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Let's Grow Together

To the members of the House Judiciary Committee, I am submitting this written testimony to propose an amendment to H.548- An act relating to miscellaneous cannabis procedures.

The state of Vermont has stated time and time again, their interest to provide economic opportunities to individuals who historically have been disproportionately impacted by cannabis prohibition, also known as social equity applicants. Yet, Vermont has an idealistic idea of who, as a social equity applicant, would be able to succeed in our local cannabis market. Due to deeply ingrained systemic socioeconomic issues, many people who qualify as social equity applicants lack the necessary capital and/or specialized knowledge needed to successfully maintain a business.

It must be emphasized that this is not by the fault of the individual but rather that of a system that thrives on cyclical poverty and income inequality. With this in mind, it is in the interest of all potential social equity applicants for there to be a less cumbersome and less costly alternative to entering the cannabis industry than opening a traditional establishment. That alternative is a delivery license available exclusively for social equity applicants holding no other cannabis licenses for a window of 5-10 years.

The argument for developing delivery licenses exclusively for Social Equity Applicants with no other licenses is a three pronged approach with many players across the spectrum benefiting.

The first beneficial aspect of developing a delivery license exclusively available to social equity applicants is its low cost and low barrier to entry. The only requirements for engaging in cannabis delivery are a valid driver's license, an inspected and insured vehicle, and an operating license from the state. This affords folks who lack access to capital or the specialized knowledge to, for example, cultivate and/or manufacture commercial grade cannabis products, low barriers to enter the market and equally low start-up costs. The license would exclusively be available for a set period of time to Social Equity applicants who do not hold another cannabis business license. The idea being, if a Social Equity Applicant has another cannabis business in the state they either have access to capital and/or possess specialized knowledge. Once licensed, the opportunities for upward mobility are endless for people in delivery. Contracting and going to various dispensaries and retail storefronts promotes networking and builds industry

knowledge for the individual, equipping them with their own tools to start a traditional cannabis business down the road if they so choose.

The second group or groups to benefit from developing a social equity exclusive delivery license are patients, consumers and the public. Vermont is a very rural state that has chosen to undergo the “Opt-in” process for retail cannabis. This means an individual may live dozens, even hundreds, of miles from a municipality that has opted to host a retail or medical cannabis outlet. By providing delivery services to consumers and patients alike, a much-needed service is provided to someone who otherwise couldn’t easily access cannabis products. In the case of patients, oftentimes these are folks with physical and mental disabilities who are unable to access their medicine. It is important to remember, those who need cannabis as medicine often can’t access it for the same reason they need cannabis as medicine. In the case of consumers, delivery eliminates the potential stigma of walking into a retail outlet and encourages smart decisions regarding impaired driving and public safety. By allowing consumers to order cannabis to be delivered, it would replace the number of potentially impaired drivers on the road with licensed couriers who keep the product in a locked box. This would greatly improve public safety.

The final beneficiary of a Social Equity exclusive delivery license is nearly every player in the cannabis supply chain including state and local governments. By allowing delivery, a higher number of consumers can and will engage with the market thus resulting in a greater number of transactions. More transactions means more revenue for businesses across the supply chain and subsequently more tax revenue for state and local governments. It should be noted that Medical patients do not pay taxes.

While VT NORML continues to encourage market participation by any and all who have been harmed by cannabis prohibition, the last thing we want to see in our communities are failed businesses, a probable outcome for someone looking to open up shop with nothing more than a waived license fee. The financial investments, regulatory burdens, and specialized knowledge required to open traditional retail, manufacturing, cultivation and/or testing labs is often too great for many Social Equity Entrepreneurs. For these reasons, it is of the utmost importance to us that delivery licenses are available exclusively to social equity applicants with no other cannabis licenses.

What has the CCB said on delivery in their January 15th Report?

- ⅔ states with adult markets allow for delivery
- Of states that passed legalization measures but are yet to commence sales, none prohibit delivery and most allow it under statute
- No consensus among states on online ordering but all legalized states allow it without explicitly saying so in statute
- Advantages of delivery
 - Consumer convenience- consumers have become accustomed to having items delivered. Cannabis is no different
 - Delivery expands access to the illicit market giving it another competitive advantage over the illicit market.
 - Creates jobs for small businesses and entrepreneurs.
- Disadvantages:
 - Additional regulatory burdens for CCB
 - Slight increase in public safety issues stemming from more cars on the road with valuable cannabis and cash.
- The Board recommends the legislature to develop delivery licenses.
- The Board recommends allowing for online-ordering for in-store pick up and delivery
- The Board recommends the legislature let the Board determine how to regulate delivery licenses.
- The Board recommends opening delivery licenses with an exclusivity period for Social Equity Applicants.

[Massachusetts laws regarding delivery:](#)

- Marijuana Courier License (can sell medical)
 - Transports orders from an established retail store. Cannot store products overnight.
 - Can sell medical to patients and caregivers
- Marijuana Delivery Operator License
 - Allows licensee to purchase cannabis from a wholesaler or dispensary and sell directly to consumer
 - Can't sell medical
- Individuals can only hold a limited number of licenses preventing major retailers and third-party players from gaining control.
- License holders may contractually partner with third-party Technology Platform Provider apps for payment and order processing, but these contracts are subject to approval by the board.
 - Third-party Technology Platform Provider players may not have any ownership, or be a person with direct entity in the delivery license they are doing business with

- Delivery licenses may not accept any investment from Third-Party Platforms
- Delivery Licenses may not share its profits nor a portion of any sale with Third-Party Providers
- What is required for pre-certification
 - Information about the business:
 - Legal business name;
 - Tax identification number;
 - Contact information;
 - Disadvantaged Business Enterprise information, if applicable; and
 - Certified Economic Empowerment Priority Applicant and Social Equity Program Participant certification numbers (these numbers start with either “EE” or “SE”)
- Information pertaining to Persons and Entities Having Direct or Indirect Control;
- Business interests in other jurisdictions, and within Massachusetts, of any Persons and Entities Having Direct or Indirect Control;
- Background check and contact information for any Persons and Entities Having Direct or Indirect Control—background check authorization documents are not required until the provisional license application;
- Upload a business plan and a plan for obtaining limited liability insurance; and
- Upload operating policies and procedures that comply with the Commission’s regulations including the following:
 - Security plan;
 - Transportation plan;
 - Inventory plan;
 - Plan to prevent diversion;
 - Storage plan;
 - Delivery plan;
 - Quality control and testing;
 - Record-keeping procedures;
 - Maintenance of financial records;
 - Qualifications and intended trainings for personnel;
 - Plan to obtain marijuana and marijuana products (Marijuana Courier license type)
 - Personnel policies; and
 - Dispensing procedures (for Marijuana Delivery Operators).
- Delivery licenses must have a fixed location which their business is based out of. This is where the vehicle(s) are housed overnight.

- Consumers must be pre-verified before delivery may take place and must again show government ID at time of delivery
- Two registered agents must be in the car at all times, but this provision has shown to be controversial and disliked among delivery companies for its high cost and over-burdensome nature.
- Vehicles must be owned or leased from a private party. Vehicles must be registered as commercial vehicles.
- Social Equity applicants must maintain and hold majority ownership of licensed company during the entire exclusivity period- 36 months after first delivery operator commences operation (mid-July 2021)