

Vermont Advisory Sub-Committee on Market Structure, Licensing, Taxes, and Fees: Local licensing and state fees

Monday, September 20, 2021
5:00pm ET

VS STRATEGIES

Agenda

- 5:00pm ET Call to order
- 5:03pm ET Approval of minutes
- 5:05pm ET Statutory review and update
- 5:10pm ET Local licensing
- 5:35pm ET Budget overview; Licensing fees in other states
- 5:45pm ET Review of submitted public comments
- 5:50pm ET Public comment

Remaining Subcommittee Meeting Topics in Preparation for the October 1

- Today– Local licensing; state budget and fees
- Thursday 9/23 – Presentation and discussion of fee recommendations for the 10/1 Report
- Monday 9/27 – Final review of fee recommendations

Relevant Statutory Provisions

10/1 Report Language

On or before October 1, 2021, the Cannabis Control Board shall provide recommendations to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Government Operations on the following:

- (1) State fees to be charged and collected The recommendations shall be accompanied by information justifying the recommended rate The State fees ... be projected to be sufficient to fund the duties of the Cannabis Control Board To the extent possible, the recommend fees shall include an amount to repay over a period, not greater than 10 years, to the General Fund any application of excise taxes to the Cannabis Regulation Fund
 - (A) Application fees, initial annual license fees, and annual license renewal fees for each type of cannabis establishment license as provided in 7 V.S.A. § 846: cultivator, product manufacturer, wholesaler, retailer, testing laboratory, and integrated. If the Board establishes tiers within a licensing category, it shall provide a fee recommendation for each tier.
 - (B) Fee for a cannabis establishment identification card
- (2) Whether monies expected to be generated by State fees ... are sufficient to support the ... the Board and whether any portion of the tax ... should be allocated to the Cannabis Regulation Fund
- (3) Local fees to be charged and collected The recommendations shall be accompanied by information justifying the recommended rate The Board shall recommend local fees that are designed to help defray the costs incurred by municipalities in which cannabis establishments are located.

Other relevant statutory provisions: Local fees and local control

7 V.S.A. chapter 31, § 846:

- (a) The Board shall have the authority to charge and collect State and local license fees as provided under this chapter and Chapter 33 of this title. State and local license fees shall be due and payable at the time of application or renewal.
- (b) The Board shall deposit State fees into the Cannabis Regulation Fund.
- (c) After reduction for costs and administration and collection, the Board shall pay local license fees on a quarterly basis to the municipality in which the fees were collected.

Local control provisions are found in 7 V.S.A. chapter 33, § 863

Today's Discussion Topics

- Modeling costs
 - Division of state vs local requirements
 - Enforcement
- Survey of local fees
- Accounting for unique variables of Vermont
- Providing flexibility to municipalities

Budget Info and Survey of State Fees

- Fiscal note estimates:
 - FY21 - \$650k
 - FY22 - \$1.01m
 - FY23 - \$940k
- Internal estimates are higher for FY22 and out
- Fiscal note estimated a deficit of up to \$1.8m by the end of FY24
- Final budget will depend on regulations and agency buildout
- Survey of fees from other states
- Form of recommendations

Public Comment

- Review of comments submitted electronically
- Public comments at today's meeting

Next Subcommittee Meeting

- Date: Thursday 9/23
- Time: 1pm ET
- Location: City Center, third floor | 89 Main St, Montpelier VT
- Topic: Presentation of fee recommendations