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CANNABIS CONTROL BOARD
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February 26, 2026

Hon. Alison Clarkson, Chair
Senate Committee on Economic Development, Housing & General Affairs
Vermont State House
115 State Street
Montpelier, Vermont 05633-5301

Re: S.278 - An act relating to cannabis

Dear Senator Clarkson and Committee:

On Friday, February 27, representatives of the Cannabis Control Board are scheduled to join you for a walkthrough of S.278. Thank you for the time you have dedicated to this important legislation. This letter summarizes the Board's comments and recommendations for relevant sections, based on draft 1.1., dated February 20.

Secs 1-6.

The Board supports the proposed text and believes increases in the proposed THC concentration, package, and transaction limits would bring Vermont more closely in line with regional norms.

Secs. 1-6 focus on inhalable products but preserve ingestible product caps. This distinction is prudent. Due to delayed onset, mg/serving limits are important to reduce inadvertent overconsumption of edible cannabis products. In respect to inhalable products, though, nearly instantaneous onset is typical, so users tend to adjust the amount inhaled to achieve desired results. Concentration caps on inhalable can have the undesired effect of mandating the addition of dilutants.

In respect to Sec. 4, amending 7 V.S.A. § 907, the existing statutory language "or the equivalent in cannabis products" has been problematic to operationalize, because it is not possible to compute mathematical equivalence between drug products that use different modes of administration. If a more enforceable transaction limit on cannabis products is desired, consider specifying in statute a THC milligram limit.

Sec. 7.

The Board supports the proposed text.

Sec. 8.

Sec. 8 would expand delivery to the adult-use market, based on issuance of not more than 10 delivery permits per year. Delivery is currently allowed only in relation to registered medical patients. In the medical system, addresses are verified and matched to a known, registered patient before a driver ever departs on a run. Outside that system, any person can order delivery, to an unchecked location, of a valuable product, by a driver who may be alone and is likely to be carrying cash. Limiting delivery to ordinary business hours, as the draft language does, may mitigate risk to drivers.

Careful planning of procedures and provisions for security and inventory tracking should precede issuance of adult-use delivery permits. The Board explored the possibility of mirroring the State's system of Class 2 alcohol delivery licensing; however, we found that no business currently takes advantage of the option.

If delivery sales are to be completed by licensees other than retailers, conforming amendments to Title 32 will be needed to ensure consistent application of the cannabis excise tax, sales and use tax, and if applicable, the local option tax. It may be helpful to clarify whether a sale is considered to have taken place at the location of the delivering establishment or at the delivery destination.

Finally, the Legislature may wish to clarify whether delivery is permitted or prohibited in municipalities that have not opted in to retail cannabis sales pursuant to 7 V.S.A. § 863(a).

Sec. 10.

A proposed change in the audience-composition ratio is incremental in theory but drastic in practice. Because approximately 21% of Vermont's population is under 21 years of age, advertisements to the general public that are presumptively *disallowed* under the current 15% standard, would be presumptively *allowed* in all fora in the absence of data to the contrary. The proposed change would substantially end demographic restrictions on cannabis establishment window displays, flyers, magazines, outdoor advertising, and mailings.

If the General Assembly intends to eliminate quantitative demographic limits, as almost any liberalization of the 15% standard would in practice, it would be preferable to strike 7 V.S.A. § 864(c) and substitute a qualitative standard, such as:

> *... in any medium or forum …*
> *(a) associated with organized youth activities or programs;*
> *(b) tending to have disproportionate appeal to persons under 21;*
> *(c) associated with or unduly proximate to substance use recovery sites or areas where youth or persons vulnerable to substance use disorder congregate; or*
> *(d) inherently unsuitable for promotion of intoxicants for reasons of public health and safety …*

We recommend against striking the pre-publication review process set out in 7 V.S.A. § 864(c). A group of cannabis establishments challenged the statute, as well as other elements of the advertising regime, in a lawsuit that was settled to mutual satisfaction. The result is a lean and effective process for submission review and approval that turns around an average response in 2.5 days and all responses

within 5 business days. To reduce regulatory burden on advertisers that use consistent templates, we pre-approve templates so conforming advertisements need only be resubmitted in case of material changes in claims or content.

Eliminating pre-publication review would raise enforcement costs exponentially and would result in less effective, less consistent enforcement. The reason is that pre-publication review allows us to correct deficiencies in a collegial manner, with a simple email before publication. Without it, every advertising violation would have to be charged after publication, via a Notice of Violation, and then litigated as a contested case. In the current system, we almost never have to assess fines for substantive advertising violations. In a system where advertising issues could only be enforced as violations, substantial fines would be required to deter violations.

Finally, we note that the draft would eliminate, with pre-publication review, the Board's mandate to

> *(1) require a specific disclosure be made in the advertisement in a clear and conspicuous manner if the Board determines that the advertisement would be false or misleading without such a disclosure; or*
>
> *(2) require changes that are necessary to protect the public health, safety, and welfare or consistent with dispensing information for the product under review*

That authority helps us protect consumers from false and misleading claims, including unsubstantiated health claims. We recommend it be retained.

Sec. 11.

The sentence in section 866(d) respecting audience composition is redundant with section 864(c). Our comments are substantially the same as for Sec. 10: Because 21% of the population is under 21, a 15% threshold keeps cannabis product advertising from flooding social media and appearing in store windows. Were the youth tolerance enlarged to 30% and regulation narrowed to "paid … third-party medi[a]," advertising of products to youth on social media, through influencers, and through confederates or proxies, would be substantially unregulated. Cannabis establishment storefronts could look very different than they do today.

Consistent with our recommendations for Sec. 10, if quantitative audience-composition requirements are to be removed, they should be replaced by clear authority for the Board to deny advertising targeted at vulnerable and underage populations. We recommend an approach like the one described in the first italic block under the heading "Sec. 10," above.

Sec. 13.

This section would increase municipal authority over cannabis establishments by implicitly allowing enforcement of all relevant ordinances, not just those "regulating signs or public nuisances." The Board believes enhanced local control would be helpful and supports the proposal.

Sec. 14.

This section would require all municipalities that have not voted on whether to permit the operation of a retail cannabis establishment within the municipality to host such a vote at the 2026 general election. Increasing the number of available host municipalities may tend to improve the geographic distribution of retailers. To reduce reader confusion, consider adding "retail" before references to "cannabis establishments," in the section heading and elsewhere.

Sec. 15.

The CCB collects local license fees with applications and renewals, bundles the fees, and distributes them to recipient municipalities. But quarterly distributions are too frequent and generate undue administrative work for the agency and for municipalities. We have never had to deduct administrative expenses as the statute allows. Switching to annual distribution would improve efficiency and help ensure every penny of local fees continues to reach localities.

Sec. 16

We recommend against making incremental changes to license and registration durations, because the unseen administrative and IT costs associated with these changes will swamp any benefit they might offer to efficiency. Peripheral instruction and guidance materials, internal operating procedures, administrative rules, and training materials all must be updated to reflect simple-seeming adjustments like those in Sec. 16. More important, because changes affect information technology platforms, and they are commanded by legislation, their implementation jumps the line ahead of more urgent IT matters, delaying more impactful service improvements.

It is possible to change to a biennial employee licensing system, holding per-annum costs the same, but there is little demand for this. The online renewal process is minimally burdensome. Further, many ID card holders would rather not commit $100 for two years rather than $50 for one.

We strongly recommend preserving the simple, one-year product registration system. Although offering longer durations, as Sec. 16 would, appears to improve efficiency, it would have the paradoxical effect of complicating administrative processes. Today, all registered products get a one-year check, across the board, and our information technology systems are built around the assumption of one-year renewal. There is every reason to keep it that way. The science remains unsettled around cannabis product shelf life and safety issues, such as heavy metal leaching into distillate. As with other IT-based adjustments, legislated changes to the product registration system would supplant projects in queue that have been prioritized based on service impact. Additionally, a substantial appropriation would be necessary to offset the systemic costs of restructuring.

Secs. 17-27.

These sections keep statutes current by striking obsolete references to integrated licenses. The last integrated licensee has converted to conventional licensing, so it is no longer necessary for our statutes to recognize the license type.

Secs. 28-29.

Sections concerning fees and appropriations are consistent with recommendations in the Board's 2025 report on the subject, available at legislature.vermont.gov/assets/Legislative-Reports/Act-56-2025-Fees-and-Appropriations-Report.pdf.

The Board hopes this commentary is helpful to advancing the important purposes of S.278. Please do not hesitate to reach out with questions.

Sincerely,
/s/gmg
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