

Cannabis industry objectives for Vermont

- Create a robust new industry in Vermont.
- Create sustainable high paying jobs.
- Ensure Vermont's cannabis industry funds regulators and oversight
- Add significant tax revenues to the state coffers.
- Monetize and legitimize an already existing black market business.

Create a Robust Sustainable Business:

Cultivators have larger capital investments and have more permanent jobs while retail operations have smaller capital investment and the jobs tend to be part time. If one of the objectives is full time high paying jobs, the cultivators will provide real economic development and should be allowed to own retail outlets.

Allowing cultivators to own retail outlets insures a robust sustainable business. Colorado requires its operators to sell 80% of what they grow. Cultivators in Vermont who invest millions of infrastructure dollars will be at the mercy of the retail outlets under the current bill. Retail outlets will purchase from the lowest cost cultivator and control retail prices. Retailer could easily put cultivators out of business by deciding not to buy from a specific cultivators and lay waste to the real economic growth engines.

In a vertical business model, cultivator could own up to 4 retail stores. This will insure the cultivation investment and full time high paying jobs are secure. Additionally, as these operations would employ more than 50 people, health care coverage will be mandated.

Keeping the number of cultivator licenses granted low will make regulation a more controllable process and lower costs for regulators. Capacity can be added as needed when regulators are accustomed to their responsibilities and demand suggests more cannabis operations are needed.

MARIJUANA TAX FUND: 4541.

Make the license application fee \$50K for retail operators to \$100K for cultivators as qualified applicants should have access to capital. Licensing application fees and reoccurring license fees can be used to fund the Marijuana Regulation Fund. Having the cannabis industry fund the regulating body is a win/win for tax payers.

Cannabis Zoning:

VT should define the zoning for cultivators and retailers so towns have clearly defined understanding of the zoning requirements. Is marijuana cultivation considered light manufacturing? Is it agricultural? Are cannabis retailers zoned traditional retail? Having zoning defined will advance the permitting process.

If cultivation is zoned light manufacturing and can be built in industrial parks, it appears the Act 250 permitting process can be accelerated and therefore bring costs down.

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Other Zoning consideration;

Caps should be instituted on how many retailers can be located in one town (i.e. a radius of x miles for x number of dispensaries). Creation of “green mile” designated areas in tourist destinations to keep the marijuana business out of the forefront and away from families.

Cultivator Size: (4513 c1)

Size limits should be defined as “Flowering Canopy” not “Plant Canopy”. “Flowering Canopy” covers only the time the plants are in the flower stage of development, which is typically 8 to 12 weeks depending on the strain and will add capacity to the existing legislation.

Financier: 4522 (b)

Why limit where entrepreneurs can raise capital? Entrepreneurs should be able to raise funds from investors who will offer the best terms and rates for the business. Jay Peak is a very good example of entrepreneurs accessing capital from anywhere.

Tax and the black market.

The black market should be suppressed as wholesale costs per pound for cultivators should not exceed \$1200. Colorado began with a cultivator tax, which was eliminated on September 16, 2015. Colorado taxes marijuana on the retail level at 15% and allows local municipalities to collect an additional 2.9%. This tax scheme streamlines tax collection in a standard retail environment and allows local governments to benefit while keeping cost low enough to eliminate the black market.

Taxing the cultivators adds complexity and increases price. A traditional taxation model for wholesale and retail operations will server VT better than taxing cultivators, keeping prices down and eliminating the black market.