



To: Joint Legislative Justice Oversight Committee
From: Shayne Lynn, Executive Director, Champlain Valley Dispensary, Inc.
Date: September 23, 2016

Hello. Thank you for inviting me here today. My name is Shayne Lynn. I have been the executive director of Champlain Valley Dispensary, Inc. for the past 5 years. We hold two of the four non-profit medical marijuana dispensaries in Vermont; Champlain Valley Dispensary ("CVD") and Southern Vermont Wellness ("SVW").

CVD & SVW work every day to bring professionalism to the cultivation, processing and dispensing of medical marijuana in Vermont. The medical marijuana program helps Vermonters everyday. From chronic pain, seizures to chemotherapy, patients are using locally produced, whole plant medicine to improve their well being.

15 data point highlights for CVD & SVW in 2016:

1. Currently 32 FT & 13 PT (71% College Grads, 50% which are VT Colleges)
2. Full health benefits (dental, vision & 401k plans included) by December
3. Starting minimum wage of \$15.00 in 2017
4. Projected sliding scale discounts for patients in 2016: \$150,000.00
5. Average cost per gram of dried flower: \$12.50
6. Percentage of total sales which are non-dried flower: 33
7. Average length per transaction at dispensary: 15 minutes
8. Number of days needed to book appointment: 0
9. Number of unique patient visits per week: 360
10. Number of open appointments per week: 504
11. Number of available infused products on menu: 100
12. Number of lab tests performed weekly in-house: 75
13. Number of strains offered: 10 with 15 additional in rotation
14. Number of clones sold to home cultivators per month: 100
15. Number of projected home deliveries per week by December: 40

Challenges

We operate under nonprofit by-laws, but we are not recognized by the IRS as a 501(c)(3). In addition, tax law 280(e) does not allow for write-offs in places the IRS considers "drug trafficking", leaving us with an additional tax burden of up to 50% more each year. We have petitioned the Vermont Tax Department to allow the state to offer 280(e) relief by allowing for standard business deductions on our state tax forms.

Currently CVD holds \$700,000 in debt to private lenders (having made the choice to provide health benefits and substantial sliding scale discounts verses paying down debt). Vermont's medical marijuana program supports three businesses, each operating independently and serving their own market, but each market is limited in size. As non-profit organizations, we do not have the ability to offer equity to private contributors which is extremely limiting in attracting financial partners given the high risk of lending to a federally illegal enterprise.

We are in talks with in-state groups to help us raise \$500,000 to purchase lighting, HVAC and growing equipment to meet future patient demands in 2017. Being unable to access traditional banking institutions not only diverts resources from our core mission, it poses significant challenges to maintaining the quality and price point we know our patients need and want. Experts are saying the nonprofit model and its original goals of ensuring affordable medicine is outdated for this fast developing industry.

Outreach

I have spoken with over 60 Health Care Professionals ("HCP") since July 2016 in the hopes to increase patient registration numbers. But I have learned it must be educated patients approaching HCP's requesting cannabis not the other way around. Our inability to directly communicate with Vermonters about medical marijuana has contributed to the slow growth of the program. The fact that Vermont even has a medical marijuana program is still news to most Vermonters.

Without the ability to advertise our services and products we can not connect with Vermonters. And like all manufacturing businesses, economies of scales is only achieved with broad markets. We hope this coming legislative session will ease advertising restrictions allowing us to inform Vermonters of a local alternative they can now access.

Hemp

We have begun to offer hemp laboratory testing services to a dozen Vermont hemp farmers. In addition we offer them extraction service allowing them to create additional products from their hemp crops like CBD oil. The hemp industry in North America will be multiple times larger then the cannabis industry. We hope to support the growth and advancement of hemp farmers and producers in Vermont.