

Sec __. TRANSITION OF HEMP PROCESSOR OVERSIGHT

Title 6, chapter 34 is hereby repealed.

Sec __. CANNABIS CONTROL BOARD HEMP OVERSIGHT

Title 7, chapter __ is added as follows:

§ __. Intent

(a) Background. The federal legal status of most hemp products will be contingent upon an amendment to 7 U.S.C. 1639o, to take effect in November 2026, pursuant to the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act of 2026, *Pub. L. No. 119-37*. The legality of hemp and hemp products in interstate commerce is unsettled and continues to evolve.

(b) Intent. The intent of this chapter is to unify oversight of cannabis and hemp-derived cannabinoids under the Cannabis Control Board so as to more effectively prohibit illicit cannabis and cannabis-product trade while positioning growers and processors of non-intoxicating hemp products to take advantage of national market opportunities that may exist.

§ __. Definitions

As used in this chapter:

(1) “Board” means the Cannabis Control Board

(2)(A) “Grow” means:

(i) planting, cultivating, harvesting, or drying of hemp; and

(ii) selling, storing, and transporting hemp grown by a grower.

(B) “Grow” may be used interchangeably with the word “produce.”

(3) “Grower” means a person who is registered with the Board and the United States Department of Agriculture to produce hemp.

(4)(A) "Hemp products" or "hemp-infused products" means all products with the federally defined tetrahydrocannabinol concentration level for hemp derived from, or made by, processing hemp plants or plant parts, which are prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), "hemp products" and "hemp-infused products" do not include any substance, manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Board;

(ii) is not lawful in interstate commerce.

(C) A hemp-derived product or substance that is excluded from the definition of "hemp products" or "hemp-infused products" pursuant to subdivision (B) of this subdivision (4) shall be considered a cannabis product as defined by 7 V.S.A. § 831(3); provided, however, that a person duly licensed or registered by the Board lawfully may possess such products in conformity with the person's active hemp processor license.

(5) "Hemp" means the plant *Cannabis sativa* L. and any part of the plant, including the seeds and all derivatives, extracts, cannabinoids, acids, salts, isomers, and salts of isomers, whether growing or not, with the federally defined tetrahydrocannabinol concentration level of hemp. "Hemp" shall be considered an agricultural commodity.

(6) "Process" means the storing, drying, trimming, handling, compounding, or converting hemp by a processor for a single grower or multiple growers into hemp products or hemp-infused products. "Process" includes transporting, aggregating, packaging hemp from a single grower or multiple growers, or manufacturing hemp products or hemp-infused products from hemp concentrate.

(7) "Processor" means a person who is licensed by the Board to process hemp. A retail establishment selling hemp products or hemp-infused products is not a processor.

§ ____ . Hemp Registration and Licensure

(a) Producers.

All persons engaged in the production of hemp shall register with the Board as growers and shall provide their location, the nature of their activities, and evidence that those activities conform to the requirements of federal law and regulation.

(b) Processors.

All persons engaged in the processing of hemp, including trade in hemp-derived cannabinoids and process intermediaries, shall be licensed by the Board.

(c) Products.

All hemp-derived products containing or reasonably expected to contain more than 0.4mg THC shall be registered with the Board prior to sale to any person within the borders of this State.

(d) The Board may deny an application for licensure, registration, or renewal if the applicant:

- (1) fails to establish that its activities comply with State and federal law;
- (2) refuses the Board or its lawful designees entry upon its premises to inspect and confirm compliance, including by sampling hemp and hemp products for potency testing;
or
- (3) fails to submit information requested by the Board.

§ ____ . Rulemaking authority

(a) The Board may adopt rules to provide for the implementation of this chapter, which may include rules to:

- (1) require hemp to be tested during growth for tetrahydrocannabinol levels;
- (2) authorize or specify the method or methods of testing hemp, including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol levels or a taxonomic determination using genetic testing;
- (3) require inspection and supervision of hemp during sowing, growing season, harvest, storage, processing, and distribution;
- (4) require labels or label information for hemp products in order to provide consumers with transparent and accurate product content or source information, to be free of false or misleading claims and claims contrary to the Federal Food, Drug & Cosmetic Act, or to conform with federal requirements;
- (5) establish registration requirements for hemp-derived products sold or distributed in the State, including requirements that each product be sampled and tested by a laboratory recognized by the Board;
- (6) require disclosure or labeling of the amount of cannabinoids known to be present in hemp products sold or distributed in the State;

(7) require that licensees and registrants, including out-of-state purveyors of registered hemp products, obtain and maintain commercially reasonable insurance, which for producers of consumer products in final form, shall include product liability insurance;

(8) prohibit hazardous additives to hemp products, or specify additive limits, relative to substances that are toxic, not generally recognized as safe, or designed to make the product more addictive, more appealing to persons under 21 years of age, or to mislead consumers;

(9) specify when a registered hemp product that contains more than 0.4mg tetrahydrocannabinol must be restricted for sale to persons 21 years of age or older, or restricted for sale in specified settings, or both.

(b) The Board shall adopt rules establishing requirements for the licensure of processors of hemp, hemp-derived process intermediaries, and hemp products.

(c) The Board may adopt rules establishing requirements for the consumer sale of any product containing THC or other cannabinoids .

(d) The Board may adopt rules prohibiting any person from making false, misleading, or unsubstantiated claims for cannabinoid-containing products.

§ ____ . Test results; enforcement

(a) When notified that hemp, a hemp product, or a hemp-infused product has a delta-9 tetrahydrocannabinol concentration exceeding the applicable federally defined tetrahydrocannabinol concentration level of hemp, the person licensed or registered with the Board to grow or process the hemp shall arrange for disposal, remediation, or destruction of the hemp, hemp product, or hemp-infused product in a manner consistent with applicable State and federal law.

(b) To enforce the provisions of this chapter, the Board, upon presenting appropriate credentials, may conduct one or more of the following:

(1) Enter upon any premises where hemp is grown or processed and inspect premises, machinery, equipment and facilities, all hemp during any growth phase, or any hemp product or hemp-infused product during processing or storage. Inspection under this section may include taking samples, inspecting records, and inspecting equipment or vehicles used to grow, process, or transport hemp, hemp products, or hemp-infused products.

(2) Inspect any retail location offering hemp products or hemp-infused products. Inspection under this section may include taking samples of such products.

(3) Issue and enforce a written or printed “stop sale” order to the owner or custodian of any hemp, hemp product, or hemp-infused product subject to the requirements of this chapter or rules adopted under this chapter that the Board finds is in violation of any of the provisions of this chapter or rules adopted under this chapter. An order may prohibit further sale, processing, and movement of the hemp, hemp product, or hemp-infused product until the Board has approved and issued a release from the “stop sale” order.

(A) This order should include the reason for issuance, a description of the hemp or hemp products at issue, instructions to separate all hemp or products subject to the order, and any recommended measures to remedy the basis or bases for the order.

(B) A person issued a “stop sale” order may appeal that order to the Board within 15 days after receipt. The person shall file any appeal by serving a letter on the Board, which shall state all grounds for the appeal and identify the hemp or hemp products affected by the appeal.

§ ____ . Administrative penalties

(a) The Board may assess violations and administrative penalties against persons licensed or registered pursuant to this chapter, as well as persons required to be licensed or registered pursuant to this chapter who fail to obtain or maintain required credentials.

(b) The compliance and enforcement authorities and procedures applicable to cannabis establishments shall apply to persons licensed or registered under this chapter.

(c) The Board may enforce a final administrative penalty by filing a civil collection action in any Superior Court.

§ ____ . Fees

The following fees shall apply to each application and annual license or registration renewal under this chapter:

- (a) Producer, \$50;
- (b) Processor, \$500;
- (c) Product, \$75.