

Testimony of Alexandra Ford, Executive Director, Grassroots Vermont

February 2, 2017

Good morning and thank you for having me. My name is Alex Ford, and I'm the Executive Director of Grassroots Vermont, the Medical Marijuana Dispensary located in Brandon.

I'd like to say that overall S.16 is a big step in the right direction for the patients of VT and the existing license holders. For example: (1) The expansion of qualifying debilitating conditions; (2) The fact that the bill will make it easier for medical patients to get the required doctor's certification in certain circumstances; and (3) The fact that the bill will allow for responsible dispensary advertising to allow patients to be better informed about their medical options, all bring Vermont's program closer to the national norm in those areas for the benefit of our medical cannabis patients.

However, I do agree with the testimony that Shayne Lynn gave earlier that Vermont is not in need of 4 more licenses. There are only approximately 2800 registered patients in the whole state. The current license holders have more than enough cultivation capacity already to meet all the demand in Vermont. VT Dispensaries are in need of more patients for the program to keep us viable, not more licensed producers. The current license holders are barely breaking even, given the high capital investment costs associated with building out and equipping cultivation facilities and dispensing locations.

Why not give the pioneers of the program a chance to become fiscally stable after all we've invested to get started? There is simply no need for additional license holders to meet the foreseeable demand for medical cannabis in Vermont at the present time. That would of course change if a full adult cannabis use program were eventually approved by the legislature.

If the intent of granting more licenses is to meet the needs of underserved areas, the fairer solution is to let the existing dispensaries serve the underserved areas through satellite offices.

If the intent of granting more licenses is to increase competition, thereby offering more product selection and driving down prices, then let the existing dispensaries compete in more than one town in the State. This will drive down prices and result in better product selection for patients.

For example, the Massachusetts medical marijuana program allows each license holder to have three separate dispensary locations tied to its one permitted cultivation facility. The intent of that system is to allow each license holder to earn a fairer return on the substantial capital investment necessary to build out a state-of-

the-art cultivation and processing facility. And that is in a state with more than ten times Vermont's population! If we want to encourage the development of the most state-of-the-art and safe cultivation and processing facilities as they doing in other medical marijuana states, we must allow our license holders here in Vermont the opportunity to compete for more patients.

So, to reiterate, I do not feel that Vermont really needs four more license holders. However, whether the bill grants two or four more licenses or whatever is not even the most important issue.

The most important issue is the lack of competition caused by having only one dispensary able to serve a given geographic area. In my opinion, a monopoly dispensary does not have a high enough incentive to provide the highest quality products at the lowest possible price-- unless there is competition. Geographic monopolies are not the answer if you are looking out for the patients who are the end consumers of the medical marijuana program. If we allow competition between dispensaries in any given geographic areas, our medical marijuana patients will be able to choose the dispensary with the best combination of product selection, product quality, and price.

In conclusion, I personally do not think adding more license holders is going to be healthy for the financial stability of all license holders taken as a group. However, whether the bill ends up adding a couple more license holders or not, the single most important improvement we can make to the licensing system to help medical patients would be to allow every license holder to open at least three dispensary locations anywhere that it is willing to risk its own capital and can obtain local approval. This will provide meaningful competition and result in wider product selection, higher quality, and lower prices for Vermont's medical patients.

Thank you very much.