

## Senate Testimony

Good morning and thank you for allowing me the opportunity to add some comments to your discussions regarding a recreational cannabis market here in the Green Mountains.

My name is Joe Veldon, I'm a long time Vermont resident and I'm widely recognized as an expert in the cannabis industry. I've been working with this plant for the past 30 years.

The past 7 of those years I've been working as a cultivator and grower consultant in the medical market and more recently recreational cannabis markets on the west coast. I have one of the longest commutes in the state.

Currently my wife & I own a boutique recreational grow in Portland OR, where we cultivate high grade cannabis of medically significant cultivars.

Last year we opened a breeder direct cannabis seed company at our nursery in Morrisville where we specialize in high grade industrial hemp cultivars for the CBD hemp market.

Wanna start by saying I think you should be commended for the way this issue has been handled. All of the committees and the Governor's Cannabis Council I spoken to have been receptive. As someone not accustomed to politics it was a pleasant surprise to see how this issues has made it's way through the legislature. How accessible you were, the gravity with which you gave a lot of our concerns and experience was quite nice to see indeed.

As a, by chance cannabis advocate, I was happy to see that we didn't jump into a cannabis market last year - as someone who's been on the front lines for the past little while, I've seen first hand how the industry would have rolled us up and smoked us.

## SUPPLY/DEMAND & CULTIVATION LICENSES

For better or worse that green wave is here now! So I'd like to address a few things in S:54. Because in my eyes, the time is now and Vermont has the real opportunity to be a national leader on how a cannabis market can and should be implemented - we've already started out right with considered opinions from all sides.

I was happy and very proud to be involved in the discussions that did away with the tiered system of cultivation, because even a severely restricted tiered cultivation system would still create a supply side problem in our state.

Knowing that we can produce the entire states expected demand for cannabis in about 15 acres even a few 20000' sq grows would soon out supply demand.

By going the route of an unlimited amount of small cultivation licenses we'll not only ensure that this market will empower regular Vermonters but will 1) increase diversity, which is always good 2) allow small farmers to make a decent living - although I do think the size limit should be set at 2000'sq as at that size you can make a living at it - smaller than that it's becomes more of a hobby. 2000' allows for that flexibility, which is needed to be successful in this game. 3) Be the first state in the country to do it this way - Leading!

Always important to remember that this market is subject to the same market forces as other industries. Let me repeat that! Doing it this way, small growers, unlimited licenses - again let the market sort this out, spreads out this wealth and not concentrate it into a few companies with large grows.

Last week I listened to talk about having cannabis sales at a farm stand and it got me to thinking about how that could actually work. Now let me qualify this by first saying that I took to heart Sen Sears comments last week about the speed of progress so I'm not going to waste time saying this should be part of the bill, I tend to agree, it should be phased in if that's the route you decide, but I bring it up because it exposes some of the ways we can again be national leaders in how we set up the supply chain from grower to retailer.

In Oregon, where we operate, there is a surplus of a million pounds! A serious supply side problem we should do our best to avoid. Up until recently the vast majority of that cannabis was low grade and industrially grown, by the acre. Eliminating larger scale grows will go a long way to solve this problem.

Here's where I think a big part of this disconnect is - there are an unlimited amount of grows in each tier out in Oregon which is creating the supply problem. By only allowing the boutique grows we eliminate that problem. Normal market forces are already starting to influencing the industry, consolidation is already happening.

The other side of that is we as growers have to go out and sell to the dispensaries - negotiating different deals with each one. That puts a lot of pressure on me, who'd much rather be spending time out in his fields tending to his plants. It also puts the dispensary in a strong negotiating position.

Now I'm not sure what the answer is, I don't know enough about co-ops to speak intelligently to them but some sort of clearing house system of distribution would work best with the cultivation system we are electing to implement. I think Senator White asked last week about a cannabis futures market it's seed cx or the Kush marketplace on the web if your interested.

## VERMONT'S DETRIMENTAL MED DISPENSARIES NEED TO BE ABOLISHED

In Oregon where we transitioned from a medical grow to a recreational one there was no special consideration for the medical dispensaries. The two were merged as it didn't make sense to run parallel cannabis markets with slightly differing rules.

I wish I knew about this supposed run out for the med dispensaries - I never saw it and am offended that they feel that they should have a TWO year head start over everyone else. They've had four years and have consistently failed the patients they were supposed to help. Sen Nitka mentioned having to protect them from losing more patients - I say the opposite should happen. Let them compete on a level playing field, those patients are fleeing because of the dubious nature of their 'medicine'.

## MERGED MARKET IS BETTER

Much easier to allow for the medical patients with in the rec system 1) they don't pay any taxes on their medicine, about a 25% discount. The only other rules that differentiate the two are the amounts of cannabis products, especially concentrates, you are allowed to buy at one time and the amount of THC available in a particular edible product.

It's quite simple, med patient goes in buys some flower and some concentrate and also purchases a med edible with twice

the thc as the rec edibles. It was a bit choppy when the two markets were merging but now things are running smoothly.

Vermont's medical cannabis program is a joke! Now I'm sure it was written with good intentions and it has evolved over time but from an industry standpoint - it's seen as how not to do things. Like the Ohio of the Rec market, designed to only let a select few participate.

Our dispensaries are a laughing stock, we hear time and time and time again how patients are forced to grow their own because of the dubious quality of the "medicine" that is being provided. And dubious is being kind.

As someone who breeds and grows cannabis cultivars to treat specific ailments and has seen first hand the benefits it can have it offends me that our med dispensary's are allowed to continue unchecked after selling 'medicine' that was moldy.

Moldy after it was sold! So a PATIENT came to our medical dispensary and instead of getting medicinal cannabis that could help their ailment, they were instead given something that was harmful to them! Harmful and it's not like it was one or two times.

My wife is a caregiver, her patient is elderly and suffering with MS, So W takes her patient to the dispensary, they leave with nothing, Their high grade only runs about 13% THC and the rest of it looks like it's literally been stepped on. She now helps her patient grow their own and make the edibles. She is every bit the cannabis expert that I am, she's just real good at the medical benefit side of things.

So now the folks who own those same dispensaries want to have the first retail licenses, in lieu of everyone else? The same folks who had the past 4-5 years to establish the program and have done little more than provide inferior product. Mold in cannabis is a very bad thing!

### INDEPENDENT 3RD PARTY ANALYSIS

This sort of thing wouldn't happen if we had independent third party analysis - Mold isn't like other elements where in certain concentrations it's allowable. It's systemic, so you either have mold or you don't - positive or negative. So how did moldy product get past the testing? Simple really, they were allowed to test their own product and the financial considerations!



Third party, independent analysis is central to both providing legitimacy to the industry and keeping operators honest. Again this market operates like all the others and unfortunately there are frauds out there just looking to make a buck. This type of analysis ensures product safety. And by independent I mean just that, Phytoscience can't start a new company with a different name, and test their own product and call it independent.

The worst thing we can do as an industry is misrepresent our products and selling someone a moldy product is the worst case scenario. So let me ask, cause I don't know, what would happen if that was maple syrup, or a craft beer? As far as I know NOTHING has happened to CVD. They are still free to continue to sell moldy product as medicine!

And this is how I know that the folks who run the medical program need competition - Champlain Valley posted in image of their 'medicine' in one of their drying rooms. From the image that they posted you could see any number of defects to their operation. Me and several others pointed them out on social media. From a pic they posted! So management at Champlain Valley called some one at DPS who actually had

the audacity to call this person and tell them to stop posting anything about Champlain Valley and their drying operations.

How is that allowed to happen? Is this really how our medical program should be running, the owners get caught, using their own imagery, selling moldy product and they're so confident that nothing'll be done they are comfortable they can call a state agency and have that agency harass a private citizen. That citizen by the way is our state's clean green certifier, the cannabis version of NOFA. He knows what he's talking about and was frightened by the call!

I think the opposite of what the current dispensary owners are proposing should be implemented - competition. Because if there was competition, none of these places would be operating. You sell moldy cannabis and people stop going to your store, with the ways things are now and how they're proposing they be expanded there'll be no competition and they'll be free to continue to sell contaminated cannabis.

## BUDTENDERS

Instead let's incorporate competition into our rec markets and as a way we can lead, how about we establish some curriculum

so our bud tenders, the lowest level job in the dispensary can accurately guide customers to the proper cultivar. Each store needs a manager - the ideal candidate.

## BREEDING

My hope that some consideration will be given for the breeder as it's us who are coming up with the newest and greatest. Doing that requires growing out lots of plants. The only selfish request I have.

Finally, I've heard talk last week about thc levels being 5x's higher, as someone who's been involved in increasing those thc levels I can tell you that that is simply false! I just bought some mauiwowie - thc content 17%. A strain from the 70's with 17% thc. It's higher but incrementally.