

1 TO THE HONORABLE SENATE:

2 The Committee on Judiciary to which was referred Senate Bill No. 25
3 entitled “An act relating to miscellaneous cannabis regulation procedures”
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 * * * Town Vote on Retail Sales * * *

8 Sec. 1. 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 * * *

17 (3) On March 8, 2023, any municipality that has not previously voted on
18 the question of permitting the operation of cannabis establishments pursuant to
19 subdivision (1) of this subsection shall be deemed to permit the operation of
20 both cannabis retailers and integrated licensees.

21 * * *

1 (C) one member with an expertise in laboratory science or
2 toxicology, appointed by the Governor;

3 (D) one member with an expertise in systemic social justice and
4 equity issues, appointed by the Speaker of the House;

5 (E) one member with an expertise in ~~women~~ women- and minority-
6 owned business ownership, appointed by the Speaker of the House;

7 (F) one member with an expertise in substance misuse prevention,
8 appointed by the Senate Committee on Committees;

9 (G) one member with an expertise in the cannabis industry, appointed
10 by the Senate Committee on Committees;

11 (H) one member with an expertise in business management or
12 regulatory compliance, appointed by the Treasurer;

13 (I) one member with an expertise in municipal issues, appointed by
14 the Treasurer;

15 (J) one member with an expertise in public safety, appointed by the
16 Attorney General;

17 (K) one member with an expertise in criminal justice reform,
18 appointed by the Attorney General; ~~and~~

19 (L) the Secretary of Natural Resources or designee; and

20 (M) one member appointed by the Vermont Cannabis Trade
21 Association.

1 than 10 years, to the General Fund any application of excise taxes to the
2 Cannabis Regulation Fund made pursuant to Sec. 6c of this act.

3 (A) Application fees, initial annual license fees, and annual license
4 renewal fees for each type of cannabis establishment license as provided in
5 7 V.S.A. § 846: cultivator, product manufacturer, wholesaler, retailer, testing
6 laboratory, and integrated. If the Board establishes tiers within a licensing
7 category, it shall provide a fee recommendation for each tier.

8 (B) Fee for a cannabis establishment identification card as provided
9 in 7 V.S.A. § 884.

10 (C) Fee for advertisement review for a cannabis establishment
11 licensee as provided in 7 V.S.A. § 865.

12 * * *

13 Sec. 5. 7 V.S.A. § 861 is amended to read:

14 § 861. DEFINITIONS

15 As used in this chapter:

16 (1) “Advertise” means the publication or dissemination of an
17 advertisement.

18 (2) “Advertisement” means any written or verbal statement, illustration,
19 or depiction that is calculated to induce sales of cannabis or cannabis products,
20 including any written, printed, graphic, or other material, billboard, sign, or
21 other outdoor display, other periodical literature, publication, or in a radio or

1 television broadcast, the Internet, or in any other media. The term does not
2 include:

3 (A) any label affixed to any cannabis or cannabis product, or any
4 individual covering, carton, or other wrapper of that container that constitutes a
5 part of the labeling under provisions of these standards;

6 (B) any editorial or other reading material, such as a news release, in
7 any periodical or publication or newspaper for the publication of which no
8 money or valuable consideration is paid or promised, directly or indirectly, by
9 any cannabis establishment, and that is not written by or at the direction of the
10 licensee;

11 (C) any educational, instructional, or otherwise noncommercial
12 material that is not intended to induce sales and that does not propose an
13 economic transaction, but that merely provides information to the public in an
14 unbiased manner; or

15 (D) a sign attached to the premises of a cannabis establishment that
16 merely identifies the location of the cannabis establishment.

17 (3) “Affiliate” means a person that directly or indirectly owns or
18 controls, is owned or controlled by, or is under common ownership or control
19 with another person.

20 ~~(2)~~(4) “Applicant” means a person that applies for a license to operate a
21 cannabis establishment pursuant to this chapter.

1 ~~(3)~~(5) “Board” means the Cannabis Control Board.

2 ~~(4)~~(6) “Cannabis” shall have the same meaning as provided in section
3 831 of this title.

4 ~~(5)~~(7) “Cannabis cultivator” or “cultivator” means a person licensed by
5 the Board to engage in the cultivation of cannabis in accordance with this
6 chapter.

7 ~~(6)~~(8) “Cannabis establishment” means a cannabis cultivator,
8 wholesaler, product manufacturer, retailer, or testing laboratory licensed by the
9 Board to engage in commercial cannabis activity in accordance with this
10 chapter.

11 ~~(7)~~(9) “Cannabis product” shall have the same meaning as provided in
12 section 831 of this title.

13 ~~(8)~~(10) “Cannabis product manufacturer” or “product manufacturer”
14 means a person licensed by the Board to manufacture cannabis products in
15 accordance with this chapter.

16 ~~(9)~~(11) “Cannabis retailer” or “retailer” means a person licensed by the
17 Board to sell cannabis and cannabis products to adults 21 years of age and
18 older for off-site consumption in accordance with this chapter.

19 ~~(10)~~(12) “Cannabis testing laboratory” or “testing laboratory” means a
20 person licensed by the Board to test cannabis and cannabis products in
21 accordance with this chapter.

1 ~~(11)~~(13) “Cannabis wholesaler” or “wholesaler” means a person
2 licensed by the Board to purchase, process, transport, and sell cannabis and
3 cannabis products in accordance with this chapter.

4 ~~(12)~~(14) “Chair” means the Chair of the Cannabis Control Board.

5 ~~(13)~~(15) “Characterizing flavor” means a taste or aroma, other than the
6 taste or aroma of cannabis, imparted either prior to or during consumption of a
7 cannabis product. The term includes tastes or aromas relating to any fruit,
8 chocolate, vanilla, honey, maple, candy, cocoa, dessert, alcoholic beverage,
9 mint, menthol, wintergreen, herb or spice, or other food or drink or to any
10 conceptual flavor that imparts a taste or aroma that is distinguishable from
11 cannabis flavor but may not relate to any particular known flavor.

12 ~~(14)~~(16) “Child-resistant packaging” means packaging that is designed
13 or constructed to be significantly difficult for children under five years of age
14 to open or obtain a toxic or harmful amount of the substance in the container
15 within a reasonable time and not difficult for normal adults to use properly, but
16 does not mean packaging that all children under five years of age cannot open
17 or obtain a toxic or harmful amount of the substance in the container within a
18 reasonable time.

19 ~~(15)~~(17) “Controls,” “is controlled by,” and “under common control”
20 mean the power to direct, or cause the direction or management and policies of
21 a person, whether through the direct or beneficial ownership of voting

1 securities, by contract, or otherwise. A person who directly or beneficially
2 owns 10 percent or more equity interest, or the equivalent thereof, of another
3 person shall be deemed to control the person.

4 ~~(16)~~(18) “Dispensary” means a business organization licensed pursuant
5 to chapter 37 of this title or 18 V.S.A. chapter 86.

6 ~~(17)~~(19) “Enclosed, locked facility” means a building, room,
7 greenhouse, outdoor fenced-in area, or other location that is enclosed on all
8 sides and prevents cannabis from easily being viewed by the public. The
9 facility shall be equipped with locks or other security devices that permit
10 access only by:

11 (A) Employees, agents, or owners of the cultivator, all of whom shall
12 be 21 years of age or older.

13 (B) Government employees performing their official duties.

14 (C) Contractors performing labor that does not include cannabis
15 cultivation, packaging, or processing. Contractors shall be accompanied by an
16 employee, agent, or owner of the cultivator when they are in areas where
17 cannabis is being grown, processed, packaged, or stored.

18 (D) Registered employees of other cultivators, members of the
19 media, elected officials, and other individuals 21 years of age or older visiting
20 the facility, provided they are accompanied by an employee, agent, or owner of
21 the cultivator.

1 ~~(18)~~(20) “Flavored oil cannabis product” means any oil cannabis
2 product that contains an additive to give it a characterizing flavor.

3 ~~(19)~~(21) “Integrated licensee” means a person licensed by the Board to
4 engage in the activities of a cultivator, wholesaler, product manufacturer,
5 retailer, and testing laboratory in accordance with this chapter.

6 ~~(20)~~(22) “Municipality” means a town, city, or incorporated village.

7 ~~(21)~~(23) “Person” shall include any natural person; corporation;
8 municipality; the State of Vermont or any department, agency, or subdivision
9 of the State; and any partnership, unincorporated association, or other legal
10 entity.

11 ~~(22)~~(24) “Plant canopy” means the square footage dedicated to live
12 plant production and does not include areas such as office space or areas used
13 for the storage of fertilizers, pesticides, or other products.

14 ~~(23)~~(25) “Principal” means an individual vested with the authority to
15 conduct, manage, or supervise the business affairs of a person, and may
16 include the president, vice president, secretary, treasurer, manager, or similar
17 executive officer of a business; a director of a corporation, nonprofit
18 corporation, or mutual benefit enterprise; a member of a nonprofit corporation,
19 cooperative, or member-managed limited liability company; and a partner of a
20 partnership.

1 ~~(24)~~(26) “Small cultivator” means a cultivator with a plant canopy or
2 space for cultivating plants for breeding stock of not more than 1,000 square
3 feet.

4 Sec. 6. 7 V.S.A. § 864 is added to read:

5 § 864. ADVERTISING

6 (a) “Advertise” and “advertisement” have the same meaning as in
7 section 861 of this title.

8 (b) A cannabis establishment advertisement shall not contain any statement
9 or illustration that:

10 (1) is deceptive, false, or misleading;

11 (2) promotes overconsumption;

12 (3) represents that the use of cannabis has curative effects;

13 (4) offers a prize, award, or inducement for purchasing cannabis or a
14 cannabis product, except that price discounts are allowed;

15 (5) offers free samples of cannabis or cannabis products;

16 (6) depicts a person under 21 years of age consuming cannabis or
17 cannabis products; or

18 (7) is designed to be or has the effect of being particularly appealing to
19 persons under 21 years of age.

1 (c) Cannabis establishments shall not advertise their products via any
2 medium unless the licensee can show that not more than 15 percent of the
3 audience is reasonably expected to be under 21 years of age.

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

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

9 (1) require a specific disclosure be made in the advertisement in a clear
10 and conspicuous manner if the Board determines that the advertisement would
11 be false or misleading without such a disclosure; or

12 (2) require changes that are necessary to protect the public health,
13 safety, and welfare or consistent with dispensing information for the product
14 under review.

15 (f) The Board may charge and collect fees for review of advertisements.

16 Sec. 7. 7 V.S.A. § 866(d) is added to read:

17 (d) In accordance with section 864 of this title, advertising by a cannabis
18 establishment shall not depict a person under 21 years of age consuming
19 cannabis or cannabis products or be designed to be or have the effect of being
20 particularly appealing to persons under 21 years of age. Cannabis
21 establishments shall not advertise their products via any medium unless the

1 licensee can show that not more than 15 percent of the audience is reasonably
2 expected to be under 21 years of age.

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

4 § 881. RULEMAKING; CANNABIS ESTABLISHMENTS

5 (a) The Board shall adopt rules to implement and administer this chapter in
6 accordance with subdivisions (1)-(7) of this subsection.

7 (1) Rules concerning any cannabis establishment shall include:

8 * * *

9 (P) disclosure or eligibility requirements for a financier, its owners
10 and principals, and its affiliates, which may include:

11 (i) requirements to disclose information to a licensed
12 establishment, the Board, or the Department of Financial Regulation;

13 (ii) a minimum age requirement and a requirement to conduct a
14 background check for natural persons;

15 (iii) requirements to ensure that a financier complies with
16 applicable State and federal laws governing financial institutions, licensed
17 lenders, and other financial service providers; and

18 (iv) any other requirements, conditions, or limitations on the type
19 or amount of loans or capital investments made by a financier or its affiliates,
20 which the Board, in consultation with the Department of Financial Regulation,

1 determines is necessary to protect the public health, safety, and general
2 welfare; ~~and~~

3 (Q) policies and procedures for conducting outreach and promoting
4 participation in the regulated cannabis market by diverse groups of individuals,
5 including those who have been disproportionately harmed by cannabis
6 prohibition; and

7 (R) advertising and marketing.

8 Sec. 9. 7 V.S.A. § 978 is added to read:

9 § 978. ADVERTISING

10 (a) “Advertise” and “advertisement” have the same meaning as in
11 section 861 of this title.

12 (b) A dispensary advertisement shall not contain any statement or
13 illustration that:

14 (1) is deceptive, false, or misleading;

15 (2) promotes overconsumption;

16 (3) represents that the use of cannabis has curative effects;

17 (4) offers a prize, award, or inducement for purchasing cannabis or a
18 cannabis product, except that price discounts are allowed;

19 (5) offers free samples of cannabis or cannabis products;

20 (6) depicts a person under 21 years of age consuming cannabis or
21 cannabis products; or

1 (a)(1) The cannabis plant, cannabis product, and useable cannabis
2 possession limits for a registered dispensary set forth in 18 V.S.A. chapter 86
3 shall no longer apply on and after February 1, 2022. A dispensary shall be
4 permitted to cultivate cannabis and manufacture cannabis products for the
5 purpose of transferring or selling such products to an integrated licensee on or
6 after April 1, 2022 and engaging in the activities permitted by 7 V.S.A.
7 chapter 33.

8 (2) On or before April 1, 2022, the Board shall begin accepting
9 applications for integrated licenses.

10 (3) On or before May 1, 2022, the Board shall begin issuing integrated
11 licenses to qualified applicants. An integrated licensee may begin selling
12 cannabis and cannabis products transferred or purchased from a dispensary
13 immediately. Between August 1, 2022 and October 1, 2022, 25 percent of
14 cannabis flower sold by an integrated licensee shall be obtained from a
15 licensed small cultivator, if available.

16 (b)(1) On or before April 1, 2022, the Board shall begin accepting
17 applications for small cultivator licenses and testing laboratories. The initial
18 application period shall remain open for 30 days. The Board may reopen the
19 application process for any period of time at its discretion.

20 (2) On or before May 1, 2022, the Board shall begin issuing small
21 cultivator and testing laboratories licenses to qualified applicants. Upon

1 licensing, small cultivators shall be permitted to sell cannabis legally grown
2 pursuant to the license to an integrated licensee and a dispensary licensed
3 pursuant to 18 V.S.A. chapter 86 prior to other types of cannabis establishment
4 licensees beginning operations.

5 (c)(1) On or before May 1, 2022, the Board shall begin accepting
6 applications for all cultivator licenses. The initial application period shall
7 remain open for 30 days. The Board may reopen the application process for
8 any period of time at its discretion.

9 (2) On or before June 1, 2022, the Board shall begin issuing all
10 cultivator licenses to qualified applicants.

11 (d)(1) On or before July 1, 2022, the Board shall begin accepting
12 applications for product manufacturer licenses and wholesaler licenses. The
13 initial application period shall remain open for 30 days. The Board may
14 reopen the application process for any period of time at its discretion.

15 (2) On or before August 1, 2022, the Board shall begin issuing product
16 manufacturer and wholesaler licenses to qualified applicants.

17 (e)(1) On or before September 1, 2022, the Board shall begin accepting
18 applications for retailer licenses. The initial application period shall remain
19 open for 30 days. The Board may reopen the application process for any
20 period of time at its discretion.

1 (b) The Fund shall comprise:

2 (1) three percent of gross sales made by integrated licensees prior to
3 October 15, 2022, with a maximum contribution of \$50,000.00 per integrated
4 licensee; and

5 (2) monies allocated to the fund by the General Assembly.

6 (c) The Fund shall be used for the following purposes:

7 (1) to provide low-interest rate loans and grants to social equity
8 applicants to pay for ordinary and necessary expenses to start and operate a
9 licensed cannabis establishment;

10 (2) to pay for outreach that may be provided or targeted to attract and
11 support social equity applicants; and

12 (3) necessary costs incurred in administering the Fund.

13 (d) Amounts from loans that are repaid shall provide additional funding
14 through the Fund.

15 § 988. SOCIAL EQUITY LOANS AND GRANTS

16 The Agency of Commerce and Community Development
17 shall establish a program using funds from the Cannabis Business
18 Development Fund for the purpose of providing financial assistance, loans,
19 grants, and outreach to social equity applicants.

1 Sec. 13. SOCIAL EQUITY APPLICANTS; CANNABIS CONTROL

2 BOARD ADVISORY COMMITTEE

3 The Cannabis Control Board Advisory Committee, in consultation with the
4 Board, shall develop criteria for social equity applicants for the purpose of
5 obtaining social equity loans and grants from the Cannabis Business
6 Development Fund pursuant to 7 V.S.A. chapter 39. The Board shall provide
7 the criteria to the General Assembly not later than October 15, 2021.

8 Sec. 14. APPROPRIATION

9 In fiscal year 2022, \$500,000.00 is appropriated to the Cannabis Business
10 Development Fund established pursuant to 7 V.S.A. § 987.

11 * * * Transfer of Medical Cannabis Program * * *

12 Sec. 15. IMPLEMENTATION OF MEDICAL CANNABIS REGISTRY

13 (a) On July 1, 2021, the following shall transfer from the Department of
14 Public Safety to the Cannabis Control Board.

15 (1) the authority to administer the Medical Cannabis Registry and the
16 regulation of cannabis dispensaries pursuant to 18 V.S.A. chapter 86;

17 (2) the cannabis registration fee fund established pursuant to 18 V.S.A.
18 chapter 86; and

19 (3) the positions dedicated to administering 18 V.S.A. chapter 86.

20 (b) The Registry shall continue to be governed by 18 V.S.A. chapter 86 and
21 the rules adopted pursuant to that chapter until 7 V.S.A. chapters 35 and 37 and

1 the rules adopted by the Board pursuant to those chapters take effect on
2 March 1, 2022 as provided in 2019 Acts and Resolves No. 164.

3 Sec. 16. REPEAL

4 Secs. 10 and 13 of 2019 Acts and Resolves No. 164 are repealed.

5 * * * Highway Safety * * *

6 Sec. 17. VERMONT CRIMINAL JUSTICE COUNCIL

7 Not later than July 1, 2021, the Vermont Criminal Justice Council shall
8 report to the Joint Legislative Justice Oversight Committee regarding funding
9 for the requirement that on or before December 31, 2021 all law enforcement
10 officers receive a minimum of 16 hours of Advanced Roadside Impaired
11 Driving Enforcement training as required by Sec. 20 of 2019 Acts and
12 Resolves No. 164.

13 * * * Substance Misuse Prevention Funding * * *

14 Sec. 18. 32 V.S.A. § 7909 is added to read:

15 § 7909. SUBSTANCE MISUSE PREVENTION FUNDING

16 (a) Thirty percent of the revenues raised by the cannabis excise tax
17 imposed by section 7902 of this title, not to exceed \$10,000,000.00 per fiscal
18 year, shall be used to fund substance misuse prevention programming.

19 (b) If any General Fund appropriations for substance misuse prevention
20 programming remain unexpended at the end of a fiscal year, that balance shall

1 be carried forward and shall only be used for the purpose of funding substance
2 misuse prevention programming in the subsequent fiscal year.

3 (c) Any appropriation balance carried forward pursuant to subsection (b) of
4 this section shall be in addition to revenues allocated for substance misuse
5 prevention programming pursuant to subsection (a) of this section.

6 Sec. 19. REPEAL

7 2019 Acts and Resolves No. 164, Sec. 19 (substance misuse prevention
8 funding) is repealed.

9 * * * Effective Date * * *

10 Sec. 20. EFFECTIVE DATE

11 This act shall take effect on passage.

12

13

14

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16

17 (Committee vote: _____)

18

Senator _____

19

FOR THE COMMITTEE