



To: House Human Services Committee
From: Shayne Lynn, Executive Director, Champlain Valley Dispensary, Inc.
Re: S.16
Date: April 7, 2017

Thank you for inviting me to testify. My name is Shayne Lynn. I am here today testifying for the Vermont Cannabis Trades Association, which includes three of the existing Vermont dispensaries, which are located in Burlington, Montpelier, and Brattleboro. I would like to address a few provisions in the bill.

1. Expansion of the list of qualifying conditions

We appreciate last year's change to the law which added chronic pain and glaucoma. We believe adding PTSD, Crohn's disease and Parkinson disease will lead to symptom relief for more Vermonters. Expanding the conditions is not only compassionate, but will strength the role of the health care professional-patient relationship. The dispensaries can then provide safe, high quality medicated products to patients. With dispensaries only being in its fourth year here in Vermont, educating on proper dosages, consumption methods and side effects of cannabis use is extremely important.

2. Increase in the allowable purchase quantity to three ounces every 30 days.

Many very ill patients seek dosages that are higher than the two ounces per month that is allowed under current law. We support increasing the allowable purchase quantity to three ounces every 30 days. Many patients with chronic illnesses seek dosages that are higher than the two ounces per month that is allowed under current law due to severity of illness and/or because they experience adaptation by the brain to the continued presence of cannabis; higher doses of cannabis is the required to obtain the effect of the initial dose. This tolerance effect has been widely studied and is something patients share with us as a side effect of using cannabis for symptom relief. In addition, Rick Simpson, sought by Vermonters with cancer, is a highly-concentrated oil which requires patients to use much if not all of their monthly limits.

3. Allow advertising by dispensaries

Vermont has a very low participation rate (0.3% of population) for its medical marijuana program. Advertising is an important means for informing patients that this alternative exists. We believe that advertising will help to educate and inform Vermonters about the benefits they could derive from medical cannabis.

4. Allow patients to belong to a dispensary, even if they grow

The law now only allows a patient to either grow their own or belong to a dispensary. For some patients, growing their own can have its difficulties, including the plant dying unexpectedly or not producing enough medicine. Allowing patients to grow and purchase removes the stress and pressure on home cultivators, knowing they can utilize the dispensary program if needed.

5. Allow dispensaries to convert from a nonprofit to any other type of business entity authorized by the laws of this State.

There are 24 states that have medical marijuana programs. Only 32% of the dispensaries operating within these 24 states are required to operate on a nonprofit basis. As adult-use

legalization passes in more states, experts are saying the nonprofit model and its original goals of ensuring affordable medicine is outdated for this fast developing industry. I believed in and supported the nonprofit status in the 2011 Vermont dispensary bill. I still support our mission of providing high quality, laboratory-tested, affordable medical cannabis to our patients. However, I have learned over the preceding years that we receive zero benefits of being a nonprofit, because cannabis is still classified as a schedule 1 drug. Though we operate under nonprofit by-laws, we are not recognized by the IRS as a 501(c)(3) and cannot accept charitable donations. 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 30% to 50% each year. Lastly, no lending institutions will provide loans to help us expand our dispensary or our indoor cultivation facility. We are needlessly restricted from expanding and keeping pace with the growing demands of Vermonters seeking symptom relief.

No other businesses in Vermont face these hurdles, yet we have succeeded because of the generous support of family and friends to loan money, employees willing to work for less, and the patients who are committed to using a plant medicine as an alternative. Moving forward, we would like to be able to take in investors and offer equity to employees - we want to be able to offer staff ownership and a long term career which can support them and their families. And most importantly, we want to be able to offer a variety of medical cannabis products at an affordable price to Vermonters. Just like other businesses, economies of scales will provide the opportunity to lower per unit costs, while ensuring a diversity of products, such as transdermal patches, infused edibles and extracted oils. The ability to offer medical cannabis in varying strengths and forms of consumption is one of cannabis’ main strengths as a medicine. To date, there has been no surplus revenue for CVD and all our funds have been directed immediately into operating expenses to support product development and lab testing.

Staff Qualifications

I understand there were some inquiries regarding the qualifications of our staff. I have prepared a document outlining our staffing. I have submitted a copy to your committee for your information.

Thank you for this time and opportunity to speak with you today.