



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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**Fiscal Note**

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**S.278 – An act relating to cannabis**

**As recommended by the Senate Committee on Economic Development, Housing, and General Affairs, Draft 3.2<sup>1,i</sup>**

**Bill Summary**

**T**his bill would make various changes to the adult-use cannabis market in Vermont, including:

- *Section 1:* Increase the single package THC limit from 100mg to 200mg.
- *Section 2:* Increase transaction limits from one ounce to two ounces.
- *Section 3:* Increase the cannabis possession limits to two ounces of cannabis and ten grams of hashish.
- *Section 5:* Create a pilot program of event permits that would allow permits for ten public events and ten private events for two years.
- *Section 6:* Create a delivery permit that would be available to 15 retailers annually for two years.
- *Section 12:* Distribute local cannabis fees to municipalities annually rather than quarterly.
- *Section 13:* Change employee fees from annual to biennial.
- *Section 14-22:* Strikes the integrated license type, which has not been in use since the last licensee converted to a conventional license.
- *Section 23:* Allow tier 1 cultivators, tier 1 manufacturers, and businesses granted economic empowerment status by the Cannabis Control Board (CCB) to receive low-interest rate loans and grants from the Cannabis Business Development Fund.
- *Section 24:* Allow cannabis establishments to claim business deductions or credits for cultivation, testing, processing, or sale of cannabis or cannabis products, which is currently prohibited federally.
- *Section 28:* Transfer funding to the Cannabis Business Development Fund and appropriate money to the Land Access and Opportunity Board (LAOB).

***S.278 would make numerous changes related to cannabis, including creating a pilot program for cannabis event and delivery permits and appropriating money to the Land Access and Opportunity Board.***

<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

## Fiscal Impact

This provision would also, all else equal, increase property tax credits paid to Vermont homeowners, which would reduce net homestead property tax collected by the Education Fund starting in fiscal year 2027. These changes would have a minimal impact on the Education and General Fund.

Event permits would generate a maximum of \$10,000, of which \$5,000 would be allocated to municipalities and \$5,000 would be allocated to the Cannabis Regulation Fund. Delivery permits would add an additional \$1,500, for a total of \$6,500 of potential additional annual fee revenue for the Cannabis Regulation Fund until both permits sunset on July 1, 2028.

In fiscal year 2027, the bill would transfer \$1 million from the General Fund to the Cannabis Business Development Fund and appropriate \$1.68 million from the General Fund to the LAOB.

Provisions of the bill that would increase package and transaction limits are designed in part to make Vermont's regulated market more attractive to those who are currently purchasing from the illicit market. The fiscal impact of these changes is challenging to quantify, especially together as a policy package. However, any change in the size of the adult-use market would impact both cannabis excise and sales tax revenues.

## Background and Details

The following sections contain a fiscal impact:

### Sections 5 and 6: Permit Pilot Programs

These sections would create two-year pilot programs (ending July 1, 2028) for two permit types: an event permit and a delivery permit. The event permit would be for licensed cannabis establishments, which could include cultivators, retailers, and other licensees. The permit would need local approval and to meet various other logistical requirements. Each year, ten permits would be available for private events and ten permits would be available for public events. In both cases, a permit would be valid for a single event that does not last longer than 24 hours. Sales of cannabis products would not be allowed during the event, and the event could not be held at a location that where alcohol is sold. Fees would be \$500 and would be directed 50% to the host municipality and 50% to the Cannabis Regulation Fund. Assuming 20 events, the fees would generate \$10,000 each year of the pilot.

Delivery permits would be available to tier 1 and 2 cultivators and manufacturers licensed by the CCB. Deliveries would be limited to between 9:00 AM and 5:00 PM, physical addresses in Vermont, and products for personal use. Fees would be \$100 for 15 permits annually (\$1,500 for each year of the pilot assuming 15 permits).

### Section 13: Employee Licenses

Section 13 would convert annual employee licenses of \$50 to a two-year license of \$100. Although the overall amount paid for licenses over the two years would not change, it would change the timing of revenues received by Cannabis Regulation Fund. Approximately 1,700 employees were licensed by the CCB in fiscal year 2025, which generated \$83,700 for the Cannabis Regulation Fund.<sup>2</sup>

### Section 24: Tax Code Changes

Section 24 would impact the calculation of household income which is used to calculate property tax credits. Increases in property tax credits, starting with claims filed in 2026, would reduce net homestead education property taxes by an unknown amount annually starting in fiscal year 2027. These changes are estimated to have a minimal impact on the Education and General Fund. While this change is estimated to have a de minimis impact on the Education Fund, absent other changes in policy, the statewide homestead property

<sup>2</sup> <https://legislature.vermont.gov/assets/Legislative-Reports/Act-56-2025-Fees-and-Appropriations-Report.pdf>

yield and/or statewide nonhomestead property tax rate may need to be adjusted to account for the forgone revenue from this provision.

### **Section 28: Transfer and Appropriation**

The Cannabis Business Development Fund was created by Act 62 (2021) and is designed to provide various types of assistance to social equity applicants for CCB licenses. According to January 2026 information from the Agency of Commerce and Community Development (ACCD), \$1.1 million in total has been distributed to business owners and used to provide technical assistance. Approximately \$450,000 remains in the Fund. Section 23 would transfer \$1.0 million to the Cannabis Business Development Fund from the General Fund.

The Land Access and Opportunity Board (LAOB) was created by Act 182 (2022) to “recommend new opportunities and improve access to woodlands, farmland, and land and home ownership for Vermonters from historically marginalized or disadvantaged communities who continue to face barriers to land and home ownership.” The Vermont Housing and Conservation Board (VHCB) provides administrative and fiscal support. In the Governor’s recommended fiscal year 2027 budget, the LAOB received \$1.68 in base funding as a part of VHCB’s base budget. This section would double the LOAB’s funding in fiscal year 2027.

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<sup>i</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.