).
2. Include public consumption anywhere lit tobacco is allowed, and non-homeowner protections (see proposed language).
3. Re-establish the Symptom Relief Oversight Committee so there is a place for patients, caregiver and medical professionals voices and expertise (see proposed language).
4. Move symptom and condition management into the Medical Cannabis Oversight Advisory Panel under the Cannabis Control Board (see proposed language).
5. Allow a prescription for opioids to serve as eligibility for the Medical Cannabis Program.
6. Employment and roadside testing protections for Medical Cannabis Program patients.
7. Strike the cultivation districts and setbacks (see proposed language).
8. Continue to enumerate aspects of agricultural status for outdoor cultivation into Vermont law (see recommended statutory language in the 2026 VCEC Priorities document).
9. Increase homegrown allowances to 6 mature and 12 immature plants (Act 65 (2023) medical homegrown allowances) (see proposed language).
10. Implement antitrust measures that maintain fairness among retailer licensees, such as shelf trading, similar to that in New York.
11. Empower the Cannabis Control Board to investigate and enforce payment between licensees to include outstanding invoices in good standing.
12. Explicitly allow producer cooperatives to participate in the cannabis market.
13. Strike the 10% ownership criteria from licensing to close the franchise loophole.
14. Include a findings section, drawing from language in the VCEC 2026 Priorities document speaking to: the importance of direct sales for producers, addressing the history of racialized discrimination in police enforcement of cannabis laws and its impacts with investments in historically marginalized communities, and more.