

Vermont Advisory Sub-Committee on Market Structure, Licensing, Taxes, and Fees: Retail, Manufacturing, Wholesale, and other License Types

Thursday, September 16, 2021
1:00pm ET

VS STRATEGIES

Agenda

- 1:00pm ET Call to order
- 1:03pm ET Approval of minutes
- 1:05pm ET Retail licenses and tiers
- 1:30pm ET Manufacturing licenses and tiers
- 1:40pm ET Wholesale and other licenses
- 1:45pm ET Review of submitted public comments
- 1:50pm ET Public comment

Remaining Subcommittee Meeting Topics in Preparation for the October 1

- Today – Retail, manufacturing, wholesale, and other license types
- Monday 9/20 – Local licensing and fees; state fees
- Thursday 9/23 – Presentation and discussion of recommendations for the 10/1 Report
- Monday 9/27 – Hold for outstanding issues/final review of 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: Other license types

Act 164 § 7: ...(d)

(1) There shall be six types of licenses available:

- (A) A cultivator license;
- (B) A wholesaler license;
- (C) A product manufacturer license;
- (D) A retailer license;
- (E) A testing laboratory license; and
- (F) An integrated license.

(2) (A) The Board shall develop tiers for:

- (i) Cultivator licenses based on the plant canopy size of the cultivation operation or plant count for breeding stock; and
- (ii) Retailer licenses.

(B) The Board may develop tiers for other type of licenses.

Today's Discussion Topics

Retail licenses and tiers

- The Board is required to tier retail licenses
- Potential retail tiers for discussion
 - Traditional storefront retailer
 - Seeds and clones
 - Limited location retailer
 - Envisioned as a retailer that is a part of another business subject to various restrictions
 - Farmer retailer
 - Allowing farmers to sell flower or other limited products directly to consumers
 - Non-storefront delivery
 - Temporary sales permit for events
- Notes
 - Regulations should allow for seasonality

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Manufacturing licenses and tiers

- The Board has discretion over whether to create different tiers of product manufacturing licenses
- We would recommend tiering this license type
- Potential tiers:
 - Product manufacturing including solvent-based extraction
 - This tier would allow all manufacturing processes and would have the highest fee
 - Product manufacturing without authorization for solvent-based extractions
 - This tier would be aimed at businesses wanting to create infused products, prerolls, solventless concentrates, etc. and would be available for a lower fee
 - A limited processing license for farmers
 - May not need to be a manufacturing tier depending on cultivation rules and definitions

Wholesale and other licenses

- Wholesale licenses
 - If manufacturers are tiered, likely don't need tiers
 - Fees and costs will likely need to be low to make this a viable license type
- Testing laboratory licenses
 - Need to attract testing facilities so keep fees low
- Integrated licenses
 - Factor \$50,000 statutory fee into overall fee structure
- Other potential license types

Public Comment

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

Next Subcommittee Meeting

- Date: Monday 9/20
- Time: 5pm ET
- Location: City Center, third floor | 89 Main St, Montpelier VT
- Topic: Local licensing and fees; state fees