



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

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S.278 – An act relating to cannabis

As passed by the Senate^{1,i}

Bill Summary

This bill would make various changes to the adult-use cannabis market in Vermont:

- *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 of cannabis and hashish to two ounces and ten grams, respectively.
- *Section 5:* Create a pilot program for event permits that would allow for ten public events and ten private events each year for two years
- *Section 6:* Create a pilot program for delivery permits that would be available to 15 retailers each year for two years.
- *Section 10a:* Decrease fees for all tiers of outdoor cultivators.
- *Section 11:* Allow a proposal to hold a vote on whether to permit a cannabis retailer to operate within a municipality to be made by the legislative body of the municipality or a petition of 5% of the voters of the municipality.
- *Section 12:* Distribute local cannabis fees to municipalities annually rather than quarterly.
- *Section 13:* Change employee fees from annual to biennial renewal.
- *Section 14-22:* Repeal 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:* Amend the definition of household income for the calculation of education property tax credits to include business deductions or credits for cultivation, testing, processing, or sale of cannabis or cannabis products.

S.278 would make various changes related to the adult use cannabis market, including creating a pilot program for cannabis event and delivery permits

¹ 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

Event permits would generate a maximum of \$10,000 annually, 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 in fiscal years 2027 and 2028. Both pilots would sunset July 1, 2028.

The bill would reduce fees for outdoor cultivators. This change would reduce revenue to the Cannabis Regulation Fund by approximately \$105,000 annually. However, the provision would not go into effect unless the General Assembly has transferred at least \$105,000 to the Cannabis Regulation Fund by July 1, 2026.

Changing the definition of household income for the purposes of calculating the property tax credit to include cannabis deductions would, all else equal, increase property tax credits paid to Vermont homeowners, which would reduce net homestead property tax revenues to the Education Fund starting in fiscal year 2027. These changes would have a minimal impact on the Education and General funds.

Section 27 would allow licensed cannabis cultivators to form a cannabis cultivator cooperative corporation pursuant to 11 V.S.A. chapter 7. Those cooperatives pay fees at incorporation or merger (\$20), and for amendment to those filings (\$10) and would result in minimal revenue for the Secretary of State Corporations Special Fund.

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 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 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 tier 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 each year assuming 15 permits).

Sections 10a: Outdoor Cultivator License Fees

Outdoor cultivators are grouped into five different tiers for licensing fees based on the size of plant canopy. For example, under current law fees range from \$750 annually for tier 1 cultivators with less than 1,000 square feet of canopy space or fewer than 125 plants to \$18,000 annually for tier 5 cultivators with up to 20,000 square feet of canopy space. This section would reduce fees approximately in half for all tiers of outdoor cultivators. Table 1 highlights these fee changes.

Table 1: Proposed Changes to Outdoor Cultivation Licenses in S.278

Fee Name	Current Licenses	Current Fee	FY 2027 Projected Revenue (Current Law)	Proposed Fee	FY27 Projected Revenue (with fee changes)	Difference
Cultivator - Outdoor Tier 1	74	\$750	\$55,500	\$375	\$27,750	(\$27,750)
Cultivator - Outdoor Tier 2	24	\$1,875	\$45,000	\$925	\$22,200	(\$22,800)
Cultivator - Outdoor Tier 3	9	\$4,000	\$36,000	\$2,000	\$18,000	(\$18,000)
Cultivator - Outdoor Tier 4	2	\$8,000	\$16,000	\$4,000	\$8,000	(\$8,000)
Cultivator - Outdoor Tier 5	3	\$18,000	\$54,000	\$9,000	\$27,000	(\$27,000)
Total			\$206,500		\$102,950	(\$103,550)

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.²

Section 23: Property Tax Credit Calculation

The Cannabis Business Development Fund was established by Act 62 (2021) to provide low-interest loans and grants through the Agency of Commerce and Development (ACCD) to social equity applicants to cover the expenses associated with starting and operating a licensed cannabis establishment. The Fund has received a total of \$1.5 million in transfers from the General Fund and Cannabis Regulation Fund and a \$50,000 one-time payment from an integrated licensee as required by statute. ACCD expects that this funding will be fully spent by the end of fiscal year 2026.³ This section would expand the number of cannabis establishments eligible to receive support from the Fund, but it does not change how much money would be allocated to those recipients.

Section 24: Property Tax Credit Calculation

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 funds. While this change is estimated to have a de minimis impact on the Education Fund, absent other changes in policy, the yields and property tax rates may need to be adjusted to account for the forgone revenue from this provision.

¹ 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.

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

³ https://ccb.vermont.gov/sites/ccb/files/2026-01/CBDF_CCB.Data_Report_1.29.2025.pdf