



Agenda

- Cannabis Control Board Introduction
- Municipal Authority Review
- Cannabis Retail Establishment Rules Overview
- Compliance Overview
- Resources for Municipalities

Disclaimer

This workshop, the associated slides, and discussion are provided to assist municipalities working with individuals and businesses seeking to establish a cannabis business in their town. Nothing in this workshop should be interpreted as legal advice.

If municipalities have questions regarding their legal responsibilities, they are encouraged to consult with their legal counsel.



The three-member Cannabis Control Board (CCB) was established through Act 164 of 2020 for the purpose of safely, equitably implementing and administering the laws and rules regulating adult-use cannabis (marijuana) in Vermont. It is responsible for establishing, administering, and regulating a cannabis regulatory system for commercial and medical cannabis cultivators, wholesalers, product manufacturers, retailers and testing laboratories.



James Pepper (Chair)



Kyle Harris



Julie Hulburd

The Cannabis Control Board Team

Executive Team

Executive Director
Brynn Hare

General Counsel
David Scherr

Education & Outreach Manager
Nellie Marvel

Finance Manager Kara Mayo

Compliance Team

<u>Director</u> Cary Giguere

Compliance Agents
Christine Motyka,
Denise McCarty,
Lawrence "Chipper" Sullivan
Michael DiTomasso

Licensing Team

<u>Director</u> Kimberly Lashua

Deputy Director Lauren Higbee

Alexis Pless
Dominique Acilio,
Melissa Andersen

Medical Team

Medical Marijuana Program
Administrator
Lindsey Wells

Program Technician
Meredith Bullock

Advisory Committee

The 14-member Cannabis Control Board Advisory Committee was created to assist the Board's mission to safely, equitably, and effectively implement and administer the laws enabling adult and medical use of cannabis in Vermont.

Member	Statutory Position	
Shayla Livingston	(A) expertise in public health appointed by the Governor	
Stephanie Smith	(B) the Secretary of Agriculture, Food and Markets or designee	
Kim Watson	(C) expertise in laboratory science or toxicology appointed by the Governor	
Nader Hashim	(D) expertise in systemic social justice and equity issues appointed by the Speaker of the House	
Ashley Reynolds	(E) expertise in women- and minority-owned business ownership appointed by the Speaker of the House	
Mark Levine	(F) the Chair of the Substance Misuse Prevention Oversight and Advisory Council or designee	
Chris Walsh	(G) expertise in the cannabis industry appointed by the Senate Committee on Committees	
Sivan Cotel	(H) expertise in business management or regulatory compliance appointed by the Treasurer	
Tim Wessel	(I) expertise in municipal issues appointed by the Senate Committee on Committees	
Ingrid Jonas	(J) expertise in public safety appointed by the Attorney General	
TJ Donovan (Designee: Julio Thompson)	(K) expertise in criminal justice reform appointed by the Attorney General	
Billy Coster	(L) the Secretary of Natural Resources or designee	
Jim Romanoff	(M) the Chair of the Cannabis for Symptom Relief Oversight Committee or designee	
Meg D'Elia	(N) appointed by the Vermont Cannabis Trade Association	

CULTIVATION (OPEN APRIL '22)

 Cultivator licensees may grow cannabis plants, either outdoors or indoors.

• 7 V.S.A. § 904

TESTING LAB (OPEN APRIL '22)

Testing

 Laboratory
 licensees may
 test cannabis
 and cannabis
 products
 obtained from a
 licensed
 cannabis
 establishment,
 dispensary, or a
 member of the
 public.

• 7 V.S.A. § 908

INTEGRATED (OPEN APRIL '22)

 Integrated Licensees may engage in the activities of each of the other license types listed above, but these licenses are only available to "an applicant and its affiliates that hold a dispensary registration on April 1, 2022."

• 7 V.S.A. § 909

MANUFACTURING (OPEN JULY '22)

License Types

 Manufacturer licensees may produce cannabis products from cannabis plants, including edibles, oils, and other such products.

• 7 V.S.A. § 906

WHOLESALE (OPEN JULY '22)

 Wholesaler licensees may purchase cannabis and cannabis products from other licensees and sell them to licensees.

• 7 V.S.A. § 905

RETAIL (OPEN SEPT '22)

Retailer
 licensees may
 sell cannabis and
 cannabis
 products to the
 general public.
 <u>No other license</u>
 <u>type may sell to</u>
 <u>the general</u>
 <u>public.</u>

• 7 V.S.A. § 907.

Some license types have tiers with in them based on size or function of the operation.

More information about tiers can be found in Board Rule 1

Licensing Numbers – As of Sept. 6th

License Type	In Process	Approved & Issued
Cultivator	97	197
Manufacturer	9	3
Wholesaler	7	2
Testing Lab	2	2
Retailer	21	0
Integrated	2	0
Employee ID Card	48	11

Key Considerations for the Upcoming Retail Market

- Approximately 72% of Vermont's cultivators are outdoor cultivators
- Licensing and planting occurred through out the summer.
- A typical harvest of sun-grown cannabis occurs from late September to Mid-October.
- Northern sun-grown cannabis typically yields one harvest per year.
- Indoor grown cannabis may yield 5 -6 harvests in the year-round growing season.
- There are several steps that occur from harvest to retail shelf: Including drying, trimming, curing, manufacturing, testing, packaging.
- The length of time from harvest to retail shelf will differ depending on actual harvest date and the methods and resources used in the steps between harvest and packaging.
- Vermont could see some supply chain issues and fluctuation in pricing as the market stabilizes.
- Initial demand could outpace supply as the new market comes online.
- Storage and processing will be key to extending the shelf-life of cannabis harvested in the fall and evening out any peaks and valleys in supply.

Relatable Reference:





Municipal Regulatory Authority

- Cannabis establishments are subject to the same zoning rules and municipal ordinances that apply to businesses.
- Municipalities may regulate cannabis establishments to the same extent they may regulate any other business under their authority to create zoning bylaws in 24 VSA §4414, and their authority to regulate signs and nuisances in 24 VSA §2291
- Municipalities do not have the authority to
 - Place conditions on the operation of a cannabis that that is not within their zoning authority in 24 VSA §4414, and their authority to regulate signs and nuisances in 24 VSA §2291
 - Use their zoning or ordinance power in a way that will have the effect of prohibiting the operation of cannabis establishments.

Statute outlining Cannabis Regulation by Local Government can be found in 7 VSA §863(2)(b),(c),(d)

Local Opt-In and Retail

- A Municipality must opt-in by majority vote at an annual or special meeting warned for that purpose to host a retail cannabis establishment
- Opt-in requirement applies only to retail and the retail portion of an integrated licenses.
- Opt-in has no impact on the ability of other license types to operate in a municipality.
- A municipality can opt in at anytime (in accordance with statute). There is no deadline or sunset on this provision and there is no date at which all towns automatically opt-in.
- A municipality may vote to rescind its opt-in vote. Any retail establishment operating in the municipality would be allowed to continue operations.

Municipal Authority & Cannabis Retail Establishments



If your town opt-in vote passes, please send these 2 things to ccb.info@vermont.gov:

A Copy of the Results

This can be the same document in which official results are recorded and posted for residents, or a copy of the Official Return of Election Results (the same document provided to the SOS Office) if the opt-in results are included.

Contact Information

Name, email, phone, and address of the person in the municipality who is the primary contact to receive information from Board.

If the opt-in vote fails, no information or notice to the CCB is required

Local Control Commissions

- Municipalities may form a Local Control Commission but are not required to.
- With out a local control commission, a municipality may still regulate cannabis establishments in accordance with their general authority to regulate businesses.
- Municipalities that create local commissions should do so by resolution adopted by the local legislative body and must notify the CCB that a commission has been established. (Board Rule 2.14 & Sample Resolution in Guidance)
- A local control commission may be comprised of the members of the local legislative body or may be other be comprised of other individuals.

Municipal Authority & Cannabis Retail Establishments

Local Control Commissions

- The local commission may issue and administer local control licenses and may condition local licenses on compliance with zoning bylaws under 24 VSA §4414 and ordinances regulating signs or public nuisances under 24 VSA §2291.
- The local commission may deny, suspend, or revoke a local control license if it violates the conditions placed on the license pursuant to 7 VSA §863.
- The CCB will ensure that the applicant has obtained a local control license from the municipality, if required, prior to issuing a state license.
- If no local commission exists, no local licensing approval will be required prior to state licensing.
- Local control commission must promptly consider license applications and may not delay consideration. A delay of more than 60 days of receiving an application will constitute a presumptive grant of a local control license. This period may be extended if the local commission is communicating with the applicant about conditions the applicant must meet. Extending the deadline is at the discretion of the CCB. (Board Rule 2)
- There is no standard format for local licenses, the town may use whichever format is appropriate for their town.



If your town forms a local commission, please send these 2 things to ccb.info@vermont.gov:

A Resolution

adopted by the local legislative body forming the Local Control Commission (sample in guidance on the CCB site)

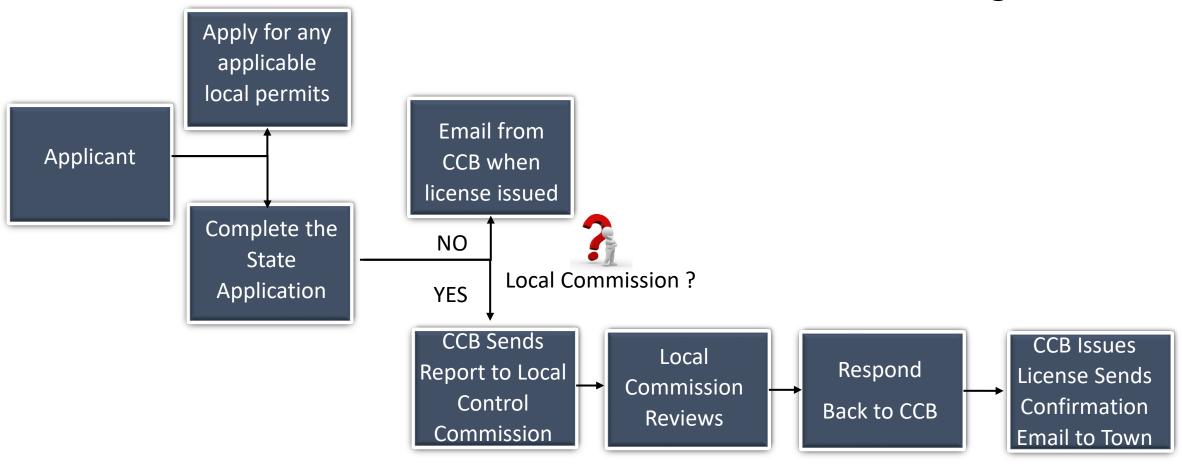
Contact Information

For the Local Control Commissions primary contact. This is the person that will receive licensing information.

Local Control Commissions & Local Licensing Process

- When a completed application for any type of license is received, the CCB will send a report to the Local Control Commission, if one exists.
- The report to the town will include the name of the cannabis establishment and the principal(s) of the establishment.
- The role of the Local Control Commission is to review and approve or deny the local license.
 Approval or denial may be based on
 - (For new applications) 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 ordinances regulating signs or public nuisances adopted pursuant to 24 V.S.A. § 2291.
 - (For annual renewals) If the Cannabis Establishment has complied with conditions placed on its local license by the local commission.

Standard Local Control Commissions & Local Licensing Process



Local Control Commissions

If no Local Control Commission exists, the Board will not send a report to the town but will
notify the town when a license is issued.



If no Local Commission is formed, the CCB will send an email notice of a license to the Town Clerk email on file with the Secretary of State unless other contact information is provided to ccb.info@vermont.gov

Zoning Designations for Cannabis Businesses

- There is no zoning designation for cannabis establishments in State cannabis law or and Board rules.
- A town's bylaws may require a particular cannabis establishment to be within a specifically zoned district, that will result solely from the application of the town's bylaws and not from any requirement in state law
- Vermont law does not require cannabis establishments to operate within a commercial zoning designation. However, a town's zoning bylaws may require a particular cannabis establishment to be within a commercially zoned district.
- Vermont law does not state that cannabis is a "commercial product."
- There are no state statutes or rules that require a cannabis establishment to operate in a commercially zoned district. State law does not determine any zoning designation.

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Buffer Zones

"Retail Cannabis Establishments shall not be located at a place where the sale of a regulated drug would constitute a violation of 18 VSA §4237(d)." 2.8.1 Buffer Zones

"Abutting a school property. The selling or dispensing of a regulated drug to a person on property abutting a school property is a violation under this section only if it occurs withing 500 feet of the school property. Property shall be considered abutting a school property if:

- (1) it shares a boundary with school property; or
- (2) it is adjacent to school property and is separated only by a river, stream, or public highway.

A school is a public or independent elementary or secondary school (such as a high school) or a property owned by a school." 18 VSA §4237(d)

Buffer Zones

- Under Board rules, a retail cannabis establishment cannot operate in any location where it
 would be a violation of the drug-free school zone law.
- Cannabis retailers cannot operate if the store would be on a property that abuts a school
 property and if the retail operations would occur with in 500 feet of the school property.
- The buffer zone requirement applies only to retail and not to any other type of cannabis establishments.
- A municipality may regulate the location of a cannabis establishment to the same extent it
 may regulate placement of other business under its zoning power.
- A municipality does not have authority to go beyond its general zoning power under 24 VSA 4414.
- Guidance on Buffer Zones is available on <u>ccb.vermont.gov</u>

Municipal Authority & Cannabis Retail Establishments

Sales Tax, Excise Tax & Local Option Tax

- The Vermont 6% Sales and Use Tax will apply to the retail sale of cannabis products. The sales and use tax applies to all cannabis products.
- An additional 14% excise tax will also apply.
- Municipalities that have a local option tax on retail sales of cannabis will receive LOT revenue.
- Municipalities cannot add a local option sales tax solely for cannabis products.
- Municipalities that have a local option sales tax cannot exempt cannabis products from that tax.
- Municipalities must tax cannabis products as they would as any other good.

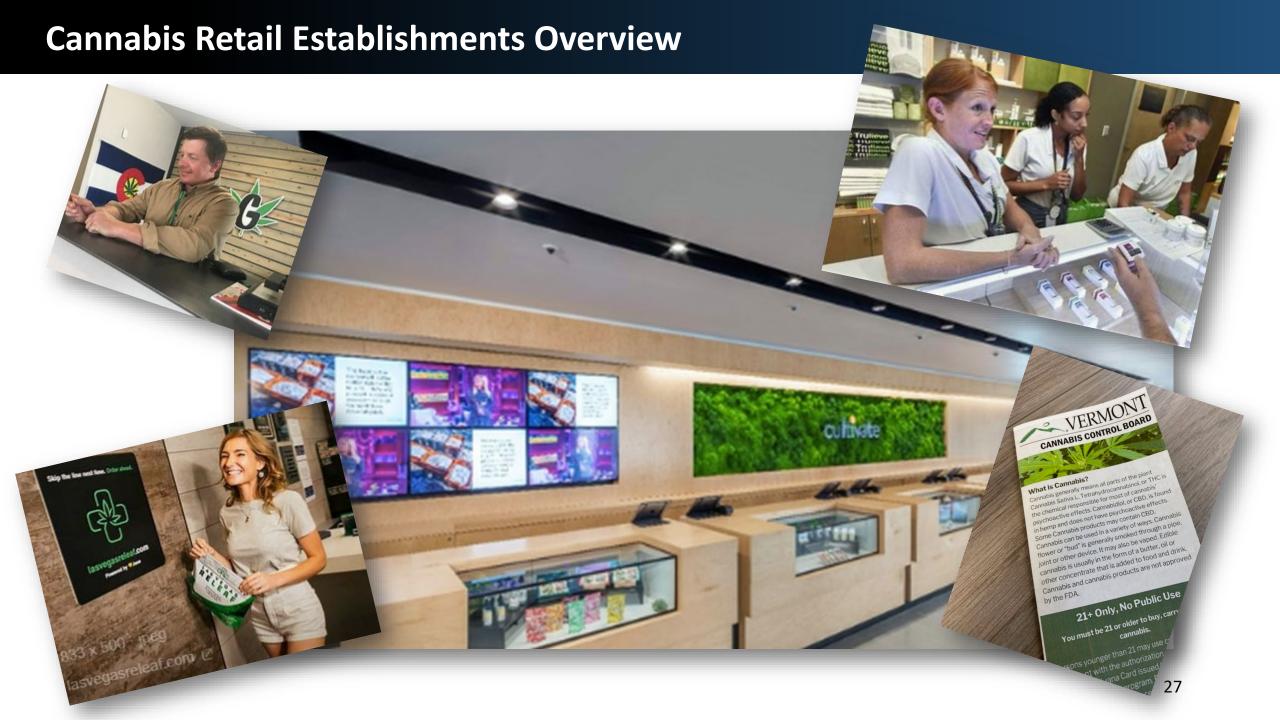




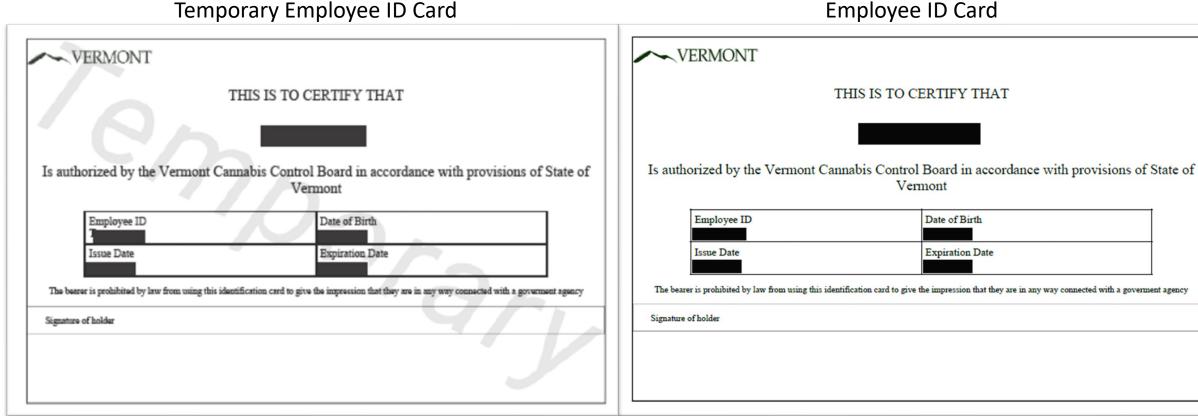
The following slides give a broad overview of the requirements placed on retailers in Rule 2 and how the Board intents to approach compliance in Rule 4

What are the requirements placed on retailers as it relates to youth prevention and consumer education, consumer protection, and public safety?





Sample ID Cards



Principal/License Holder ID Card



Sample License



Security Requirements

- Age verification must occur before granting access to the retail floor and prior to purchase.
- Digital video surveillance, recording 24-7.
- Centrally monitored alarms.
- Commercial-grade locks on all points of entry/exit.
- Access to cannabis and cannabis products must be restricted.
- Access to areas off the retail floor must have restricted access through solid core commercial doors and non-residential locking systems.
- Access by non-employees, such as contractors or vendors, must be logged.
- Employees must be present when non-employees are on the retail floor.
- All employees must display their Cannabis Establishment ID Card while engaging in in commercial cannabis activity.
- The Cannabis Establishment License should be displayed where it can be viewed by the public.
- Retail Establishments must report discrepancies in inventory, theft, and loss in the inventory tracking system.

Disposing of Cannabis Waste

- All cannabis waste containers should be in a secure place and equipped with locks and tamper resistant seals.
- Cannabis waste must be rendered unrecognizable and unusable before disposal.
 - This does not apply to hemp and hemp products.
- Disposal of cannabis and cannabis products must be tracked in the inventory tracking system.

Transporting Cannabis Between Licensees

- Cannabis establishment employees who are transporting cannabis must always have documentation demonstrating their lawful employment with a cannabis establishment on them.
- To the extent possible, the individuals transporting inventory must stay with the vehicle
- Generally, transportation must take place in an unmarked vehicle and inventory must not be visible form outside the vehicle
- The driver must not be able to access inventory in transit from the passenger seat
- Cannabis and Cannabis Products cannot be transported across state lines
- State and local police do not have the authority to stop a driver who is lawfully transporting cannabis or cannabis products unless the driver has committed a moving violation or other offense.

Robbery and Theft

- Cannabis Establishments are required to report theft of Cannabis or Cannabis Products to the Board and to track theft or loss in the inventory tracking system.
- Investigation and enforcement of a theft is not under the jurisdiction of the CCB and should be handled by the Law Enforcement Agency receiving the complaint.
- The CCB will share information about the licensed operation with the investigating agency where appropriate.

Prohibited Activities

- Delivery Cannabis establishments may transport cannabis and cannabis products between licensees but may not deliver to consumers.
- Special Events Cannabis may not be sold or distributed at events, nor can it be consumed in public places.
- On-site Consumption Cannabis may not be consumed in public places.
- Farm-Stand Sales All retail cannabis establishments must meet the same requirements. A traditional farm stand does not currently meet those requirements.
- Consumer sampling at retail locations Vendor and employee sampling is allowed with restrictions; consumer sampling is not allowed.

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Role of the CCB and The Compliance Team

- The Cannabis Control Board has broad authority to regulate the adult-and medical-use licenses this authority can be found in 7 VSA §843.
- This includes civil enforcement of violations of Board rules and related laws.
- Rule 4 addresses compliance and enforcement.
- The CCB may suspend or revoke a cannabis establishment license or issue civil citations for violations.
- The offenses enumerated in Title 18, still apply to unlicensed cannabis operators.

Role of the CCB and The Compliance Team

- Inspect Cannabis Establishments in advance of licensure and renewal.
- Conduct compliance inspections after licensing.
- Educate licensees on complying with CCB rules.
- Review complaints and investigate violations.
- Provide reports and make recommendations regarding enforcement action to the Board.

Cannabis Retail Establishments Overview

Role of the CCB Compliance Team & the Department of Liquor and Lottery

- The Cannabis Control Board is not a law enforcement agency.
- Under the public safety plan released by Governor Scott, the Department of Liquor and Lottery should be called upon by the Cannabis Control Board for criminal law enforcement support instead of relying on Vermont State Police, when the Board deems it necessary.
- If CCB Compliance Agents see evidence of a civil violation during and inspection, the Board will initiate an investigation that may lead to disciplinary action as outlined in Rule 4.
- If an investigation uncovers credible evidence of criminal activity, the CBB may refer the matter to the DLL Compliance and Enforcement Office for further investigation.

Cannabis Retail Establishments Overview

Role of the CCB Compliance Team & the Department of Liquor and Lottery

- Many of the products used to consume cannabis, such as pipes, bongs, and vape pens are defined in Vermont Law as Tobacco Products.
- Tobacco products continue to be regulated by the DLL.

• Cannabis Retail Establishments that would like to sell tobacco products, must also seek a license from DLL.

Pending Cultivation Licenses

- The legislative intent of the General Assembly in Act 164 is "to move as much of the illegal cannabis market as possible into the regulated market for the purposes of consumer protection and public safety." 7 VSA §904
- While the Cannabis Control Board does not condone operating with out a license, it believe penalizing pending applicants that are making a good faith effort to join the legal market would contravene this legislative intent.
- If a Law Enforcement Agency, Municipality, or other entity, receives evidence of an illegal cannabis cultivation operation either through a complaint or incident, the CCB requests that the agency refer the matter to the CCB Compliance Director.

Pending Cultivation Licenses

The CCB Compliance Director will review the case for the following conditions:

- 1) The cultivator has a pending application and is making a good faith effort to achieve a license.
- 2) The cultivator is operating within the scope and limitation of the license they are seeking.
- 3) The cultivator is adhering to all other applicable regulations.
- 4) The cultivator is not committing crimes other than unlicensed cultivation, such as unlicensed manufacture or sale of cannabis.

Pending Cultivation Licenses

- If the cultivator is meeting these criteria, the CCB requests that the law enforcement agency not take enforcement action.
- The CCB will continue to monitor the status of the applicant to ensure compliance.
- If the cultivation operator falls out of compliance with these interim criteria, the CCB will either take appropriate action or refer the case back to the referring Law Enforcement Agency.
- The CCB will not tolerate the unlicensed manufacture or sale of cannabis or cannabis products.



Overview

Reference Documents

Legislation:

Act 164 (2020) An act relating the regulation of cannabis

Act 62 (2021) An act relating to miscellaneous cannabis regulation procedures

Act 86 (2022) An act relating to cannabis license fees and the regulation of the medical cannabis registry

Act 158 (2022) An act relating to small cannabis cultivation as farming

Statute

- Title 7, Chapter 31: Cannabis
- Title 7, Chapter 33: Cannabis Establishments
- Title 7, Chapter 35: Medical Cannabis Registry
- Title 7, Chapter 37: Medical Cannabis Dispensaries
- Title 7, Chapter 39: Cannabis Social Equity Programs

CCB Rules

Rule 1: Licensing of Cannabis Establishments

Rule 2: Regulation of Cannabis Establishments

Rule 3: Medical Cannabis

Rule 4: Compliance and Enforcement

Rule 5: Removal of Board Members*

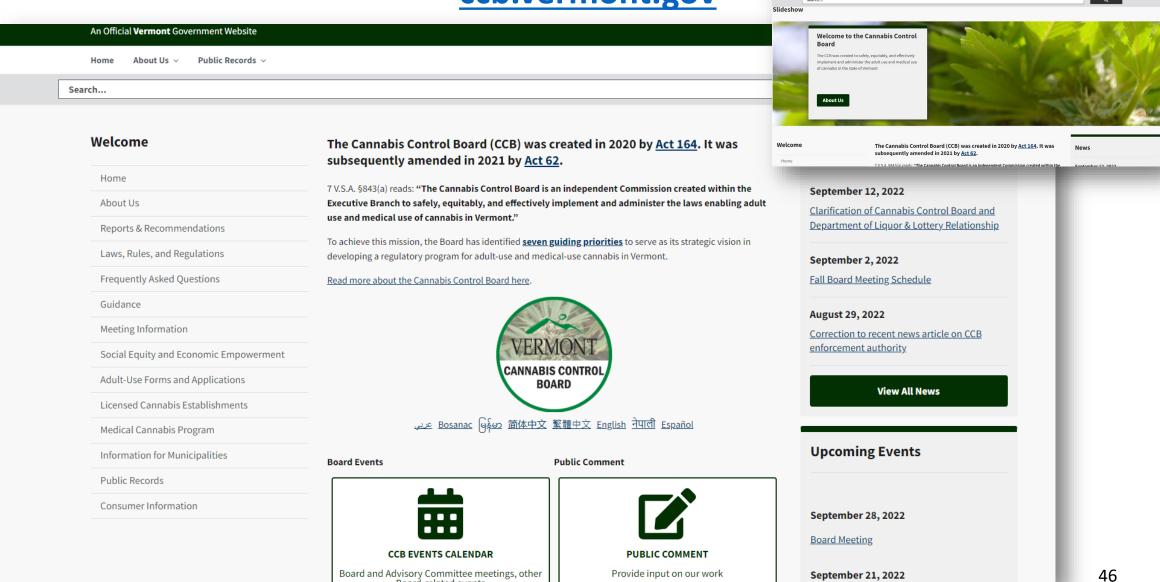
Guidance

18 Guidance Documents Published (more in draft and review)

Resources for Municipalities

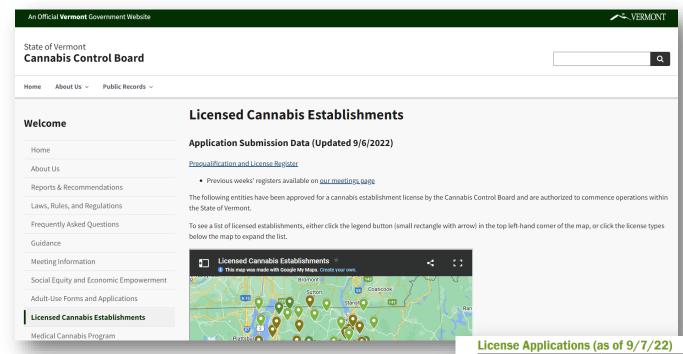
ccb.vermont.gov

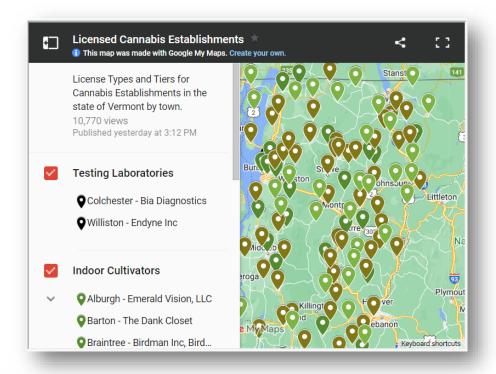
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Resources for Municipalities

ccb.vermont.gov/licenses





			Under			Pending CCB					
Applying For	Submitted	Received	Review	Incomplete	Re-Submitted	Review	Approved	Issued	Withdrawn	Dismissed	Total
Employee ID Card	4	1	0	33	3	0	0	9	9	1	60
Indoor Cultivator Tier 1 Small											
Cultivator	1	0	2	11	15	1	19	16	3	4	72
Indoor Cultivator Tier 2	0	0	0	7	4	0	2	1	2	0	16
Indoor Cultivator Tier 3	0	0	0	2	4	1	0	1	1	0	9
Indoor Cultivator Tier 4	0	0	0	1	0	0	0	0	0	0	1
Indoor Cultivator Tier 5	0	0	0	0	0	0	1	0	0	0	1
Integrated Licenses	0	0	0	2	0	0	0	0	0	1	3
Manufacturers Tier 1	1	1	0	0	2	0	0	0	0	0	4
Manufacturers Tier 2	0	7	6	3	3	0	3	0	2	0	24
Manufacturers Tier 3	0	4	0	0	1	0	0	0	1	1	7
Mixed Cultivator Tier 1 Small	0	0	1	q	9	0	26	23	9	4	8

Resources for Municipalities

ccb.vermont.gov/municipalities

