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Let's Grow Together

Good Afternoon Senate Finance Committee Members,

My name is Nicholas Schuermann I am the Executive Director of Vermont NORML, a cannabis non-profit advocacy group. We are the Vermont Chapter of the oldest and largest cannabis advocacy group in the nation, the National Organization for the Reform of Marijuana Laws. I am here today to speak on H. 701 and propose adding fee waivers for Social Equity Applicants into the bill and granting the Cannabis Control Board the authority to administer those fee waivers.

The State of Vermont passed Act 164 in 2020, setting up a recreational cannabis market in Vermont for adults 21 and older. There were many historical, economic and social forces that brought this about, but two stand out as paramount. One of the driving forces behind legalization is to repair the harm done to disproportionately impacted communities by cannabis prohibition and the War on Drugs. The other is to move as much of the illicit cannabis market into the recreational market as is possible and to encourage legal market participation by cannabis entrepreneurs. With this in mind, there is one remedy that begins to chip away at both repairing generational harm done from cannabis prohibition AND moving the illicit market into the recreational market and that is waiving license fees for Social Equity Applicants.

To explain why waiving license fees for Social Equity Applicants addresses both aforementioned forces, it is important to understand the impacts behind fee waivers. As with any business, but especially cannabis business, start-up capital is the make-it or break-it factor. Those who lack access to capital will find it virtually impossible to not only start a cannabis business, but successfully maintain one. A failed business is the last thing we want to see in our communities. By waiving licensing fees for Social equity applicants, it would greatly ensure not only that these businesses successfully engage with the recreational market in a legal, safe and economically fruitful way, it also begins to repair the unjust and undue generational harm done by cannabis prohibition to Social Equity Applicants.

While it is true to say that waiving license fees for Social Equity Applicants would cost the state some portion of revenue, it does not begin to compare to the benefits it would serve a Social Equity owned business and the state as a whole. Instead of looking at this as a

short-term loss, look at it as a long-term investment into fostering robust and sustainable businesses in our communities and adding another foundation on which this strong state is built. It should also be noted that fee waivers are on an annual sliding scale. What that means is in the first year of licensure, 100% of the license fee is waived, followed up by 75% of the fee waived in the second year until by year five, the applicant is paying the full cost of the license.

Waiving license fees for social equity applicants has been a cornerstone of the CCB's work. In building a recreational cannabis market from the ground up, the Board has stated time and time again that waiving licensing fees on a sliding scale for Social Equity Applicants is a crucial dimension of moving as much of the illicit market into the recreational market as possible while also beginning to repair the harms done by cannabis prohibition.

In their report to this committee on October 15th and nearly every other report since then, the Board has stated that licensing fees for social equity applicants should be waived on a sliding scale. This recommendation from the Board was brought about by language in Act 62 Sec. 11 which states that:

“When reporting to the General Assembly regarding recommended fees for licensing cannabis establishments pursuant to Sec. 4a of this act, the Cannabis Control Board shall propose a plan for reducing or eliminating licensing fees for individuals from communities that historically have been disproportionately impacted by cannabis prohibition or individuals directly and personally impacted by cannabis prohibition.”

In adding fee waivers to H. 701 the committee should strongly consider giving the authority to administer the fee waivers to the Cannabis Control Board. In our talks with the Board, they have requested they be given the authority to administer these fee waivers. Being that the Social Equity Applicants pool may be relatively small, the Board wants to give this issue the time and attention that it deserves and should therefore be given the authority to administer those fee waivers

Thank you all very much for taking the time to listen to our points. As part of this testimony, you will find a comprehensive document outlining nearly all instances in which either the Legislature, Cannabis Control Board, and/or the NACB (National Association of Cannabis Businesses, an outside consultant hired to assist with rule making and recommendations) has recommended waiving license fees for social equity applicants.

The CCB defined a Social Equity Applicants as someone who meets one of the two following criteria:

1. Person of color or anyone who can demonstrate that they are from a community that has historically been disproportionately impacted by cannabis prohibition

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2. Has personally been arrested, convicted or incarcerated for a cannabis-related offense or has a family member that has been arrested, convicted, or incarcerated for a cannabis-related offense.