



Cannabis Regulation

What Municipal Officials Need to Know

VT CCB & VLCT
Tuesday, May 24, 2022, via Zoom

Agenda

- *Who we are & What we do*
- *Important Definitions & Documents*
- *Municipal Authority & Cannabis Establishments*
- *Taxes & Fees*
- *Public Health, Education, Advertising*
- *Public Safety, Compliance, and Enforcement*

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.

Introduction



Introduction

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

Introduction



Brynn Hare
Executive Director



David Scherr
General Counsel



Kimberley Lashua
Director of Operations



Nellie Marvel
Outreach and
Administration Manager

Licensing Team

Alexis Pless
Licensing Specialist

Dominique Acilio
Licensing Specialist

Medical Marijuana Program Team

Lindsey Wells
Marijuana Program Administrator

Melissa Andersen
Administrative Services Coordinator

Meredith Bullock
Program Technician

Adding **13 Staff in the areas of licensing, compliance, and finance.
11 will be new positions, **2** transfer from the hemp program*

Introduction

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



VS STRATEGIES

Introduction

Mission:

“created within the Executive Branch an independent commission named the Cannabis Control Board for the purpose of safely, equitably, and effectively implementing and administering the laws enabling access to adult use cannabis in Vermont” 7 V.S.A. §843

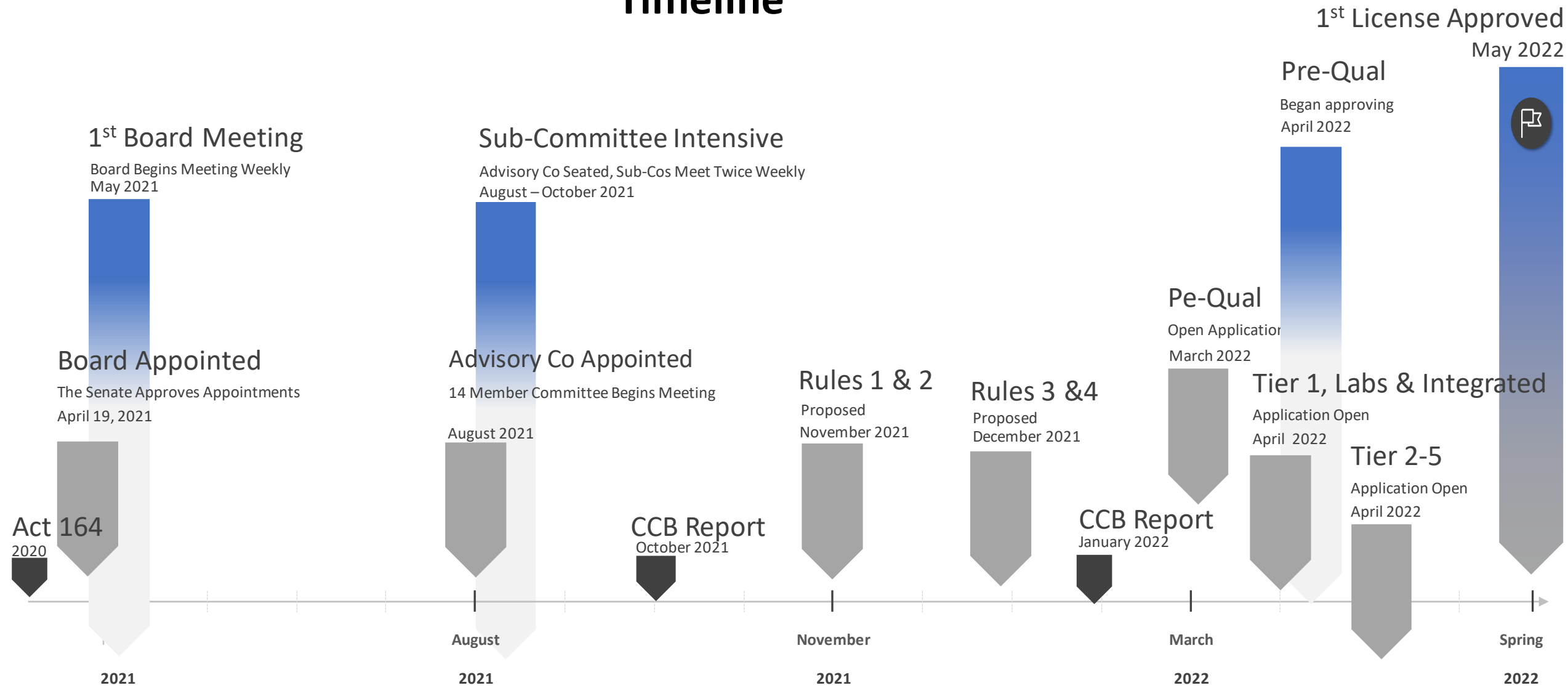
To achieve its mission, the Board has identified seven guiding priorities:

- Social Equity
- Legacy Market & Small Cultivators
- Energy, Environment & Land Use
- Youth Prevention & Education
- Consumer Protection
- Continuity of Medical Program
- Public Safety

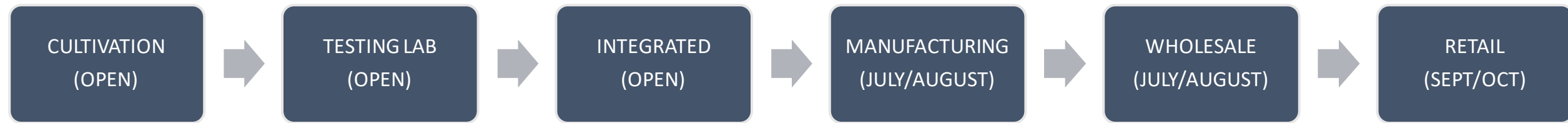
Municipal Survey & Roundtable

- Cannabis Control Board conducted a survey of local governments in August 2021, followed by a Roundtable Discussion in September 2021. The goal was to gain a better perspective of Vermont's local governments to assist in smoothing the implementation of the adult-use cannabis market. This process was done in tandem with the work of the Market Structure Sub-Committee of the Advisory Committee. Input provided in this process informed the CCB's fee recommendations, rules, and procedures.
- 77 out of 246 Towns responded to the survey.
- 20-30 Participants at the Round Table Discussion focused on guidance needs, fee concerns, and common understanding of the legislation.
- Following the Roundtable, in tandem with the input received through the Advisory Committee Intensive the CCB:
 - Made Fee Recommendations to the Legislature
 - Promulgated Rules
 - Issued two sets of Municipal Guidance and a series of Municipal FAQs
 - Focused one Social Equity and Economic Empowerment Networking Event on Building Relationships with Local Gov

Timeline



Timeline & Licensing Roll Out



Important Definitions & Documents

Important Definitions & Documents

- Legislation:

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

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

Act 82 (2022) An act relating to cannabis license fees and the regulation of the medical cannabis registry

S 188 (2022) An act relating to small cannabis cultivation as farming*

- 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

13 Guidance Documents Published (2 On Municipal Issues)

Several more in draft and review

**S 188 has passed the house and senate but has not yet been signed by the Governor.*

***This rule is still in draft form*

Important Definitions & Documents

ccb.vermont.gov/municipalities

← → ↺ 🏠 🔒 https://ccb.vermont.gov/municipalities

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An Official **Vermont** Government Website



State of Vermont

Cannabis Control Board

🔍

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Frequently Asked Questions

Guidance

Meeting Information

Social Equity and Economic Empowerment

Adult-Use Forms and Applications

Licensed Cannabis Establishments

Medical Cannabis Program

Information for Municipalities

Please find below information and guidance for municipalities on hosting cannabis establishments.

[Guidance Document for Municipalities](#)

This document is provided to assist municipalities working with individuals and businesses seeking to establish a cannabis business pursuant to 7 V.S.A. chapter 33.

[Municipal Frequently Asked Questions](#)

Vermont Municipalities Opted-In to Retail Cannabis

Map courtesy of [Heady Vermont](#). To view a town list with vote statuses, please hit the legend button (small rectangle with arrow) in the top left-hand corner of the map.

Vermont Municipalities Opted-In to Retail Cannabis Sales

This map was made with Google My Maps. [Create your own.](#)



Important Definitions & Documents

"Cannabis" means all parts of the plant *Cannabis sativa* L., except as provided by subdivision (B) of this subdivision (2), whether growing or harvested, and includes: (i) the seeds of the plant; (ii) the resin extracted from any part of the plant; and (iii) any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. 7 VSA §831(2)(A)

"Cannabis" does not include: (i) the mature stalks of the plant and fiber produced from the stalks; (ii) oil or cake made from the seeds of the plant; (iii) any compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake; (iv) the sterilized seed of the plant that is incapable of germination; or (v) hemp or hemp products, as defined in 6 V.S.A. § 562. 7 VSA §831(B)

Important Definitions & Documents

*"**Cannabis product**" means concentrated cannabis and a product that is composed of cannabis and other ingredients and is intended for use or consumption, including an edible product, ointment, and tincture. Cannabis product shall include a vaporizer cartridge containing cannabis oil that is intended for use with a battery-powered device.7 VSA §861 (9)*

"Cannabis establishment" means a cannabis cultivator, wholesaler, product manufacturer, retailer, or testing laboratory licensed by the Board to engage in commercial cannabis activity in accordance with this chapter. 7 VSA §861 (8)

Consumption of cannabis in a public place No person shall consume cannabis in a public place unless specifically authorized by law. Violations shall be punished in accordance with 18 V.S.A. § 4230a

"Public place" means any street, alley, park, sidewalk, public building other than individual dwellings, any place of public accommodation as defined in 9 V.S.A. § 4501, and any place where the use or possession of a lighted tobacco product, tobacco product, or tobacco substitute is prohibited by law pursuant to 18 V.S.A. chapter 37.

Important Definitions & Documents

“Hemp” means the plant *Cannabis sativa* L. and any part of the plant, including the seeds and all derivatives, extracts, cannabinoids, acids, salts, isomers, and salts of isomers, whether growing or not, with the federally defined tetrahydrocannabinol concentration level of hemp.* S. 188

“Hemp products” or “hemp-infused products” means all products with the federally defined tetrahydrocannabinol concentration level for hemp derived from, or made by, processing hemp plants or plant parts that are prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol. S 188

**current federally defined THC concentration level of hemp is 0.3% THC (2018 Farm Bill)*

Prequalification & Licensure

License Types

CULTIVATION (OPEN)

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

- 7 V.S.A. § 904

TESTING LAB (OPEN)

- 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)

- Integrated Licensees may engage in the activities of each of the 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 (JULY/AUGUST)

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

- 7 V.S.A. § 906

WHOLESALE (JULY/AUGUST)

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

- 7 V.S.A. § 905

RETAIL (SEPT/OCT)

- Retailer licensees may sell cannabis and cannabis products to the general public. No other license type may sell to the general public.

- 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**

Prequalification

- The purpose of the Prequalification is to smooth the application for applicants, as well as assist the Board in anticipating the structure of the cannabis market.
- To apply, applicants provide an operating plan as outlined in Board Rule 1.4.1 and a record check as outlined in Rule 1.4.2
- Prequalification is available for any license type.
- Prequalification is optional and is not necessarily appropriate for all applicants. Prequalification is valid for 365 days.
- Applicants may choose to apply for prequalification because prequalification may assist in obtaining financing, accessing financial services, completing rental or other property agreements for cultivation, ensures that business partners are not presumptively disqualified for a license based on the results of their criminal history record.
- Prequalification does not permit the recipient to operate a Cannabis Establishment.
- An applicant does not become a licensed Cannabis Establishment, and is not permitted to operate, until the applicant completes a full-license application and Board approves applicant's full license.
- The current prequalification window will close on May 31, 2022

Cannabis Establishment Full Licensure

- A license permits the applicant to begin operations as soon as the license is issued.
- Applicants may only obtain one of any type of license and only one location per license. 7 VSA 901
 - This will change for testing laboratories only upon passage of S. 188
- Multiple licensees may operate at the same location, subject to limitations established by the Board, except that multiple retail operations may not operate at the same location.
- (Except for Integrated Licenses) Applicants may “stack” or “vertically integrate” licenses, may only have one of any license type. Clarity on this will be provided in S. 188
- Integrated licenses are intended for the existing medical dispensaries only.
- To achieve a license, all cannabis establishments must complete a detailed application which is through reviewed by CCB staff and approved by the Board.
- All cannabis establishments are subject to comprehensive state regulations and inspections by CCB staff

Prequalification vs Full Licensure

	Prequal	License
Requires Board Approval?	☒	☒
Requires record check information?	☒	☒
Requires compliance with local zoning?		☒
Allows an applicant to operate a cannabis establishment?		☒

Municipal Authority



Opt-In Provision

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

(2) A vote to permit the operation of a licensed cannabis retailer or integrated licensee within the municipality shall remain in effect until rescinded by majority vote of those present and voting by Australian ballot at a subsequent annual or special meeting warned for that purpose. A rescission of the permission to operate a licensed cannabis retailer or integrated licensee within the municipality under this subdivision shall not apply to a licensed cannabis retailer or integrated licensee that is operating within the municipality at the time of the vote” 7 VSA 863(a)

Opt-In Provision - 7 VSA 863(a)

- A Municipality must opt-in to host a retail cannabis establishment by majority vote at an annual or special meeting warned for that purpose.
- 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 not date at which all towns automatically opt-in.
- A municipality may vote to opt out, but such a vote will not apply to any retail establishment operating in the municipality at the time of opt-in.



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 is required

Municipal Regulatory Authority

“(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. 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. 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 furnished to them by the Board as necessary to carry out the purposes of this section.” 7 VSA 863(b)

Municipal Regulatory Authority

“(c) Prior to issuing a license to a cannabis establishment under this chapter, the Board shall ensure that the applicant has obtained a local control license from the municipality, if required.

(d) A municipality shall not:

- (1) prohibit the operation of a cannabis establishment within the municipality through an ordinance adopted pursuant to 24 V.S.A. § 2291 or a bylaw adopted pursuant to 24 V.S.A. § 4414;*
- (2) condition the operation of a cannabis establishment, or the issuance or renewal of a municipal permit to operate a cannabis establishment, on any basis other than the conditions in subsection (b) of this section; and*
- (3) exceed the authority granted to it by law to regulate a cannabis establishment.” 7 VSA 863(c),(d)*

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 may regulate any license type in this manner.
- Municipalities do not have the authority to
 - create special rules for cannabis establishments to any greater extent than they could any other business.
 - Place conditions on the operation of a cannabis establishment or create special rules for them 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.

Local Control Commissions

- Municipalities may form a Local Control Commission but are not required to.
- Even 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)
- A local control commission may be comprised of the members of the local legislative body or may be other be comprised of other individuals.

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.
- If a local commission exists, the commission must review all types of licenses. This review must be complete before the CCB can issue 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.

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.



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.

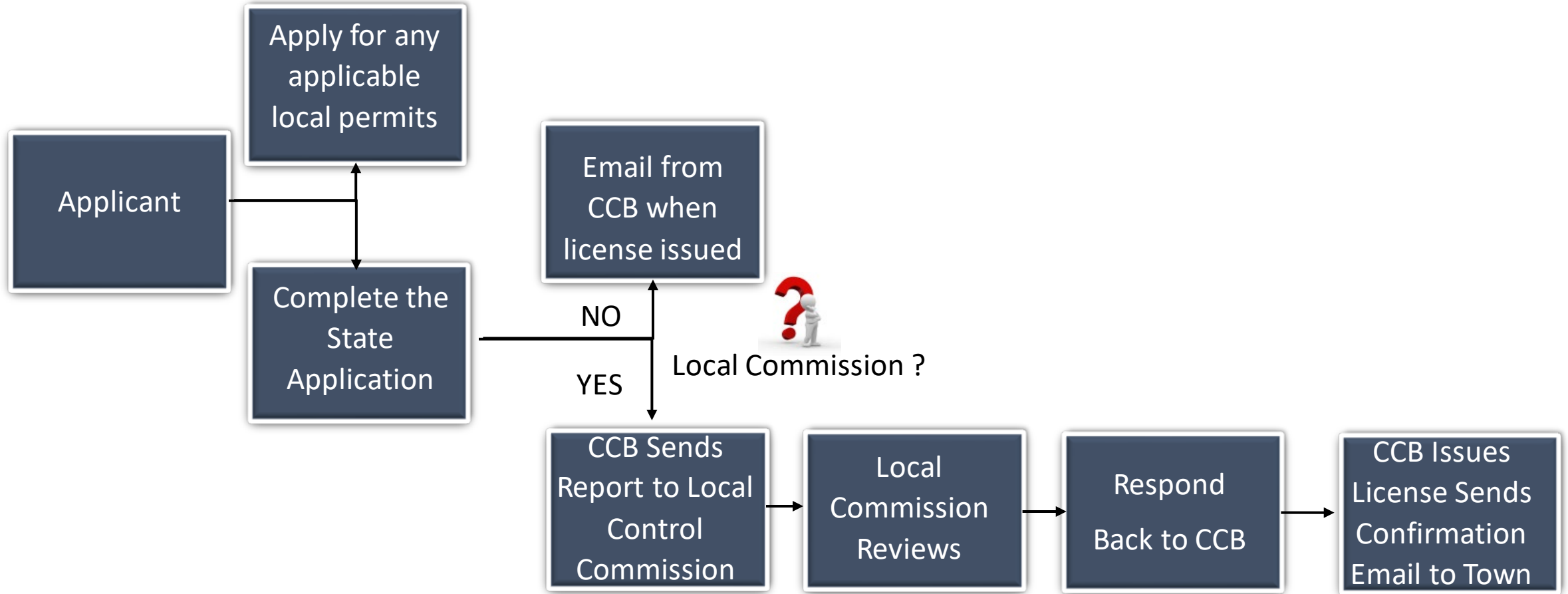
Local Control Commissions

- 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**

Local Control Commissions & Local Licensing Process



License Processing and Priority Processing

- The CCB issues licenses according to a system of priorities (7 VSA 903)
- Applications that meet the definition of Social Equity Individual Applicant or Social Equity Business Applicant are given priority status in processing, beginning with first-in-time received and complete.
- Applications that are considered Economic Empowerment Applications are expedited, beginning with first-in-time received and complete.
- All other applications are processed in order by date and time the application is fully submitted.

License Processing and Priority Processing

- There is no set aside number of licenses for any sect of the supply chain, for Social Equity Applicants or Economic Empowerment Applicants, nor is there limit to the number of licenses set in rule or statute.
- Municipalities may not condition local license decisions upon social equity or any other criteria.
- Municipalities are encouraged to support social equity and economic empowerment applicants in other ways. For example, a town may choose to hold local workshops or informational sessions to assist local applicants in moving through local zoning permitting processes.
- Social equity applicants have access to a waived and reduced fee structure for State Application and Licensing Fees. Local fees are not waived or reduced.

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 that 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.

Agricultural Product Provisions & Cannabis Establishments

- State law provides that cannabis cultivators will not be regulated as farming and cannabis will not be considered an agricultural product or crop*
- Cannabis and cannabis cultivators will not receive certain tax and regulatory benefits that farms, and agricultural products are eligible to receive.
- These provisions are not relevant to zoning laws and have no effect on zoning. Local zoning rules may require a certain type of cannabis establishment to operate within a particular zoning designation.

*Passage of S 188 could change this for certain small cultivators only

S. 188, 2022 Legislative Session

Sec. 2. 7 V.S.A. § 869 is amended to read:

§ 869. CULTIVATION OF CANNABIS; ENVIRONMENTAL AND LAND
USE STANDARDS; REGULATION OF SMALL CULTIVATORS

(a)(1) A cannabis establishment shall not be regulated as “**farming**” under the Required Agricultural Practices, 6 V.S.A. chapter 215, or other State law, and cannabis produced from cultivation shall not be considered an agricultural product, farm crop, or agricultural crop for the purposes of 32 V.S.A. chapter 124, 32 V.S.A. § 9741, or other relevant State law.

S. 188, 2022 Legislative Session

(f) Notwithstanding subsection (a) of this section, a small cultivator licensed under this chapter who initiates cultivation of cannabis outdoors on a parcel of land that was subject to the Required Agricultural Practices prior to licensed cultivation of cannabis shall:

(1) be regulated in the same manner as “farming” and not as “development” on the tract of land where cultivation occurs for the purposes of permitting under 10 V.S.A. chapter 151;

(2) not be regulated by a municipal bylaw adopted under 24 V.S.A. chapter 117 in the same manner that Required Agricultural Practices are not regulated by a municipal bylaw under 24 V.S.A. § 4413(d)(1)(A);

S. 188, 2022 Legislative Session

(3) be eligible to enroll in the Use Value Appraisal Program under 32 V.S.A. chapter 124 for the cultivation of cannabis, provided that the agricultural land or farm building on the parcel where cannabis cultivation occurs was enrolled in the Use Value Appraisal Program prior to commencement of licensed cannabis cultivation and the parcel continues to qualify for enrollment; and

(4) be exempt under 32 V.S.A. § 9741(3), (25), and (50) from the tax on retail sales imposed under 32 V.S.A. § 9771.

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 within 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 within 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 ccb.vermont.gov

Environmental Regulations

- Cannabis establishments must abide by all generally applicable environmental regulations whether state or local.
- The Board requires some additional environmental standards. For example, larger cultivators who operate on municipal water will be required to obtain a notice that the municipal water authority has capacity to serve the cultivation operation.
- All packaging intended for consumer purchase at a retail location shall be reusable and shall not be plastic.
- Municipalities do not have the authority to implement special environmental rules for cannabis establishments, beyond the authority to create zoning bylaws with general effect.

Taxes & Fees

Taxes & Fees

- Legislature as the power to set taxes and fees.
- The CCB provided a report, as required by Act 164, to the Legislature on October 15th which included:
 - Recommendations regarding local fees included that municipalities either be:
 - Permitted to set their own fees up to a maximum of \$100 or,
 - Be required to use the Uniformed Fee Schedule set forth in 1 VSA 316(d)
 - A Recommendation for an excise tax share back of 1-2% to towns where retail sales occurred.
- Fees were ultimately set by the Legislature in Act 86 (2022)
 - Local fees were set at \$100
 - Fees are collected by the CCB when the applicant applies or renews their application.
 - CCB distributes fees quarterly to the town in which the establishment is located
 - No excise share back was included in the legislation

Local Options Tax

- The Vermont Sales and Use Tax will apply to the retail sale of cannabis products.
- Municipalities that have such a tax will receive local option tax revenue on retail sales.
- Sales and use tax applies to all cannabis products.
- 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 any other good.

Meals and Rooms Taxes

- Meals and rooms taxes do not apply to cannabis products, nor do they apply to edible cannabis.
- A local option tax on meals would not apply to the retail sale of cannabis products

Excise Taxes

- The excise tax on cannabis products will be 14%.
- The excise tax will be used to fund a portion of the Cannabis Tax and Regulate program.
- 30%, of the excise tax, up to \$10 million is earmarked for prevention
- Revenue from sales tax is earmarked for after school programs

Public Health & Advertising

Public Health & Education

- The CCB has developed detailed regulations to ensure that cannabis and cannabis products that are being sold at retail establishments are tested and free from harmful adulterants.
- The CCB has broad authority to stop sales and recall harmful products if identified.
- All cannabis and cannabis products will be sold in opaque, child-resistant packaging that will be labeled with standard health warnings and symbols approved by the Vermont Department of Health.*
- The CCB rules require retailers to provide customers an educational flyer at the point of sale that includes health and safety information.
- This flyer is in process and has been developed in collaboration with members of the prevention community, the Position Center, members of the CCB Advisory Committee, and the Department of Health.

*S 188 allows for cannabis, meaning cannabis flower or bud, to be sold in child-deterrent packaging

Public Health & Education

- The Department of Health will have access to 30% of the cannabis excise tax (capped at \$10,000,000 annually) to fund substance misuse prevention programming throughout the state. Additionally, the 6% Sales tax is earmarked for after-school programs.
- While the CCB does not have the authority to require additional trainings related to cannabis consumption for local police, fire, and rescue forces, the CCB will require training for employees for cannabis establishments that includes identifying signs of overconsumption.

Public Health & Advertising

2.2.10 Warning Labels

The Board will make copies of the labels below readily available for use by Cannabis Establishments.

- (a) All marketing, advertising, branding, packaging, and promotion must include the following warning exactly as it is below:

*Cannabis has not been analyzed or approved by the Food and Drug Administration (FDA). For use by individuals 21 years of age and older or registered qualifying patient only. **KEEP THIS PRODUCT AWAY FROM CHILDREN AND PETS. DO NOT USE IF PREGNANT OR BREASTFEEDING.** Possession or use of cannabis may carry significant legal penalties in some jurisdictions and under federal law. It may not be transported outside of the state of Vermont. **The effects of edible cannabis may be delayed by two hours or more.** Cannabis may be habit forming and can impair concentration, coordination, and judgment. Persons 25 years and younger may be more likely to experience harm to the developing brain.*

It is against the law to drive or operate machinery when under the influence of this product. National Poison Control Center 1-800-222-1222.



- (c) All product packaging must include the following statement, including capitalization, in at least 10-point Times New Roman, Helvetica or Ariel and bolded font:

KEEP OUT OF REACH OF CHILDREN

- (d) All product packaging for products that contain multiple servings must contain the following statement, including capitalization, in at least 10-point Times New Roman, Helvetica or Ariel and bolded font:

INCLUDES MULTIPLE SERVINGS

2.2.9 Packaging

- (a) The following requirements apply to all Cannabis and Cannabis Product packaging as it is transferred between Cannabis Establishments. Such packaging must:
- i. meet the requirements of section 2.2.10(b) of this rule;
 - ii. clearly identify package contents;
 - iii. be free from false or misleading statements; and
 - iv. not use objects, such as toys, inflatables, movie characters, cartoon characters, child-friendly depictions of food or other consumables, or include any other display, depiction, or image designed in any manner likely to be appealing to minors or anyone under 21 years of age.
- (b) Packaging that is intended for consumer purchase at a retail location shall be reusable and shall not be plastic. In addition, such packaging shall meet further requirements to the extent provided for in sections 2.3.5, 2.6.3, 2.7.3, and 2.8.4 of this rule.

Advertising

- Advertising is addressed in 7 VSA §864 and Board Rule 2.2.11
- Vermont's cannabis advertising laws are among the most restrictive in the country, and all advertisements will require CCB approval prior to publication.
- What can appear in an advertisement is dictated by Statute and Rule. Advertisements may not be false or misleading and may not appeal to those under 21 and cannot promote overconsumption.
- Advertisements must include warnings.
- Cannabis establishments may not advertise their products via any medium where more than 15 percent of the audience will be under 21 years of age. 7 V.S.A. § 864.

Advertising

- Except for signage, window displays, or items, text, or objects inside a retail Cannabis Establishment that are visible to a person standing outside the establishment, will be considered an outdoor advertisement.
- Rule 2.2.11 includes a provision that any outdoor advertisement is intended general public, and *“those under 21 years of age will have the same prevalence in that audience as they do in the general public, unless a prospective advertiser can demonstrate that an outdoor space will not be accessed by the general public and that those who can access it meet the audience metric of 7 V.S.A. § 864(c).”*
- Municipalities do not have the authority to regulate advertising by Cannabis Establishments, beyond regulating for signs and nuisances as allowed in 7 VSA 863

Public Safety, Compliance & Enforcement

Cannabis Establishment Security

- The Board has security requirements for all cannabis businesses, requirements vary depending on license type and size of operation.
- License holders are required to report any issues of theft, property damage or loss to the board.
- The Board will notify appropriate law enforcement and local officials as appropriate.
- The CCB does not intend to regulate maximum occupancy requirements at establishments, all establishments are subject to all relevant fire and building safety codes.
- Board Rule 2 outlines the Security Requirements for all license types.

Public Safety, Compliance & Enforcement

Cannabis Age and Possession Limits & Retail Establishments

- A person must be 21 years of age or older to purchase or possess cannabis
- It is a civil violation for a person under 21 to possess any amount of cannabis 18 VSA 4230b

Exception: Individuals who are under the age of 21 and who have an approved medical use card from the Cannabis Control Board medical marijuana division may purchase cannabis or may receive cannabis purchased for them by a registered caregiver.

- Individuals may purchase up to one ounce of cannabis per transaction at a cannabis retail establishment and possess up to one ounce on their person

Exception: Individuals who have an approved medical use card from the CCB MMJ Division may possess up to two ounces.

- No person under 21 will be permitted in a cannabis establishment. The Board has the power to enforce this rule with severe sanction and civil penalties, up to and including revocation of an operating license.

Transportation of Cannabis

- Cannabis may be transported by vehicle between licenses but must be done in an unmarked car to avoid unnecessary attention.
- Cannabis that is transported must be entered and tracked in an inventory tracking system that indicates a transfer between license holders.
- Every time cannabis is transported, a manifest must be generated. The manifest must indicate the time of departure and must be signed for receipt.
- Cannabis establishments must report issues that occur during transport within 24 hours.
- State and local police will 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.
- Cannabis establishment employees who are transporting cannabis must always have documentation demonstrating their lawful employment with a cannabis establishment on them.

Tracking Cannabis Products

- The CCB will require each license holder to maintain an inventory tracking system that will record cannabis and cannabis products as they move through the supply chain.
- Cannabis establishments will be required to maintain the inventory tracking system on a regular basis and will be responsible for the accuracy of the data they record.
- Cannabis establishments, and their records will be subject to regular inspection.
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- Inconsistencies in a license holder's operation will be investigated and the Board will act as appropriate.

Complaints & Investigations

- The CCB endeavors to have a good working partnership with local officials.
- The Board will have a system in place to receive reports from anyone, including municipal officials, regarding suspected issues and violations.
- The CCB Compliance Team will inspect cannabis establishments regularly. Inspections will not always be scheduled in advance.
- Municipalities retain authority to enforce ordinances regarding public nuisances under 24 VSA 2291
- Municipalities and public safety officials maintain the ability to respond to a report of a crime, or life, health and safety emergencies at cannabis establishments.
- The CCB Compliance team will investigate complaints about the operations of any cannabis establishment and will use the guidelines in Board Rule 4 to recommend sanctions to the Board if appropriate.

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