

Proposed Filing - Coversheet

Instructions:

In accordance with Title 3 Chapter 25 of the Vermont Statutes Annotated and the “Rule on Rulemaking” ([CVR 04-000-001](#)) adopted by the Office of the Secretary of State, this filing will be considered complete upon filing and acceptance of these forms and enclosures with the Office of the Secretary of State, and the Legislative Committee on Administrative Rules.

All forms shall be submitted to the Office of the Secretary of State, no later than 3:30 pm on the last scheduled day of the work week.

The data provided in text areas of Proposed Filing Coversheet will be used to generate a notice of rulemaking in the portal of “Proposed Rule Postings” online, and the newspapers of record. Publication of notices will be charged back to the promulgating agency.

**PLEASE REMOVE ANY COVERSHEET OR FORM NOT
REQUIRED WITH THE CURRENT FILING BEFORE DELIVERY!**

Certification Statement: As the adopting Authority of this rule (see 3 V.S.A. § 801 (b) (11) for a definition), I approve the contents of this filing entitled:

Rule 2: Regulation of Cannabis Establishments

_____/s/ James Pepper_____, on 12/9/2021
(signature) (date)

Printed Name and Title:

James Pepper, Chair, Cannabis Control Board

RECEIVED BY: _____

- Coversheet
- Adopting Page
- Economic Impact Analysis
- Environmental Impact Analysis
- Strategy for Maximizing Public Input
- Scientific Information Statement (if applicable)
- Incorporated by Reference Statement (if applicable)
- Clean text of the rule (Amended text without annotation)
- Annotated text (Clearly marking changes from previous rule)
- ICAR Filing Confirmed

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. PRIMARY CONTACT PERSON:

(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).

Name: David Scherr

Agency: Cannabis Control Board

Mailing Address: 89 Main Street, Montpelier, VT 05620-7001

Telephone: (802) 558-6022 Fax:

E-Mail: david.scherr@vermont.gov

Web URL *(WHERE THE RULE WILL BE POSTED)*:

<https://ccb.vermont.gov/>

4. SECONDARY CONTACT PERSON:

(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).

Name: Kimberley Lashua

Agency: Cannabis Control Board

Mailing Address: 89 Main Street, Montpelier, VT 05620-7001

Telephone: (802) 836-7708 Fax:

E-Mail: kimberley.lashua@vermont.gov

5. RECORDS EXEMPTION INCLUDED WITHIN RULE:

(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?) Yes

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

7 V.S.A. § 901(h)

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

The exemption keeps information confidential that is related to public safety, security, transportation, and trade secrets in order to keep citizens safe and participants in the cannabis industry on a fair commercial playing field.

6. LEGAL AUTHORITY / ENABLING LEGISLATION:

(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).

7 V.S.A. § 843(b)(1)

7. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:

The following statutory citations provide legal authority for the provisions of the proposed rules: 7 V.S.A. §§ 843, 865, 866, 881, 883, 884, 901, 902, 903, 904, 907, Section 8 of Act 164 (2020).

8. CONCISE SUMMARY (150 WORDS OR LESS):

Rule 2 regulates the operation of any entity that has received a license to participate in the legal market for cannabis.

9. EXPLANATION OF WHY THE RULE IS NECESSARY:

The Cannabis Control Board is charged with implementing and regulating a legal market for cannabis in Vermont. These rules are necessary to implement and regulate that market.

10. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY AS DEFINED IN 3 V.S.A. § 801(b)(13)(A):

There is extensive factual basis for these rules, the rules are rationally connected to the factual basis, and the Board believes the rules make sense to a reasonable person.

As discussed further below, in formulating these rules the Board has received extensive information from agencies with expertise on relevant portions, incorporated the experience of other states in implementing and regulating their own cannabis markets, and heard input from many prospective market participants and others who will be affected by a legalized cannabis market in Vermont.

The decisions embodied by these rules are directly and rationally connected to the input the Board has received. The decisions made by the Board in drafting these rules will make sense to a reasonable person.

11. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES AFFECTED BY THIS RULE:

All individuals who seek to participate in a legal cannabis market either as consumers or sellers, businesses that seek to join the market, businesses that may service the cannabis industry, such as construction, HVAC, and agricultural enterprises, the Health Department, the Agency of Agriculture, Food, and Markets, the Board of Natural Resources, the Agency of Natural Resources, and others.

12. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):

These rules set the conditions to participate in a new market that will create extensive economic opportunities for residents of Vermont. Because these rules are creating a new industry, existing small businesses will not be harmed. The rules will affect individuals and businesses looking to enter the adult-use cannabis market as well as consumers, ancillary businesses, and others. Due to the nature of cannabis production and sales, including cannabis' federal status, the market will be heavily regulated for public health and security reasons. But these regulations are designed to prioritize small businesses and social equity applicants as well as minimize the regulatory and cost burdens that fall on those businesses.

13. A HEARING IS SCHEDULED .

IF A HEARING WILL NOT BE SCHEDULED, PLEASE EXPLAIN WHY.

14. HEARING INFORMATION

(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION NEEDED FOR THE NOTICE OF RULEMAKING.

Date: 1/14/2022
Time: 11:00 AM
Street Address: 89 Main Street, Montpelier, VT
Zip Code: 05620-7001

Date:
Time: AM
Street Address:
Zip Code:

Date:

Time: AM

Street Address:

Zip Code:

Date:

Time: AM

Street Address:

Zip Code:

15. DEADLINE FOR COMMENT (NO EARLIER THAN 7 DAYS FOLLOWING LAST HEARING): 1/21/2022

16. KEYWORDS (PLEASE PROVIDE AT LEAST 3 KEYWORDS OR PHRASES TO AID IN THE SEARCHABILITY OF THE RULE NOTICE ONLINE).

Cannabis

Cannabis Control Board

Cannabis Establishment

Licensing

Licensing Cannabis Establishments

Adopting Page

Instructions:

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **A NEW RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

Economic Impact Analysis

Instructions:

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. CATEGORY OF AFFECTED PARTIES:

LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:

Individuals and companies that plan to enter the adult-use cannabis market, cannabis consumers, existing medical cannabis businesses, testing facilities, bank and insurance industries, the Cannabis Control Board, and local governments.

4. IMPACT ON SCHOOLS:

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:

Schools are not affected by these rules.

5. *ALTERNATIVES: CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.*

Schools are not affected by these rules.

6. *IMPACT ON SMALL BUSINESSES:*

INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):

These rules will greatly expand opportunities for Vermont small businesses. The rules will set up a commercial adult-use cannabis system in Vermont that is likely to create hundreds of new business opportunities for outdoor cultivators, indoor cultivators, retailers, product manufacturers, and other licensed businesses. Additionally, these new businesses, which are designed to displace a large unregulated, illicit market will require many services from ancillary businesses, many of which will be small Vermont businesses.

The nature of cannabis production and sales, including the federal status of cannabis, requires that the market be heavily regulated. But these are not additional burdens on existing Vermont businesses. They are the requirements to enter a new industry that is projected to grow to over \$250,000,000 in annual sales within the next 5 years. The rules will provide certainty and clarity to potential businesses, safety for consumers, security for communities, and revenue for the state and municipalities. Implementing these rules will likely create over 100 new employers and over 1000 new jobs while generating tens of millions of dollars in annual tax and fee revenue for the state. These rules can help make Vermont a leader in promoting an equitable and small businesses-focused adult-use cannabis market.

7. **SMALL BUSINESS COMPLIANCE:** *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.*

As noted above, due to the nature of cannabis production and sales, the industry will need to be heavily regulated. But these rules are designed to ease the burden of compliance for smaller businesses. For instance, certain security regulations have fewer requirements for small businesses and increase as businesses increase in size. Cultivation businesses are tiered in a way to encourage small farmers to enter the cannabis market.

8. **COMPARISON:**

COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:

These rules are required to implement adult-use sales. Every effort was made to incorporate the thoughts and concerns of potential new small businesses into the drafting of the rule, including numerous public comment sessions, an advisory committee process that listened to stakeholders, and an open public comment portal through our website. A completely separate rule for small businesses is impossible due to the integrated nature of the market and regulatory requirements necessary to operate an adult-use cannabis sale program, but this feedback helped identify the instances alluded to above where smaller businesses will face lower fees or less onerous regulations based on business size.

9. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

The Board has created these rules with extraordinary public input, including from prospective owners of new small businesses that intend to enter the market, and many other stakeholders. For its market size and revenue projections, the Board has relied on a sophisticated model developed by its consultant, VS Strategies, which is available on its website at this page: <https://ccb.vermont.gov/market-structure> (with

the September 9, 2021 materials). A more complete summary of the input the Board has utilized in developing these rules may be found in the "Public Input Maximization Plan" portion of this filing.

Environmental Impact Analysis

Instructions:

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*

The transportation of cannabis products throughout the distribution streams will increase the number of vehicles and miles traveled in Vermont. Each new vehicle may contribute an average of 4.6 metric tons of CO₂ per year (EPA). These emissions can be curbed or mitigated by requiring or incentivizing more fuel-efficient vehicles such as hybrid, natural gas, or electric vehicles in transportation fleets. These changes may not be economical for most new businesses without government support. Allowing for distribution specific businesses

may also mitigate the impact by bringing in logistical expertise to optimize routes, loads, and driver experience. The additional increase in CO2 emissions by new vehicles used in cannabis transportation is presumed to have a minor environmental impact and is generally unavoidable.

Cannabis plants naturally produce volatile organic compounds that have an impact on air quality, though this emission is well below federal limits and considered to be an insignificant impact. Cannabis manufacturing may include solvents such as CO2, ethanol, and hydrocarbons which can off-gas into the environment. This risk is mitigated by strict fire code regulations for employee health and safety as well as the standard industry practice of using recirculation equipment. The greenhouse gas emissions from manufacturing using solvents is a moderate impact.

Waste generated by solvent-based manufacturing will release volatile organic compounds into the environment potentially impacting air and water quality. Current regulations on the disposal of hazardous waste will mitigate the risk from regular daily operations to low significance. The risk from accidental leaks and spills is of high significance but the reporting requirement of such incidences will limit the impact of such incidences and increase the potential for successful remediation.

4. WATER: EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):

Impacts on groundwater - due to the size of individual cultivation sites, water demand on a per site basis would have limited impact but cumulative impact of all cultivation sites has the potential to be significant.

Cannabis establishments have the potential to contaminate waterways with wastewater discharge containing pesticides, fertilizers, and disinfectants that can negatively impact surface waterways and ecology. This risk is mitigated by requiring safe and sanitary handling procedures and regular employee training on health, safety, and sanitation (as required by rule 2.2.4). The

overall risk to the environment from this source of pollution is minimal.

Cultivation establishments will utilize water through irrigation. This impact is of low significance and mitigated in Rule 1 by requiring preliminary approval from the appropriate water management entity to ensure the water supply source has the capacity for the operation.

Cultivator inspections and required operational plans will mitigate the risk of pollutant discharge into both surface and ground waterways.

5. LAND: EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):

By creating a Tiered System with cultivation size limitations that are significantly smaller than traditional/conventional agriculture, the environmental impacts on a per site basis are presumed to be negligible to insignificant in relation to current farming operations, especially when compared to the average Vermont farm size. The total cumulative impacts of all proposed licenses have the potential to impact the environment. A positive impact of this rule is that by incorporating legacy growers into a licensing and oversight system, negative environmental practices are mitigated and more operations will be subject to Vermont land use regulations and included in supportive programs. The cultivation licensing tiers favor a small cultivation footprint in comparison to traditional agriculture. Small farmers will have more control over their land and be more proactive and perceptive to any negative impacts their practices may have on the environment and local ecology. Smaller farms will also mean more licenses and the total cumulative impact may be more significant over a greater area. There is likely insignificant impact to local biodiversity due to historical disturbance from intensive agriculture in the state.

In order to comply with public health and safety requirements, cannabis products will generate additional packaging waste compared to standard consumer packaged

goods. This additional packaging will increase landfill material. Allowing for organic material to be composted (as is permitted in part by Rule 2.2.8) will remove a significant portion of cultivated wastes from entering the municipal waste stream. Allowing for the collection of recyclable post-consumer packaging at retail locations will increase the amount of material entering the recycling stream. Allowing for hazardous materials such as vape batteries that contain lithium ion will increase the diversion of this material to landfills.

Removing the legal requirements that cannabis packaging be of a certain size and opaqueness would allow producers a greater range in packaging materials which would result in more environmentally friendly options, including increasing the recyclability, reusability, and compostability of consumer products.

6. RECREATION: *EXPLAIN HOW THE RULE IMPACT RECREATION IN THE STATE:*

There will no impact on recreation.

7. CLIMATE: *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*

Certain methods of manufacturing can off-gas into the environment, and may require a certain level of investment and expertise to ensure recirculation and other techniques are utilized to minimize climate impacts.

8. OTHER: *EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:*

There is a potential for public concern related to cannabis odors proximate to residential areas. Agricultural operations are not typically monitored for odor and have an Odor Nuisance Exempt from Right to Farm Ordinances. This will not be the case for cannabis. Depending on input during the notice and comment the Board may choose to implement an odor abatement plan requirement that could reduce potential impacts of nuisance odors. Municipalities, however, retain any ability they currently have to regulate nuisances under their own statutory authority.

Cultivation establishments may use pesticides in their production systems which can negatively impact the environment by contaminating water and degrading the

local environment by decreasing biodiversity by affecting non-target species. The Agency of Agriculture, Food, and Markets' rules and guidelines will mitigate these impacts by only allowing state registered pesticides and requiring pesticide applicator training. These requirements are presumed to lower the potential impacts of pesticide use to moderate to low significance.

There is minimal potential for conversion or over-covering of prime soils. There is also minimal potential loss of prime soils from current, or agricultural, use. Our market analysis currently indicates the market will only need approximately 15 total acres across the entire state to accommodate demand, with a majority of that coming from indoor controlled environmental agriculture production. The Board can encourage cover cropping and rotation of outdoor grow operations at a site to mitigate soil depletion.

9. SUFFICIENCY: *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

For this analysis, the Board has relied on a review of the proposed rules by Jacob Policzer, an outside expert in environmental and sustainability issues related to cannabis.

Public Input Maximization Plan

Instructions:

Agencies are encouraged to hold hearings as part of their strategy to maximize the involvement of the public in the development of rules. Please complete the form below by describing the agency's strategy for maximizing public input (what it did do, or will do to maximize the involvement of the public).

This form must accompany each filing made during the rulemaking process:

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. PLEASE DESCRIBE THE AGENCY'S STRATEGY TO MAXIMIZE PUBLIC INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED RULE, LISTING THE STEPS THAT HAVE BEEN OR WILL BE TAKEN TO COMPLY WITH THAT STRATEGY:

The Board's strategy has been, and will continue to be, to hear from all possible stakeholders in a legal cannabis market.

The Board has already sought and received extraordinary public involvement and input in the development of these rules. Since the Board was seated in May, 2021, The Board has held more than 25 Board meetings, each of which was noticed, recorded, open to the public, and accessible to all through electronic means, and each included a public comment session. The Board has also received more than 100 written comments submitted through its website. During its meetings the Board has heard from small cannabis cultivators and cannabis policy advocates, experts on racial justice and social equity issues and individuals with lived experience of such issues, medicinal cannabis patients and experts, public health experts and advocates, environmental and energy experts and advocates, agricultural experts and

Public Input

advocates, and more. The Board has considered all of this input in formulating its rules.

In addition to the Board's own meetings, the Board's Advisory Committee (provided for by 7 V.S.A. § 843(h)) have met four times, and its subcommittees have met more than 70 times. Each Advisory Committee and subcommittee meeting was noticed, recorded, open to the public, and included a public comment period. The subcommittees consulted experts and advocates on various aspects of cannabis policy and they produced recommendations for the Board that have been considered by the Board in formulating the proposed rules.

Board members have individually had extensive discussions with members of the public and various experts and advocates.

A consultant working for the Board, the National Association of Cannabis Businesses, held two Social Equity Town Halls and have met with many Vermonters in order to provide informed advice regarding the Board's social equity policies. The Board has also worked with VS Strategies, a cannabis policy consulting firm that has brought national regulatory experience and economic expertise to the Board's efforts to design a functional market.

The Board plans to hold more than one public hearing during the notice and comment period for these rules, and plans to engage seriously with comments that it receives during the notice and comment period. The Board is ready to make appropriate amendments to the rules in the basis of that feedback.

4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:

In addition to the people and organizations named above, the Board has relied extensively on the

Public Input

expertise of other Vermont state government agencies. The Department of Health helped design warning labels and packaging. The Agency of Agriculture, Food, and Markets provided expertise on laboratory testing and cannabis cultivation issues. The Department of Public Service provided expertise on building and energy standards. The Agency of Natural Resources assisted with environmental standards. The Natural Resources Board consulted on matters related to Act 250.

The Board will continue to seek the advice of experienced regulators to ensure any changes that may be made during the notice and comment period are consistent with the best practices of regulatory experts in the relevant field.

Scientific Information Statement

THIS FORM IS ONLY REQUIRED IF THE RULE RELIES ON SCIENTIFIC INFORMATION FOR ITS VALIDITY.

PLEASE REMOVE THIS FORM PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the Scientific Information Statement, an agency shall provide a summary of the scientific information including reference to any scientific studies upon which the proposed rule is based, for the purpose of validity.

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. BRIEF EXPLANATION OF SCIENTIFIC INFORMATION:

These are not primarily rules that are based on scientific information, but portions touch on scientific issues. These portions include laboratory testing, building and energy standards, and environmental standards.

4. CITATION OF SOURCE DOCUMENTATION OF SCIENTIFIC INFORMATION:

The laboratory testing standards were largely drafted by the Agency of Agriculture, Food, and Markets, based on their own Cannabis Quality Control Program, with appropriate amendments for the adult use market. The Public Service Department's Commercial Building Energy Standards provided the basis for energy standards, with appropriate amendments as stated in Rule 2, for the adult use cannabis market. Rules from the Agency of Natural Resources Department of Environmental Conservation provided the basis for regulations regarding water usage.

5. INSTRUCTIONS ON HOW TO OBTAIN COPIES OF THE SOURCE DOCUMENTS OF THE SCIENTIFIC INFORMATION FROM THE AGENCY OR OTHER PUBLISHING ENTITY:

Information from the Agency of Agriculture's Cannabis Quality Control Program can be found here:

<https://agriculture.vermont.gov/public-health-agricultural-resource-management-division/hemp-program/hemp-potency-and-contaminant>. The Commercial

Building Energy Standards can be found here:

https://publicservice.vermont.gov/energy_efficiency/cbes. Water usage regulations can be found here:

<https://dec.vermont.gov/water>.

Incorporation by Reference

THIS FORM IS ONLY REQUIRED WHEN INCORPORATING MATERIALS BY REFERENCE. PLEASE REMOVE PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:

Instructions:

In completing the incorporation by reference statement, an agency describes any materials that are incorporated into the rule by reference and how to obtain copies.

This form is only required when a rule incorporates materials by referencing another source without reproducing the text within the rule itself (e.g., federal or national standards, or regulations).

Incorporated materials will be maintained and available for inspection by the Agency.

1. TITLE OF RULE FILING:

Rule 2: Regulation of Cannabis Establishments

2. ADOPTING AGENCY:

Cannabis Control Board

3. DESCRIPTION (*DESCRIBE THE MATERIALS INCORPORATED BY REFERENCE*):

This rule references Board Rule 1, filed at the same time as this rule.

4. FORMAL CITATION OF MATERIALS INCORPORATED BY REFERENCE:

Formal citation is pending the assignment of a rule number by the Secretary of State.

5. OBTAINING COPIES: (*EXPLAIN WHERE THE PUBLIC MAY OBTAIN THE MATERIAL(S) IN WRITTEN OR ELECTRONIC FORM, AND AT WHAT COST*):

Other Board rules can be accessed at no cost on the Board's website: <https://ccb.vermont.gov/>.

6. MODIFICATIONS (*PLEASE EXPLAIN ANY MODIFICATION TO THE INCORPORATED MATERIALS E.G., WHETHER ONLY PART OF THE MATERIAL IS ADOPTED AND IF SO, WHICH PART(S) ARE MODIFIED*):

Run Spell Check

**STATE OF VERMONT
CANNABIS CONTROL BOARD**

RULE 2: REGULATION OF CANNABIS ESTABLISHMENTS

- 2.1 Section 1: General Provisions
 - 2.1.1 Authority
 - 2.1.2 Scope and Purpose
 - 2.1.3 Definitions
 - 2.1.4 Applicability
 - 2.1.5 Time
 - 2.1.6 Severability
- 2.2 Section 2: Regulations Applicable to All Cannabis Establishments.
 - 2.2.1 Business Records
 - 2.2.2 Insurance
 - 2.2.3 Continuing Disclosure and Background Check Requirements
 - 2.2.4 Health, Safety, and Sanitation
 - 2.2.5 Employment and Training
 - 2.2.6 Tracking of Cannabis and Cannabis Products
 - 2.2.7 Transportation of Cannabis and Cannabis Products
 - 2.2.8 Waste Disposal
 - 2.2.9 Packaging
 - 2.2.10 Warning Labels
 - 2.2.11 Advertising
 - 2.2.12 Audience Composition Presumptions for Advertising
 - 2.2.13 Visitors
 - 2.2.14 Inspections
 - 2.2.15 Inversion and Diversion from the Legal Market is Prohibited
 - 2.2.16 Compliance in Other Jurisdictions
 - 2.2.17 Reporting Theft or Loss
 - 2.2.18 Co-Location
- 2.3 Section 3: Regulations Applicable to Cultivators
 - 2.3.1 Pesticides
 - 2.3.2 Visitors to Cultivation Sites
 - 2.3.3 Testing
 - 2.3.4 Adulterated Cannabis
 - 2.3.5 Cultivator Packaging
 - 2.3.6 Cultivator Inspections
 - 2.3.7 Sanitation
 - 2.3.8 Cultivation and Operations Information
 - 2.3.9 Vendor and Employee Samples
- 2.4 Section 4: Regulations Applicable to Outdoor and Mixed Cultivators

- 2.4.1 Outdoor Security Management Practices
- 2.4.2 Standards For Outdoor Security Management Practices
- 2.4.3 Minimum Outdoor Security Management Practices
- 2.4.4 Visibility From a Public Road
- 2.4.5 Additional Requirements
- 2.4.6 Security for Drying, Curing, and Storage
- 2.4.7 Allowance for Winter Indoor Storage
- 2.5 Section 5: Regulations Applicable to Indoor and Mixed Cultivators
 - 2.5.1 Security
 - 2.5.2 Security for Drying, Curing, and Storage
 - 2.5.3 Energy Standards for Buildings
 - 2.5.4 Energy Standards for Lighting
 - 2.5.5 Energy Standards for Dehumidification
 - 2.5.6 Energy Usage Reporting and Reduction Efforts
- 2.6 Section 6: Regulations Applicable to Manufacturers
 - 2.6.1 Safety
 - 2.6.2 Manufacturer Security
 - 2.6.3 Testing
 - 2.6.4 Manufacturer Packaging
 - 2.6.5 Additives
 - 2.6.6 Records
 - 2.6.7 Vendor and Employee Samples
- 2.7 Section 7: Regulations Applicable to Wholesalers
 - 2.7.1 Wholesaler Security
 - 2.7.2 Wholesaler Processing
 - 2.7.3 Wholesaler Packaging
- 2.8 Section 8: Regulations Applicable to Retailers
 - 2.8.1 Buffer Zones
 - 2.8.2 Retail Security
 - 2.8.3 Age Verification
 - 2.8.4 Retailer Packaging
 - 2.8.5 Standard Operating Procedures
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 - 2.9.1 Testing Requirements
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- 2.9.6 Pesticides
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- 2.10 Section 10: Regulations Applicable to Integrated Licensees
 - 2.10.1 All Cannabis Establishment Regulations Applicable
 - 2.10.2 Dispensaries and Medical Cannabis
 - 2.10.3 Co-located Operations
 - 2.10.4 Duty to Maintain Continuity of Services to Medical Patients
 - 2.10.5 Use of Dispensary Cultivation for Integrated Licensees
 - 2.10.6 Duty to Purchase From Small Cultivators
- 2.11 Section 11: Licensee’s Ongoing Duty to Disclose
 - 2.11.1 Disclosure Insufficient For Changes In Control
- 2.12 Section 12: Confidentiality
- 2.13 Section 13: Regulatory Waiver

2. Rule 2: Regulation of Cannabis Establishments

2.1 Section 1: General Provisions

2.1.1 Authority

The Cannabis Control Board adopts this rule pursuant to 7 V.S.A. §§ 865, 866, 881, 883, 884, 904, 907, and other applicable law.

2.1.2 Scope and Purpose

The Board is charged with implementing and regulating a legal market for Cannabis in Vermont. This rule regulates Cannabis Establishments.

2.1.3 Definitions

All definitions in 7 V.S.A. § 861 shall apply to this rule. The following definitions shall also apply:

- (a) “Board designee” means a person designated by the Board to act as its agent for the purpose of executing the Board’s responsibilities. This may be an employee of the Board, another government agency, or a contractor.
- (b) “Cannabis Licensed Agent” means a person employed by a Cannabis Establishment who

is designated by the establishment to transport Cannabis or Cannabis Product between Cannabis Establishments. A Cannabis Licensed Agent must be an individual who has received a Cannabis Establishment identification card as provided for in 7 V.S.A. § 884 and who has a valid driver's license.

- (c) "Greenhouse" means a structure or a thermally isolated area of a building that maintains a specialized sunlit environment exclusively for, and essential to, the cultivation or maintenance of Cannabis plants and that is in use for a period of 180 days or more each calendar year.
- (d) "Interest holder" has the same meaning as defined in 11A V.S.A. § 11.01(11).
- (e) "Harvest lot" means a grower's harvested Cannabis produced during a single growing season in a contiguous area containing the same cultivar or variety.
- (f) "Inventory Tracking System" means a method implemented by the Board for tracing all Cannabis and Cannabis Products grown, manufactured, and sold in Vermont.
- (g) "Licensee" means a person who has been issued a license pursuant to Board Rule 1. A licensee does not include a person who has been issued a provisional license.
- (h) "Pesticide" shall have the same meaning as "economic poison" as defined in 6 V.S.A. § 911(5).
- (i) "Physical site of operations" means:
 - i. a cultivator's grow site;
 - ii. a wholesaler's product storage facility;
 - iii. a manufacturer's site of manufacture;
 - iv. a retailer's store location; or
 - v. a testing laboratory's testing facility.
- (j) "Process lot" means any amount of Cannabis concentrate, Cannabis Product or Cannabis-infused product of the same type, processed at the same time, using the same ingredients and same standard operating procedures.

Any time this rule references a retail Cannabis Establishment or otherwise references retail stores, such references shall include the retail portion of an integrated licensee unless the text of the rule plainly states that it does not.

2.1.4 Applicability

This rule applies to Cannabis Establishments and persons who control, operate, manage, or are employed by Cannabis Establishments.

2.1.5 Time

- (a) In computing any time period, measured in days, that is established or allowed by this rule or by order of the Board or Chair:
 - (1) the day of the act or event that triggers the period shall be excluded;
 - (2) every day, including intermediate Saturdays, Sundays, and legal holidays shall be counted;
 - (3) the last day of the period shall be counted, but if the last day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday.

(b) A “legal holiday” means:

- (1) any day declared a holiday by the President or Congress of the United States; and
- (2) any day declared a holiday by the State of Vermont.

2.1.6 Severability

If any portion of this rule is found to be invalid, the remaining portion of the rule shall remain in force and effect.

2.2 Section 2: Regulations Applicable to All Cannabis Establishments.

The requirements in this section apply to all Cannabis Establishments authorized by statute.

All Cannabis Establishments must abide by the prohibitions, restrictions, and requirements of Chapter 33, Title 7 of the Vermont Statutes. Cannabis Establishments must also abide by all other applicable laws, including but not limited to worker’s compensation laws and tax laws.

2.2.1 Business Records

Cannabis Establishments are required to maintain the following records onsite and readily accessible and make them available for inspection by the Board, if requested:

- (a) employee list;
- (b) information related to facility security;
- (c) advertising records, if applicable;
- (d) inventory records;
- (e) insurance records;
- (f) seed-to-sale tracking records;
- (g) visitor log;
- (h) all records retained for tax purposes;
- (i) waste log;
- (j) surveillance logs, if applicable;
- (k) testing records, including all Certificates of Analysis;
- (l) sampling unit records;
- (m) license application records;
- (n) standard operating procedures manuals; and
- (o) corrective action and preventive action records, if applicable.

2.2.2 Insurance

Cannabis Establishments are required to obtain and maintain insurance, or an equivalent, at the following levels:

- (a) A Cannabis Establishment shall obtain and maintain general liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, and product liability insurance coverage for no less than \$1,000,000 per occurrence and

\$2,000,000 in aggregate, except as provided by subsection (b) of this section. The deductible for each policy shall be no higher than \$5,000 per occurrence.

- (b) A Cannabis Establishment that documents an inability to obtain minimum liability insurance coverage as required by subsection (a) of this section may place in escrow a sum of no less than \$250,000 or such other amount approved by the Board, to be expended for coverage of liabilities.
- (c) The escrow account required in subsection (b) of this section must be replenished within ten business days of any expenditure.
- (d) Cannabis Establishments must be prepared to demonstrate compliance with this subsection at any time, with records onsite and readily accessible.

2.2.3 Continuing Disclosure and Background Check Requirements

At the Board's discretion, the entities or persons named in Rule 1.4.2 or 1.4.3 may be required to resubmit any information described in those sections if the Board has reason to believe that information has changed since the time of a license application or license renewal. They may be subject to the same background checks and financial disclosures provided for in those sections. The information may be shared with other state agencies, as provided for by Rule 1.4.8.

2.2.4 Health, Safety, and Sanitation

Cannabis Establishments shall:

- (a) develop safe and sanitary handling procedures for all products;
- (b) provide regular training on health, safety, and sanitation procedures;
- (c) ensure that employees follow procedures;
- (d) immediately report to the Board breaches in health, safety, and sanitary procedures that pose a risk to consumer safety; and
- (e) comply with applicable health, safety, and sanitation rules, including, but not limited to, the Vermont Occupational and Safety and Health Administration Rules, applicable fire safety rules, applicable building standards and occupancy rules, and the Good Manufacturing Practices for Food Rule, as promulgated by the Vermont Department of Health.

Subsection (e) does not assign responsibility for enforcing those regulations to their respective state agencies, nor does it indicate such responsibility.

2.2.5 Employment and Training

- (a) Licensee Training: In accordance with 7 V.S.A. 865(a), the agents of those who control a Cannabis Establishment shall complete an enforcement seminar once every three years. For the purposes of this section, an agent refers to anyone who is an employee of the establishment or who works at the establishment.
- (b) Employee Training: within 60 days of hire and annually after that, employees of Cannabis Establishments must complete trainings regarding the following topics, except that employees of retail establishments may not sell Cannabis or Cannabis Products to

consumers without first completing trainings regarding the first 8 topics of the following list:

- i. the Cannabis Establishment's operating, security, health, safety, and sanitary procedures;
- ii. the health effects of Cannabis and Cannabis Products;
- iii. compliance, enforcement, inspection, incident reporting, and record-keeping;
- iv. acceptable forms of identification for staff and visitors, if permitted by this rule;
- v. inventory control and appropriate tracking systems;
- vi. cash handling;
- vii. preventing the sale of Cannabis to minors;
- viii. signs of overconsumption and signs of mental health or substance abuse disorder;
- ix. human trafficking and domestic violence awareness;
- x. diversity, equity, and inclusion;
- xi. racism and bias; and
- xii. sexual harassment and discrimination.

2.2.6 Tracking of Cannabis and Cannabis Products

- (a) Cannabis Establishments shall comply with the Inventory Tracking System in a manner determined by the Board and shall cooperate with any third-party vendors the Board utilizes for the purpose of implementing the system. The Inventory Tracking System policy shall be readily available to the public and will not change without at least 90 days of notice.
- (b) Cannabis Establishments shall be responsible for costs associated with compliance with, and adoption of, the Inventory Tracking System.
- (c) All Cannabis and Cannabis Products must be tracked using the Inventory Tracking System from the time the Cannabis is grown by a cultivator until it is sold to a consumer by a retailer. A Cannabis Establishment must reconcile all on-premises and in-transit Cannabis or Cannabis Product inventories each month and must complete the reconciliation within 15 days of the end of each month.
- (d) If Cannabis or Cannabis Product is not ultimately sold to a consumer, it must be disposed of in the manner prescribed by section 2.2.8 of this rule and the disposal must be entered into the Inventory Tracking System.
- (e) A Cannabis Establishment must conduct a comprehensive inventory audit at least once every year from the date of the previous comprehensive inventory.
- (f) Cannabis Establishments and the individuals using the Inventory Tracking System are responsible for the accuracy of all information entered into the Inventory Tracking System. Any misstatements or omissions may be considered a license violation affecting public safety.
- (g) Cannabis Establishments must have the ability to reconcile transported and on-hand Cannabis and Cannabis Product inventory with the Inventory Tracking System and the associated transaction history and transportation order receipts.

2.2.7 Transportation of Cannabis and Cannabis Products

- (a) Each Cannabis Establishment shall designate one or more Cannabis Licensed Agent(s) and register the Cannabis Licensed Agent(s) with the Board.
- (b) Only Cannabis Licensed Agents are permitted to transport Cannabis or Cannabis Products between Cannabis Establishments.
- (c) Cannabis Licensed Agents must carry an employee identification card issued pursuant to Rule 1.16 at all times while transporting Cannabis or Cannabis Products.
- (d) Transportation must take place in a vehicle, provided that the Board may waive this requirement at its discretion.
- (e) When Cannabis or Cannabis Products are transported in a vehicle:
 - i. they must not be visible from outside the vehicle;
 - ii. the driver must not be able to access them from the driver's seat; and
 - iii. the vehicle must be unmarked.
- (f) Vehicles used for transportation must be registered and current in their registration, inspection, and insurance.
- (g) Cannabis Licensed Agents may transport Cannabis and Cannabis Products only between Cannabis Establishments.
- (h) The transporting Cannabis Establishment must enter all Cannabis and Cannabis Products to be transported into the Inventory Tracking System.
- (i) While transporting Cannabis and Cannabis Products, Cannabis Licensed Agents must utilize GPS tracking technology that records their entire route and that is capable of broadcasting their location to a remote computing device, provided that this requirement can be waived on a case-by-case basis at the Board's discretion.
- (j) Prior to departure from a Cannabis Establishment, Cannabis Licensed Agents must generate a transport manifest that contains the following:
 - i. departure date, location, and approximate time of departure;
 - ii. name and location of the destination Cannabis Establishment(s);
 - iii. name and identification card number of Cannabis Licensed Agent;
 - iv. product name and quantities (by weight and unit) of each product to be delivered to the specific Cannabis Establishment(s);
 - v. estimated time of arrival at each Cannabis Establishment;
 - vi. transport vehicle's make, model, and license plate number; and
 - vii. a signature line and time notation to be signed by an employee of the Cannabis Establishment who receives the transported product.
- (k) Cannabis Licensed Agents must transmit transport manifests to receiving Cannabis Establishments before departure.
- (l) Cannabis Establishments receiving Cannabis or Cannabis Product from a Cannabis Licensed Agent must log the time of receipt.
- (m) Upon receipt of a transport, the receiving Cannabis Establishment shall ensure that the products received are as described in the transport manifest and shall adjust its records and the Inventory Tracking System to reflect the receipt of inventory the same day it is received. If there are discrepancies, the receiving Cannabis Establishments must specify them.
- (n) While transporting Cannabis or Cannabis Products, Cannabis Licensed Agents must log the times of arrival at, and departure from, any stops, whether planned or unplanned. Logs must be maintained contemporaneously and must give a reason for stops that are not at Cannabis Establishments.

- (o) To the extent possible, Cannabis Licensed Agents must stay with their vehicles while transporting Cannabis or Cannabis Products. Where Cannabis Licensed Agents have the option to stay with their vehicle, they must choose that option. Except for the entry and exit of Cannabis Licensed Agents, vehicles must be locked and secured.
- (p) Cannabis Licensed Agent shall not cross state borders while transporting Cannabis or Cannabis Products.
- (q) Storage and transportation shall be under conditions that will protect Cannabis and Cannabis Products from loss and theft, as well as against physical, chemical, and microbial contamination and against deterioration of product.
- (r) If a Cannabis Establishment is transporting over 20 pounds of Cannabis on a dry weight basis, the Cannabis must be transported in a secure, locked storage compartment within the transportation vehicle.
- (s) Cannabis Licensed Agents shall report to the Board any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within not more than 24 hours of such accidents, diversions, losses, or other reportable incidents.
- (t) In the event Cannabis has failed required testing, has been contaminated, or otherwise presents a risk of cross-contamination to other Cannabis, such Cannabis may only be transported if it is physically segregated and contained in a sealed package that prevents cross-contamination.

2.2.8 Waste Disposal

- (a) All applicable federal, state, and local statutes, regulations, and ordinances apply to waste disposal from Cannabis Establishments. This includes, but is not limited to, all regulations pertinent to chemical, dangerous, and hazardous waste, such as those that may be generated during product manufacturing processes, as well as all pesticides and other agricultural chemicals.
- (b) Cannabis or Cannabis Products must be rendered unusable and unrecognizable before disposal. The acceptable methods for rendering Cannabis and Cannabis Product unusable and unrecognizable will be enumerated by the Board in a policy that will be readily available to the public. The policy may include, but may not be limited to, methods such as:
 - i. grinding or compacting Cannabis and Cannabis Product with non-consumable, solid wastes, such that at least 50% of the resulting waste is non-Cannabis waste;
 - ii. on-site composting;
 - iii. anaerobic digestion;
 - iv. pyrolyze into biochar; and
 - v. biomass gasification.
- (c) Organic material that has either no tetrahydrocannabinol content or a tetrahydrocannabinol content under 0.3%, doesn't need to be rendered unusable or unrecognizable. It can be composted onsite or disposed of in a manner otherwise consistent with applicable law and regulation.
- (d) Disposal of Cannabis and Cannabis Products must be tracked with the Inventory Tracking System.

2.2.9 Packaging

To the extent not already required by other sections of this rule and by Chapter 33, Title 7 of the Vermont Statutes, the following requirements apply to all Cannabis and Cannabis Product packaging.

Cannabis and Cannabis Product packaging must:

- (a) be child-resistant and opaque,
- (b) include required warning labels and symbols as provided by section 2.2.10 of this rule,
- (c) clearly identify package contents,
- (d) clearly identify ingredients,
- (e) clearly identify tetrahydrocannabinol content,
- (f) be in resealable packaging that remains child-resistant for multiple uses if multiple servings are contained in the package,
- (g) be free from false or misleading statements; and
- (h) 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.

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 and promotion must include the following warning exactly as it is below:

*This is a cannabis product and 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 this product 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.*

- (b) All product packaging must use the following warning symbols:



Minimum Size

Packing and Labeling: 0.5" x 0.5"
Edible Marijuana Product: At least 25 percent of the servings' height and width, but not less than 0.25" x 0.25"

Required Colors

When used on the marketing layer, the universal symbol and optional "not safe for kids" icons must be reproduced in black and red.

Black (CMYK): 0, 0, 0, 100

Red (CMYK): 0, 95, 100, 0

Red (Pantone): PMS 485

Coloring is not required for on-product markings.

Background

The icons must be placed on a white or light-colored background. The interior of the icon must remain white.

Restrictions

- Do not recreate or modify the icons in any manner.
- Do not stretch or distort the icons.
- Do not use the icons smaller than the minimum size.
- Do not change the icon colors (Note: Coloring is not required for on-product markings.)
- Do not use the icons on a dark background.

- (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

2.2.11 Advertising

In addition to those contained in 7 V.S.A. § 864, the following prohibitions and requirements apply to advertising Cannabis or Cannabis Products:

- (a) Cannabis Establishments are prohibited from using 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. This includes, but is not limited to, brand logo development and any advertising used for the purposes of marketing the licensee's dispensary and/or products.

- (b) Cannabis Establishments are prohibited from advertising or promoting in a manner that is false, untrue, or misleading.
- (c) Cannabis Establishments are prohibited from including in its advertising any statement concerning a brand or product that is inconsistent with any statement on the labeling thereof.
- (d) Websites for Cannabis Establishments must have age-gating.
- (e) Social media accounts for Cannabis Establishments may only promote products using links to their age-gated websites. Any images or other text regarding products is otherwise prohibited.

2.2.12 Audience Composition Presumptions for Advertising

When considering whether a proposed advertisement meets the requirements of 7 V.S.A. § 864 and of this rule, the Board will make the following presumptions:

- (a) That more than 15% of the audience will be under 21 years of age, unless the prospective advertiser can show by a preponderance of the evidence that less than 15% of the audience is reasonably expected to be under 21 years of age. Evidence must include reliable, verifiable, and current audience composition data.
- (b) That the audience for any outdoor advertisement is the 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).
- (c) Except for signage as defined in 7 V.S.A. § 861(2)(D), 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 for the purposes of this rule.

2.2.13 Visitors

Visitors are only permitted to the extent provided for in this rule. If this rule makes no provision for visitors at a type of Cannabis Establishment, then visitors are not permitted at that type of Cannabis Establishment, provided that contractors accompanied by a Cannabis Establishment employee who has an identification card issued pursuant to Rule 1.16, Board designees, and Cannabis Licensed Agents making deliveries are permitted at Cannabis Establishments.

This provision does not apply to retail Cannabis Establishments.

2.2.14 Inspections

Cannabis Establishments shall submit to inspections of their physical site of operations and their records upon request of the Board or a Board designee.

2.2.15 Inversion and Diversion from the Legal Market is Prohibited

No Cannabis Establishment may purchase or obtain Cannabis or Cannabis Products from an entity that is not licensed pursuant to Board Rule 1. Except for retail Cannabis Establishments, no Cannabis Establishment may sell or transfer Cannabis or Cannabis Products to any person other than a licensed Cannabis Establishment.

2.2.16 Compliance in Other Jurisdictions

To the extent the controller or principal of a licensee also controls or is a principal of a licensed Cannabis Establishment, or the equivalent of a Cannabis Establishment, in a different jurisdiction, that Cannabis Establishment must remain in compliance with the laws and regulations of its jurisdiction.

2.2.17 Reporting Theft or Loss

Cannabis Establishments must report theft or loss of Cannabis or Cannabis Product to the Board immediately after discovery of the theft or loss and enter such loss into the Inventory Tracking System.

2.2.18 Co-Location

Cannabis Establishments may operate at the same location, subject to the following conditions:

- (a) The co-located operation is not in violation of any local ordinances or regulations.
- (b) Each Cannabis Establishment operating at the same location shall do all the following:
 - i. Have distinct and identifiable spaces, areas, or plots, with each licensee operating in its own separate space, area, or plot.
 - ii. Post notice of its license in its distinct area, space, or plot.
 - iii. Maintain all the business operations, compliance requirements, and record-keeping that a Cannabis Establishment would maintain if it were operating in its own location.
 - iv. Otherwise comply with the provisions in the relevant statutes and these rules.
- (c) Co-located Cultivation Cannabis Establishments must limit their total canopy to the relevant Tier 6 plant canopy limit, provided that the Board retains discretion to waive this limit.
- (d) Co-located Cannabis Establishments that are not cultivators must utilize the security measures that are the most stringent required of any one of the co-located establishments, as provided by this Rule.
- (e) Co-located cultivation Cannabis Establishments must utilize the security measures that would be required if the combined plant canopy of all the co-located cultivators were treated as belonging to a single Cannabis Establishment.
- (f) No person, business, or Cannabis Establishment may operate in a manner that has the effect of subverting 7 V.S.A. § 901(d)(3)(A), and no person shall exercise control over a Cannabis Establishment without the disclosures required in Rule 1.4. At its discretion the Board may require additional information from Cannabis Establishments to ensure compliance with this section.
- (g) Multiple retail Cannabis Establishments may not operate at the same location.

This section does not apply to dispensaries, which are governed by section 2.10.3 of this rule and by Rule 3.

2.3 Section 3: Regulations Applicable to Cultivators

The requirements in this section apply to Cannabis Establishments with any cultivator license.

2.3.1 Pesticides

Cultivators shall abide by the rules and guidelines regarding pesticides that are promulgated by the Vermont Department of Agriculture, Food and Markets.

At the time of a harvest, Cannabis Establishments with a cultivator license will report to the Board regarding the use and quantity of pesticides, if applicable.

2.3.2 Visitors to Cultivation Sites

- (a) Visitors must be escorted at all times by a Cannabis Establishment employee who has an employee identification card issued pursuant to Rule 1.16.
- (b) Visitors may not consume cannabis in any form on site and may not purchase cannabis on site.
- (c) Visitors must be over the age of 21. The Cannabis Establishment is responsible for ensuring compliance with age limitations.
- (d) Cannabis Establishments must issue identification badges to visitors, provided that this provision does not apply to Tier 1 cultivation licensees. The badge will:
 - i. have a design approved by the Board;
 - ii. be visibly displayed while on the physical site of operations; and
 - iii. be returned upon exit.
- (e) Visitors must be logged with time of entry and exit, and the log will be made available to the Board or a Board designee upon request. Logs must be retained for 1 calendar year.
- (f) A safety protocol must be established by license holder before allowing visitors. The safety protocol must be on record with the Board.
- (g) Contractors accompanied by a Cannabis Establishment employee who has an identification card issued pursuant to Rule 1.16, Board designees, and Cannabis Licensed Agents making deliveries will not be considered visitors for the purposes of this section.

2.3.3 Testing

Cultivators must have their products tested in accordance with rules and guidance established in section 2.9 of this rule. Testing for potency of a crop must take place within the three-week period preceding a harvest. Other testing will occur in accordance with the relevant regulations and policies. Test results shall be saved for no less than 1 year.

2.3.4 Adulterated Cannabis

- (a) Cultivators must abide by all orders of the Board issued pursuant to 7 V.S.A. § 904(e)(1) and Board Rule 4.
- (b) If Cannabis is adulterated due to the willful or intentional misuse of a pesticide, the Cannabis must be destroyed in accordance with section 2.2.7 of this rule and reported to the Board by:
 - i. The cultivator, or
 - ii. A testing laboratory if a testing laboratory discovers such adulteration.
- (c) If Cannabis is adulterated due to no fault of the license holder they may attempt to remediate if doing so can be done safely. Adulteration without fault may occur due to atmospheric drift of an adulterant, or a similar natural phenomenon.
 - i. Remediation may include refinement into a manufactured product using a licensed manufacturer.
 - ii. Any remediated product needs to be retested for the adulterant subsequent to remediation.
 - iii. If an adulteration poses a public health issue subsequent to remediation the Cannabis Product will need to be destroyed in accordance with section 2.2.7 of this rule.

2.3.5 Cultivator Packaging

- (a) When a cultivator sells Cannabis to any licensee other than a retail licensee, packaging must include:
 - i. All requirements contained in 7 V.S.A. § 904(d);
 - ii. All baseline packaging requirements in section 2.2.8 of this rule; and
 - iii. Testing results, which can be conveyed using a website address, QR code, or similar means of providing access to testing results available on a website.
- (b) When a cultivator sells Cannabis to a retailer, packaging must include:
 - i. All requirements contained in 7 V.S.A. § 904(d);
 - ii. All requirements contained in 7 V.S.A. § 907(c);
 - iii. All baseline packaging requirements in section 2.2.8 of this rule; and
 - iv. Testing results, which can be conveyed using a website address, QR code, or similar means of providing access to information accessible on a website.

2.3.6 Cultivator Inspections

- (a) The Board or Board designee will conduct inspections, which may or may not be noticed in advance, to ensure compliance with these rules and Title 7, Chapter 33 of the Vermont Statutes.
- (b) Inspections may include:
 - i. collecting samples;
 - ii. taking photographs or video;
 - iii. talking to employees, principals, or owners;
 - iv. inspecting records;
 - v. inspecting equipment or vehicles used for growing, processing, or transporting Cannabis; and
 - vi. taking any other reasonable measure to evaluate compliance.

- (c) Information obtained from inspections at non-cultivator Cannabis Establishments may inform inspections at cultivator licensees.
- (d) Cannabis samples obtained during inspections may be used to assess consumer safety issues and may also be used by the Board for genetic testing and research into taxonomic determinations of cannabis cultivars or varieties grown.

2.3.7 Sanitation

To the extent not already required by section 2.2.3 of this rule, cultivators will ensure:

- (a) that any illness or bodily injury to an individual working at a cultivation site does not become a source of microbial contamination to a Cannabis crop;
- (b) that litter and waste are properly removed so they do not become a source of microbial contamination; and
- (c) sufficient sanitation to minimize potential for attracting, breeding, or harboring pests.

2.3.8 Cultivation and Operations Information

Cultivating licensees shall submit cultivation and operations information to the Board within 60 days of gaining a license. The information shall include the following:

- (a) cultivation schedule;
- (b) grow medium;
- (c) mixed-light cultivation plan and schedule, if applicable;
- (d) irrigation plan and schedule, if applicable;
- (e) waste management plan;
- (f) pest management plan; and
- (g) a plan to secure regulated products such as pesticides.

2.3.9 Vendor and Employee Samples

- (a) Vendor samples must meet the following requirements:
 - i. Cultivators may provide a sample of flower to a wholesaler, manufacturer, or retailer, provided that such samples may not be consumed on any licensed premises. Samples must be tested in accordance with rules and guidance established in section 2.9 of this rule.
 - ii. Samples will be limited to the following aggregate amounts in a calendar month: four grams per strain of flower per vendor, and no more than seven strains of flower per vendor.
 - iii. Vendor samples must be labeled: **VENDOR SAMPLE NOT FOR RESALE.**
 - iv. Samples must be designated and identified in the Inventory Tracking System.
- (b) Employee Samples must meet the following requirements:
 - i. Cultivators may provide samples to employees to determine whether to make product available to sell, provided that such samples may not be consumed on any licensed premises.

- ii. Samples will be limited to the following aggregate amounts in a calendar month: four grams per strain of flower per employee, and no more than seven strains of flower per employee.
- iii. Employee samples must be labeled: QUALITY CONTROL SAMPLE NOT FOR RESALE.
- iv. Samples must be designated and identified in the Inventory Tracking System.

2.4 Section 4: Regulations Applicable to Outdoor and Mixed Cultivators

The requirements in this section apply to Cannabis Establishments with an outdoor and mixed cultivator license.

2.4.1 Outdoor Security Management Practices

- (a) The Board deems the following to be Outdoor Security Management Practices:
 - i. fencing;
 - ii. video surveillance system with unobscured views of area;
 - iii. alarm system;
 - iv. photographic surveillance;
 - v. motion activated flood-light, which may face away from the plant canopy;
 - vi. security services, which may include the physical presence of a security guard; and
 - vii. controlled point of access.

2.4.2 Standards For Outdoor Security Management Practices

- (a) Fencing must be sufficient to prevent unauthorized entry to the cultivation areas.
- (b) Electronic security measures and security services, if applicable pursuant to section 2.4.3, must be operating for no less than the three-week period preceding a harvest, as well as while drying, curing, or storing a harvested crop.
- (c) Video and photographic surveillance equipment must:
 - i. retain footage for a minimum of 30 days;
 - ii. include date and time stamps on images without significantly obscuring the images;
 - iii. be capable of producing usable images in the lighting conditions in which it is placed;
 - iv. be placed in a way that allows for the clear and certain identification of any persons or activities at or in the immediate vicinity of any Cannabis or Cannabis Product; and
 - v. be exportable and transferrable to standard computing equipment and have a resolution of 1080p or greater or the equivalent of such a resolution.

2.4.3 Minimum Outdoor Security Management Practices

Outdoor cultivators must implement Outdoor Security Management Practices to the extent required in this section unless they apply to the Board for a variance from the fencing requirement, which the Board will consider on a case-by-case basis.

- (a) Tier 1 outdoor cultivators and mixed cultivators must utilize at least 1 of the Outdoor Security Management Practices in section 2.4.1.
- (b) Tier 2 outdoor cultivators must utilize at least 2 of the Outdoor Security Management Practices in section 2.4.1 and one of them must be fencing.
- (c) Tier 3 outdoor cultivators must utilize at least 3 of the Outdoor Security Management Practices in section 2.4.1 and one of them must be fencing.
- (d) Tier 4 outdoor cultivators must utilize at least 4 of the Outdoor Security Management Practices in section 2.4.1 and one of them must be fencing.
- (e) Tier 5 outdoor cultivators must utilize at least 5 of the Outdoor Security Management Practices in section 2.4.1 and one of them must be fencing.
- (f) Tier 6 outdoor cultivators must utilize all of the Outdoor Security Management Practices in section 2.4.1.

2.4.4 Visibility From a Public Road

If crop would be visible from a public road, as defined in 24 V.S.A. § 4303(33), a physical barrier of concealment must be created such that the crop is not visible from the public road. Such barriers may include, but are not limited to, fencing, hedges, or building structures.

2.4.5 Additional Requirements

- (a) At the Board's discretion, a physical site of operations may be inspected by a Board designee to determine security risks and visibility from a roadway either before or after the Board has granted a license. The Board retains the right to require additional Outdoor Security Management Practices or barriers subsequent to such an inspection.
- (b) If a Cannabis Establishment experiences more than one incident of theft in a one-year time period, additional Outdoor Security Management Practices may be required at the Board's discretion.

2.4.6 Security for Drying, Curing, and Storage

Security for Cannabis drying, curing, and storage must meet the requirements of section 2.5.1 of this rule.

2.4.7 Allowance for Winter Indoor Storage

Mother plants, Cannabis plant-seeds, and clones in propagation or vegetation phase of development may be kept indoors during winter months when outdoor cultivation is not possible, provided that outdoor cultivation licensees may not cultivate Cannabis indoors.

2.5 Section 5: Regulations Applicable to Indoor and Mixed Cultivators

The requirements in this section apply to Cannabis Establishments with an indoor and mixed cultivator license.

2.5.1 Security

Indoor and mixed cultivators must utilize the following security measures:

- (a) All perimeter doors and windows must be locked, and only individuals with a Cannabis Establishment identification card, granted in accordance with Rule 1.16, may have keys or a key equivalent.
- (b) All perimeter doors and windows must have operational security alarms, provided that Tier 1 and mixed cultivators are not required to have security alarms unless the Board requires it, which the Board retains the discretion to do on a case-by-case basis.
- (c) Video surveillance with continuous monitoring of any space that contains Cannabis, whether growing or harvested, or Cannabis Products. Video surveillance must meet the standards of section 2.4.2(c) of this rule.

2.5.2 Security for Drying, Curing, and Storage

Security for Cannabis drying, curing, and storage must meet the requirements of section 2.5.1 of this rule.

2.5.3 Energy Standards for Buildings

- (a) Vermont Commercial Building Energy Standards (CBES) will apply to indoor cultivation facilities in the following areas:
 - i. The building envelope must meet CBES for insulation.
 - ii. Non-cultivation lighting must meet CBES for new buildings and retrofits.
 - iii. Ventilation must meet CBES.
 - iv. HVAC systems must meet CBES for efficiency, except that HVAC equipment used for cultivation does not need economizers and heat recapture.
- (b) Greenhouses must meet CBES for HVAC equipment efficiency, except that HVAC equipment used for cultivation does not need economizers and heat recapture.
- (c) Fans and clean water pumps at indoor cultivation facilities should, at the date of equipment purchase, comply with the most recent energy efficiency standards promulgated by the federal Department of Energy.

2.5.4 Energy Standards for Lighting

- (a) Lighting for indoor cultivation must have a minimum of 1.9 Photosynthetic Photon Efficacy (PPE).
- (b) Lighting for greenhouses:
 - i. The envelop must have a minimum u-factor of 0.7.
 - ii. If a greenhouse uses lighting fixtures to supplement the sun, the cultivation lighting must have a minimum of 1.7 PPE, except that if a greenhouse has a total

connected lighting load of less than 40 kilowatts it is exempt from lighting requirements.

2.5.5 Energy Standards for Dehumidification

One of the following dehumidification systems must be used for indoor cultivation:

- (a) Standalone dehumidifiers must meet the following minimum integrated energy factors:
 - i. Minimum integrated energy factor of 1.77 L/kWh for product case volumes of 8.0 cubic feet or less, or
 - ii. Minimum integrated energy factor of 2.41 L/kWh for product case volumes greater than 8.0 cubic feet.
- (b) Integrated HVAC system with on-site heat recovery designed to fulfill to least 75 percent of the annual energy for dehumidification reheat.
- (c) Chilled water system with on-site heat recovery designed to fulfill at least 75 percent of the annual energy for dehumidification reheat.
- (d) Solid or liquid desiccant dehumidification system for system designs that require dewpoint of 50° Fahrenheit or less.

2.5.6 Energy Usage Reporting and Reduction Efforts

- (a) License holders must report energy efficiency and water performance benchmarks annually to the Board as a condition of license renewal.
- (b) License holders must annually update and submit to the Board written operating procedures regarding equipment maintenance, calibration and proper operation, for all major energy equipment, including, but not limited to, horticultural lighting, HVAC systems, and dehumidification systems.
- (c) License holders must annually assess and report to the Board on opportunities to reduce energy and water usage, which should include:
 - i. identification of potential energy use reduction opportunities (such as natural lighting and energy efficiency measures), and a plan for implementation of such opportunities;
 - ii. consideration of opportunities for renewable energy generation, including, where applicable, identification of building plans showing where energy generators could be placed on the site, and an explanation of why the identified opportunities were not pursued, if applicable;
 - iii. strategies to reduce electric demand (such as lighting schedules, active load management, and energy storage); and
 - iv. engagement with energy efficiency programs offered by Efficiency Vermont, Burlington Electric Department, or Vermont Gas Systems.

2.6 Section 6: Regulations Applicable to Manufacturers

The requirements in this section apply to Cannabis Establishments with a manufacturing license.

Manufacturers shall abide by any requirements and limitations contained in 7 V.S.A. § 881(a)(3) and 18 V.S.A. § 4230h, in addition to the requirements of this section.

2.6.1 Safety

The Vermont Fire and Building Safety Code, as promulgated by the Department of Public Safety, will apply to all manufacturing operations.

2.6.2 Manufacturer Security

Manufacturers must meet all requirements of section 2.5.1 of this rule.

2.6.3 Testing

Manufacturers must have their products tested in accordance with rules and guidance established in section 2.9 of this rule. Test results shall be saved for no less than one year.

2.6.4 Manufacturer Packaging

Manufacturers shall meet the following requirements for packaging Cannabis Products:

- (a) All requirements contained in 7 V.S.A. § 881(a)(3)(B) and (C).
- (b) All requirements contained in 7 V.S.A. § 907(c).
- (c) All requirements contained in section 2.2.8 of this rule.
- (d) Packaging for consumable Cannabis Products must include:
 - i. the number of servings in the package and serving size, provided that servings must be easy for a consumer to measure, either by clear and visible indentation on the Cannabis Product or physical separation of servings; and
 - ii. a warning that the impairment effects of the Cannabis Product may be delayed by two hours or more.
- (e) Packaging for non-consumable Cannabis Products must include:
 - i. the ingredients used in production, including but not limited to scents or other additives, and common irritants warnings; and
 - ii. notice that the product is not for consumption.

2.6.5 Additives

The following additives shall not be added to Cannabis Products:

- (a) Chemicals, other than those allowed in the processing of Cannabis Products,
- (b) Psychoactive compounds, other than those naturally occurring in cannabis, and
- (c) Artificial sweeteners or flavorings, provided that this applies only to oil Cannabis Products and Cannabis flower.

2.6.6 Records

Manufacturers shall:

- (a) Maintain onsite and readily accessible records of purchases from any manufacturer or supplier of an ingredient, additive, component, or other substance, compound, or material obtained by the manufacturer. Records shall be provided to the Board upon request.
- (b) Maintain onsite and readily accessible records of the name and business address of the manufacturer of any cartridge, battery, atomizer coil, hardware, device, or other component in vaporized products. Records shall be provided to the Board upon request.
- (c) Maintain onsite and readily accessible a copy of a Certificate of Analysis for each thickening agent, thinning agent, or terpene used in production. These Certificates of Analysis shall be provided to a retailer, wholesaler, or to the Board upon request.

2.6.7 Vendor and Employee Samples

- (a) Vendor samples must meet the following requirements:
 - i. Manufacturers may provide a sample of Cannabis Product to a wholesaler or retailer, provided that such samples may not be consumed on any licensed premises. Samples must be tested in accordance with rules and guidance established in section 2.9 of this rule.
 - ii. Samples will be limited to the following aggregate amounts in a calendar month: Five grams of concentrate or extract, or 100 servings of edibles per vendor, so long as the tetrahydrocannabinol content of each individual edible sample does not exceed five milligrams per serving and is within any applicable statutory or regulatory potency levels.
 - iii. Vendor samples must be labeled: **VENDOR SAMPLE NOT FOR RESALE.**
 - iv. Samples must be designated and identified in the Inventory Tracking System.
- (b) Employee Samples must meet the following requirements:
 - i. Manufacturers may provide a sample of Cannabis Product to an employee to determine whether to make a product available to sell, provided that such samples may not be consumed on any licensed premises.
 - ii. Samples will be limited to the following aggregate amounts in a calendar month: five grams of concentrate or extract, or 100 servings of edibles per employee, provided that the tetrahydrocannabinol content of each individual edible sample does not exceed five milligrams per serving and is within any applicable statutory or regulatory potency levels.
 - iii. Employee samples must be labeled: **QUALITY CONTROL SAMPLE NOT FOR RESALE.**
 - iv. Samples must be designated and identified in the Inventory Tracking System.

2.7 Section 7: Regulations Applicable to Wholesalers

The requirements in this section apply to Cannabis Establishments with a wholesaler license.

2.7.1 Wholesaler Security

- (a) Wholesalers must meet all requirements of section 2.5.1 of this rule.

- (b) Manufactured Cannabis Product, but not Cannabis flower, must be kept in a locked safe that is bolted to the ground.

2.7.2 Wholesaler Processing

The word “process” in 7 V.S.A. § 905(b) means the act of packaging or wrapping Cannabis flower in any manner that Cannabis flower may be transported or consumed. It does not mean transforming Cannabis flower into another substance through manufacturing.

2.7.3 Wholesaler Packaging

Wholesaler packaging must meet the requirements of section 2.8.4 of this rule.

2.8 Section 8: Regulations Applicable to Retailers

The requirements in this section apply to Cannabis Establishments with a retailer license.

2.8.1 Buffer Zones

- (a) Retail Cannabis Establishments shall not be located at a place where the sale of a regulated drug would constitute a violation of 18 V.S.A. § 4237(d).

2.8.2 Retail Security

Retailers must meet all requirements of section 2.5.1 of this rule, along with the following additional requirements:

- (a) Alarm systems installed by retailers must be installed by an alarm installation company with expertise in industry standard commercial-grade alarm systems.
- (b) Video surveillance must include point-of-sale areas, all entrances, exits, and any area where Cannabis or Cannabis Product is stored or handled.
- (c) Strict access controls to areas where Cannabis and Cannabis Product is stored or handled.
- (d) Video footage must be kept for at least 90 days.
- (e) Employees shall wear identification badges that clearly identify them as employees while on duty.
- (f) Upon request, a retailer shall make available to the Board or Board designee all information related to security alarm systems, monitoring, alarm activity, maps of camera locations and camera coverage, surveillance equipment maintenance log, authorized user list, operation instructions, and any other relevant information.
- (g) The number of customers in the retail area at any given time may not be more than can be easily monitored by the employees present in the retail area.
- (h) The requirements of 7 V.S.A. § 881(a)(5), to the extent not already covered by this rule.

2.8.3 Age Verification

- (a) Immediately upon a visitor entering the retail premises an individual who has been issued an identification card pursuant to Rule 1.16 shall inspect the visitor’s proof of

identification and determine the visitor's age. This age check shall take place in the immediate vicinity of the entrance to the retail premises.

- (b) "Acceptable form of identification" shall mean a photo identification issued by a government, and it must be current and valid.
- (c) No individual shall be admitted unless the retailer has verified that the acceptable form of identification matches the visitor and that the visitor is 21 years of age or older.
- (d) Prior to completing a transaction for the purchase of Cannabis or a Cannabis Product, an individual who has been issued an identification card pursuant to Rule 1.16 shall inspect the visitor's proof of identification and determine the visitor's age.
- (e) A retailer may not acquire or record visitor personal information other than information typically required by a retail transaction, which can include information to determine the visitor's age.
- (f) A retailer may not record or retain any additional personal information from a visitor without the visitor's permission.
- (g) Retailers shall refuse to sell to any visitor who is unable to produce valid proof of their age using an acceptable form of identification.

2.8.4 Retailer Packaging

Retailers must ensure that the packaging for Cannabis and Cannabis Products sold in their establishment meets the following requirements:

- (a) All requirements contained in 7 V.S.A. § 907(c).
- (b) All requirements contained in section 2.2.8 of this rule.
- (c) Manufactured Cannabis Products must meet the requirements contained in section 2.6.2 of this rule.
- (d) Packaging must have information regarding the chain of custody of the Cannabis or Cannabis Product, provided that packaging may convey such information using a website address, QR code, or similar means of providing access to information available on a website.
- (e) Packaging that will exit the store after purchase by a consumer must be sealed or stapled closed.

2.8.5 Standard Operating Procedures

Retailers must maintain onsite and readily accessible standard operating procedures regarding the following, each of which shall be available to the Board or Board designee upon request:

- (a) security measures;
- (b) employee security policies, including personal safety and crime prevention techniques;
- (a) description of establishment's hours of operation and after-hours contact information for management;
- (b) plan for storage of inventory;
- (c) procedures to ensure accurate recordkeeping, including inventory protocols and compliance with the Inventory Tracking System;
- (d) quality control plans;
- (e) emergency procedures in case of a fire or other emergency;
- (f) how confidential information will be maintained; and

(g) policy for immediate dismissal of an employee who has diverted Cannabis or Cannabis Product or engaged in unsafe practices.

2.8.6 Retailer Samples

Retailers may accept vendor samples as permitted by sections 2.3.9 and 2.6.5 of this rule but are prohibited from offering such samples for sale. Acceptance of such samples must be logged in the Inventory Tracking System.

2.8.7 Consumer Samples

Retailers may provide samples of Cannabis flower in enclosed containers for viewing or smelling by visitors. Such samples may not be touched by visitors or sold or transferred to visitors and their use and disposal must be tracked in the Inventory Tracking System.

2.8.8 Safety Information Flyer

Retailers shall display a safety information flyer created by the Board at the point of purchase, in accordance with 7 V.S.A. § 907(d). The Board shall make the flyer readily available to the public and to retail establishments for their use. The Board may update the flyer at any time and will provide notice to licensed retail establishments when it makes such an update.

2.9 Section 9: Regulations Applicable to Testing Laboratories, Cultivators, and Manufacturers

The requirements in this section apply to Cannabis Establishments with a testing laboratory license, as well as to cultivators and manufacturers who must have their product tested in accordance with the standards in this section.

2.9.1 Testing Requirements

The following chart describes the testing requirements that each laboratory must be prepared to administer, and the sampling standard operating procedures that Cannabis Establishments must follow. The top row describes the test, the left column describes the substance that will be tested, and the boxes in the chart describe the relevant sampling standards. There are corresponding notes below the chart.

	Potency	Moisture or Water Activity	Microbiological (human pathogens)	Heavy Metals	Pesticides	Residual solvents
Harvest lot						
THC compliance	Each lot	Each lot	N/A	Note 5	Each Lot Note 6	N/A
Plant material						

Trim flower	Note 1	Each process lot	Each process lot	Note 1	Note 1	N/A
Concentrates						
Liquids	Each process lot	N/A	Each process lot	Each process lot	Each process lot	Note 3
Solids	Each process lot	N/A	Each process lot	Each process lot	Each process lot	Note 3
Products and Infused products						
Liquids, including infused products (tinctures, and water based)	Note 4	N/A	Note 2	Note 1 or Note 2	Note 2	Note 2 or Note 3
Solids, including infused edibles, tablets	Note 4	N/A	Note 2	Note 1 or Note 2	Note 2	Note 2 or Note 3

- Note 1 Harvest lot testing is sufficient to show compliance.
- Note 2: Trim flower or concentrate testing is sufficient to show compliance.
- Note 3: Residual solvents are tested whenever solvent based extraction techniques are used.
- Note 4: A certified laboratory’s certificate of analysis demonstrates that the product meets the acceptable potency level or the processor’s formulation demonstrates compliance with the acceptable potency level.
- Note 5: Testing for heavy metals is required whenever the crop land was used for orchard crops or any land use other than farming as defined in the Required Agricultural Practices Rule, unless a recent soils test demonstrates that the heavy metals are within the authorized action limits for soils.
- Note 6: No pesticide testing required if crop is certified by a third party to be pesticide free.
- Note 7: Testing for other contaminants is necessary when the Agency of Natural Resources has approved biosolids applications to crop land.

2.9.2 Potency Parameters

Total delta-9 tetrahydrocannabinol and other cannabinoids must be within 10% of label value.

In assessing potency, laboratories will use the following formulation:

- (a) Tetrahydrocannabinolic acid (THCA) is the precursor of delta-9 tetrahydrocannabinol (THC).
- (b) The laboratory determination of potency will be determined by total theoretical THC.

- (c) Total theoretical THC content is the maximum amount of possible delta-9 THC in a cannabis crop if total conversion from THCA to THC were to occur. The calculated amount of total theoretical THC is determined as follows:
- i. the sum of the concentration of delta-9 tetrahydrocannabinol added to the amount of tetrahydrocannabinolic acid after it is multiplied by 0.877 on a dry weight basis and reported to two significant figures.
 - ii. The following mathematical equation expresses this calculation:

$$\text{Total theoretical THC} = ([\text{delta 9 THC}] + ([\text{THCA}] * 0.877))$$

2.9.3 Moisture Parameters

Moisture parameters will be set as follows:

Parameter	Action limits for trim flower
Moisture content	Less than or equal to 13 %
Water activity	0.65

2.9.4 Microbiological Parameters

The following human pathogens will be measured and the limits set in accordance with guidance issued by the Board. Such guidance will not be altered without at least 90 days of notice to licensees and the general public.

- (a) Shiga---toxin producing Escherichia coli (STEC) – Bacteria
- (b) Salmonella species – Bacteria
- (c) *Aspergillus flavus*, *Aspergillus fumigatus*, *Aspergillus niger*, *Aspergillus terreus* - Fungus

2.9.5 Metal parameters

The following metals will be measured and the limits set in accordance with guidance issued by the Board. Such guidance will not be altered without at least 90 days of notice to licensees and the general public.

Arsenic
Cadmium
Lead
Mercury
Chromium
Copper
Nickel
Zinc

2.9.6 Pesticides

As provided for by section 2.3.1 of this rule, cultivators will be required to abide the pesticide standards set by the Agency of Agriculture, Food, and Markets.

2.9.7 Residual Solvent Parameters

Residual solvents will be measured and the limits set in accordance with guidance issued by the Board. Such guidance will not be altered without at least 90 days of notice to licensees and the general public.

2.9.8 New Tests

When a laboratory seeks to gain certification for a new test, it must also submit to the Board the method validation summaries for any new test.

2.9.9 Proficiency

A laboratory must maintain analytical proficiency for each test it administers.

2.9.10 Records

In addition to all other relevant disclosure requirements, upon request of the Board or Board designee laboratories shall provide full access to all test records.

2.9.11 Other Parameters or Testing Methods

The Board retains discretion to change or add testing parameters, required pathogens, or other substances to the testing required under this rule.

2.10 Section 10: Regulations Applicable to Integrated Licensees

The requirements in this section apply to applications for an integrated license.

2.10.1 All Cannabis Establishment Regulations Applicable

All regulations in sections 2.2 through 2.9 of this rule applies to integrated license holders.

2.10.2 Dispensaries and Medical Cannabis

Except to the extent provisions in this section 2.10 impact dispensary operations, dispensaries and the medical cannabis registry are not regulated by this rule. They are regulated by Board Rule 3 and by Chapters 35 and 37 of Title 7 of the Vermont Statutes.

2.10.3 Co-located Operations

- (a) Integrated licensees may commingle Cannabis cultivation for adult-use sales with cultivation for dispensaries.

- (b) After cultivation is complete and a crop has been harvested the licensee must maintain strict separation between Cannabis that will be sold through a retailer and Cannabis that will be sold through a dispensary to a registered patient. This separation extends to all Cannabis Products derived from the Cannabis. The separation must be documented in the Inventory Tracking System.
- (c) Integrated licensees may co-locate operations from different license types in the same location, but co-located operations must maintain all relevant security requirements for each license type and must maintain all Inventory Tracking System requirements.
- (d) Dispensaries may be co-located with retail Cannabis Establishments, provided that:
 - i. integrated licensees must have a system in place to ensure that staff give priority of service, including priority of entrance and sales, to registered dispensary patients before adult use consumers. This shall include curbside sale, if requested, for dispensary patients.
 - ii. Strict protocols must be in place to ensure that medical products for dispensary patients are not sold to adult-use consumers.

2.10.4 Duty to Maintain Continuity of Services to Medical Patients

- (a) Integrated licensees must ensure their dispensary operations maintain continuity of services to medical Cannabis patients.
- (b) If an integrated licensee has commingled their cultivation pursuant to 2.10.3(a), continuity of services will include designating sufficient biomass at an integrated licensee's cultivation facility to meet demand for medical Cannabis and Cannabis Products as indicated by dispensary sales data for the preceding 3 months. Such records and calculations will be provided to the Board or a Board designee upon request.

2.10.5 Use of Dispensary Cultivation for Integrated Licensees

Dispensary operations may transfer Cannabis and Cannabis Products to integrated licensees to the extent provided by Section 8 of Act 164 (2020), subject to the conditions in this section.

Beginning on the date retail establishments that are not part of an integrated license may begin sales:

- (a) The tiered plant canopy limits in Rule 1.3.1 that apply to all cultivator licenses apply to the cultivator portion of an integrated license, except for cultivation dedicated to medical cannabis sold through a dispensary.
- (b) Other than cultivation for a dispensary, cultivator portions of an integrated license will be deemed to be in the largest cultivator tier that the Board has opened for an application acceptance period pursuant to Rules 1.3.1 and 1.10 and will be subject to the plant canopy limit of that tier.
- (c) If an integrated licensee has chosen not to commingle their dispensary and adult use Cannabis cultivation, the dispensary grow will be regulated by Board Rule 3 while the adult use grow will be subject to subsection (b) of this rule 2.10.5.
- (d) If an integrated licensee has chosen to commingle their dispensary and adult use Cannabis cultivation pursuant to section 2.10.3 of this rule, the cultivation will be subject to subsection (b) of this rule 2.10.5, with the following exception:

- i. The total biomass of Cannabis required to meet the demand for medical Cannabis and Cannabis Products as indicated by dispensary sales data for the preceding 3 months will not be counted towards the total permissible square footage. If the total biomass set aside for medical Cannabis and Cannabis Products is ultimately not needed for that purpose, it may not be transferred to the adult-use market.
- (e) The Board at its discretion may require integrated licensees to provide the Board with any records that might demonstrate compliance or noncompliance with this section, including but not limited to sales and manufacturing data.

2.10.6 Duty to Purchase From Small Cultivators

Integrated Licensees shall abide by the requirement in Section 10 of Act 62 (2021) regarding the purchase of Cannabis from small cultivators.

2.11 Section 11: Licensee's Ongoing Duty to Disclose

A Cannabis Establishment has an ongoing duty to fully and transparently update the information submitted with their licensing application or their last renewal form if they have renewed their license.

2.11.1 Disclosure Insufficient For Changes In Control

If a Cannabis Establishment seeks to alter the interest holders that control it, mere disclosure is insufficient to meet its obligations under this rule. It must seek a license renewal prior to any change in control, as required by Rule 1.15.2.

2.12 Section 12: Confidentiality

The Board will keep confidential Cannabis Establishment information to the extent required by 7 V.S.A. § 901(h).

2.13 Section 13: Regulatory Waiver

The Board, in accordance with the purposes and intent of Chapter 33, Title 7 of the Vermont Statutes and this rule, may waive a regulatory requirement regarding the operations of a Cannabis Establishment to the extent such waiver does not conflict with any other state law, if in the Board's determination, such a waiver:

- (a) is necessary to achieve the purpose of Vermont law; and
- (b) does not create a danger to the public health, safety, or welfare.

From: [Mazza-Paquette, Melissa](#)
To: [Scherr, David](#)
Subject: RE: Cannabis Control Board Pre-Filing
Date: Wednesday, November 24, 2021 4:06:02 PM
Attachments: [image001.png](#)

Thank you!

Also, feel free to forward the calendar invite I sent to you for the 12/15 meeting with anyone else you'd like to attend.

Take care,
Melissa



Melissa Mazza-Paquette | Office of the Secretary of Administration
109 State Street, 5th Floor | Montpelier, VT 05609-0201
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This is our shot, Vermont! Everyone age 5 and older can get their COVID-19 vaccine. Sign up for your shot today at healthvermont.gov/MyVaccine or call 855-722-7878. Stay informed on [Facebook](#) and [Twitter](#) @healthvermont. #OurShotVT

From: Scherr, David <David.Scherr@vermont.gov>
Sent: Wednesday, November 24, 2021 4:04 PM
To: Mazza-Paquette, Melissa <Melissa.Mazza-Paquette@vermont.gov>
Subject: RE: Cannabis Control Board Pre-Filing

Wonderful, thank you very much for letting me know.

Have a Happy Thanksgiving!

From: Mazza-Paquette, Melissa <Melissa.Mazza-Paquette@vermont.gov>
Sent: Wednesday, November 24, 2021 4:02 PM
To: Scherr, David <David.Scherr@vermont.gov>
Cc: Hare, Brynn <Brynn.Hare@vermont.gov>; Corliss, Louise <louise.corliss@vermont.gov>
Subject: RE: Cannabis Control Board Pre-Filing

Thanks so much for the updated filings. I have added these proposed rules to the December 15th [ICAR draft agenda](#).

May you enjoy the long weekend ahead,

Melissa



Melissa Mazza-Paquette | Office of the Secretary of Administration

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This is our shot, Vermont! Everyone age 5 and older can get their COVID-19 vaccine. Sign up for your shot today at healthvermont.gov/MyVaccine or call 855-722-7878. Stay informed on [Facebook](#) and [Twitter](#) @healthvermont. #OurShotVT

From: Scherr, David <David.Scherr@vermont.gov>

Sent: Wednesday, November 24, 2021 3:24 PM

To: Mazza-Paquette, Melissa <Melissa.Mazza-Paquette@vermont.gov>; Corliss, Louise <louise.corliss@vermont.gov>

Cc: Hare, Brynn <Brynn.Hare@vermont.gov>

Subject: RE: Cannabis Control Board Pre-Filing

Hi Melissa,

Although my prior discussions with the Secretary of State's Office indicated that filing both rules in one filing is permissible, to minimize confusion during this process I will instead file each rule as its own separate filing.

Please find these filings attached.

My apologies for the misunderstanding on the signature. I had thought that the signature was only required when filing these forms with the Secretary of State's Office, not for a pre-filing. Chair Pepper has now signed the attached filings.

If you could let me know that you have received these, and that they are now complete, that would be most helpful.

Thank you very much,

David

From: Mazza-Paquette, Melissa <Melissa.Mazza-Paquette@vermont.gov>

Sent: Wednesday, November 24, 2021 2:44 PM

To: Scherr, David <David.Scherr@vermont.gov>; Corliss, Louise <louise.corliss@vermont.gov>
Cc: Hare, Brynn <Brynn.Hare@vermont.gov>
Subject: RE: Cannabis Control Board Pre-Filing

Good afternoon David,

Thank you for your email.

I don't recall having two proposed rules included in one pre-filing so will defer to the Office of the Secretary of State to respond on whether that is permissible.

The copy of the filing you sent was not signed, therefore please resubmit once complete and after we hear from Louise.

Thank you - wishing you a wonderful Thanksgiving,
Melissa



Melissa Mazza-Paquette | Office of the Secretary of Administration

109 State Street, 5th Floor | Montpelier, VT 05609-0201

melissa.mazza-paquette@vermont.gov

ph: (802) 828-3322

This is our shot, Vermont! Everyone age 5 and older can get their COVID-19 vaccine. Sign up for your shot today at healthvermont.gov/MyVaccine or call 855-722-7878. Stay informed on [Facebook](#) and [Twitter](#) @healthvermont.
#OurShotVT

From: Scherr, David <David.Scherr@vermont.gov>

Sent: Wednesday, November 24, 2021 2:27 PM

To: Mazza-Paquette, Melissa <Melissa.Mazza-Paquette@vermont.gov>

Cc: Corliss, Louise <louise.corliss@vermont.gov>; Hare, Brynn <Brynn.Hare@vermont.gov>

Subject: Cannabis Control Board Pre-Filing

Hello Melissa,

Attached please find the Cannabis Control Board's pre-filing of two proposed rules for review by ICAR. Although there are two rules included in this pre-filing, the Board is doing a single filing containing both rules.

Please respond by email to confirm you have received this pre-filing, and please confirm that it is complete.

Thank you very much for your assistance.

Best,

David

David Scherr
General Counsel
Vermont Cannabis Control Board
david.scherr@vermont.gov
802-558-6022



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Susanne R. Young, Secretary

INTERAGENCY COMMITTEE ON ADMINISTRATIVE RULES (ICAR) AGENDA
Wednesday, December 15, 2021, 1:00 p.m.

Virtual Option: Via Microsoft Teams
Physical Location: Montpelier, VT

To join in-person or for virtual public comment, please email ADM.Secretary@vermont.gov or call (802) 828-3322 to request information.

- Welcome
- Review and approval of the minutes from the [November 15, 2021](#) meeting
- Note any additions or deletions from the agenda
- Public comment
- Presentation of the following proposed rules:
 - 1) Reportable and Communicable Diseases Rule, Agency of Human Services, Department of Health
 - a. This rulemaking adds COVID-19 and multisystem inflammatory syndrome in children to the list of reportable diseases and removed animal diseases based on the latest public health data and stakeholder input. Additional definitions were added, and portions of the rule have been reorganized for clarity. Moreover, demographic information is now required to be reported, which is critical to the State's ability to track and respond accordingly. It also clarifies administrative specimen collection procedures to ensure accuracy. It defines the timeframe VDH is to receive reportable laboratory findings. It also establishes a clear connection in data sharing between the Vermont Information Exchange and the Vermont Department of Health.
 - 2) Licensing Regulations for Afterschool Child Care Programs, Agency of Human Services, Department for Children and Families
 - a. Rule 3.15 is amended to include non-discriminatory enrollment language found in both the Center Based Child Care and Preschool Program (CBCCPP) licensing regulations and Registered and Licensed Family Child Care Homes (FCCH) licensing regulations. Rule 4.7 is amended to include the non-discrimination assurance language found in both the CBCCPP and FCCH licensing regulations. Rule 8.6 is amended to include the respect for diversity language found in both the CBCCPP and FCCH licensing regulations. Rule 18.66 (Rule Variance) is amended to exempt rules 3.15, 4.7, and 8.6.
 - 3) Child Care Licensing Regulations: Center Based Child Care and Preschool Programs, Agency of Human Services, Department for Children and Families
 - a. Rule 2.7 (Rule Variance) is amended to exempt rules 3.5 (Nondiscriminatory Enrollment), 4.7 (Communicating CBCCPP Policies and Procedures), 6.1.4.3 (Respect for Diversity), and 6.2.5.1 (Quality of Interactions).



- 4) Licensing Regulations for Registered and Licensed Family Child Care Homes, Agency of Human Services, Department for Children and Families
 - a. Rule 2.7 (Rule Variance) is amended to exempt rules 3.4 (Nondiscriminatory Enrollment), 4.7 (Communicating FCCH Policies and Procedures), 6.1.4.3 (Respect for Diversity), and 6.2.3 (Quality of Interactions).
 - 5) Rule 1: Licensing of Cannabis Establishments, Cannabis Control Board
 - a. Rule 1 regulates the licensing of any person or entity that seeks to participate in the legal market for cannabis.
 - 6) Rule 2: Regulation of Cannabis Establishments, Cannabis Control Board
 - a. Rule 2 regulates the operation of any entity that has received a license to participate in the legal market for cannabis.
- Committee discussion of administrative rules in other states (if time allows)
 - Other business
 - Next meeting date: Wednesday, January 12, 2022, 1:00 PM
 - Adjournment

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