

Vermont Cannabis Equity Coalition

Rural Vermont, NOFA-VT, Vermont Racial Justice Alliance, Vermont Growers Association

The Vermont Cannabis Equity Coalition shares a vision for a cannabis economy in Vermont which is racially just, economically equitable, agriculturally accessible, and environmentally sound.

S.188 Proposed Changes as of 2/22/2022

Problems being addressed with proposed changes to S.188:

- *Significant barriers to entry, and divestment of market share and essential market and license privileges from the essential service providers in this market - the people who are actually growing the plants, creating the products, generating the value from this crop: cultivators, nurseries, and product manufacturers.*
- *Unnecessary privileging of wholesalers, retailers, and vertically integrated dispensaries, by: providing dispensaries and retailers the only direct access to consumers, by providing all three an unchecked and disproportionate ability to set prices (for consumers and cultivators and manufacturers), by allowing them to sell a diversity of products (such as live plants), and providing them disproportionate market power to determine which products will be available to consumers (and therefore which products there will be demand for from producers and manufacturers).*
- *Inequity, lack of incentives, and significant barriers to entry for outdoor cultivators and farmers.*
- *Functionally discriminatory outcomes for communities who don't currently have - or have been historically divested of, and / or discriminated against in relationship to - access to (or ownership of) agricultural land, agricultural businesses, or agricultural status of assets (such as current use).*
- *Home grow allowances which are not horticulturally realistic, which present disproportionate problems for outdoor home cultivators, which perpetuate the criminalization of small amounts of cannabis production by families and community members, and which are markedly lower than other States across the nation.*

Specific Proposed Changes:

Amended Bill Title and Statement of Purpose for S.188 (beginning on Line 6):

Statement of purpose of bill as introduced: This bill proposes to regulate the activities by a licensed ~~small-cannabis-~~ outdoor cultivator as "farming"; amend the criteria regarding the area for cultivating cannabis commercially and for personal cultivation; ~~and~~ allow licensed cultivators to purchase and sell seeds and immature plants to one another, *to the public, and to nurseries -*

and licensed ~~wholesalers~~ nurseries to sell such products to licensed cultivators. *in these ways as well; and to establish a limited online retail supplemental license facilitating direct sales for cultivators and product manufacturers.*

An act relating to regulating licensed ~~small~~- outdoor cannabis cultivation as farming...

All Tiers of Outdoor Cultivation shall be provided the exemptions and qualifications otherwise applying to agricultural operations.

Addressing only existing farms, or agricultural operations (as this bill does in its current form) will have functionally discriminatory outcomes based on the demographics of who owns agricultural land and businesses in VT (more than 99% owned by people who identify as white). Any farm wanting to participate at more than 1,000 sq feet of production which has existing infrastructure, equipment, supplies, land which is considered “agricultural” will face significant, and unnecessary barriers, to participating in this market. If they decide to participate beyond the “small cultivator” level, they will not be able to use anything otherwise purchased for , or classified as, “agriculture” or “agricultural” for cannabis cultivation. The Act 250 process is also a significant cost that most cultivator license holders (regardless of tier) will encounter if they are not given this status. These are all relatively small plots of plants (the largest tier being less than 1 acre) - we do not feel that any of the outdoor tiers are large enough to materialize most concerns we’ve heard at a municipal level or seen with hemp in recent years.

Limited Online Retail Supplemental License

Farmers and small producers need some degree of direct access to customers beginning in the first year of market formation. Act 164 (2020) directs the CCB to evaluate online ordering and delivery of cannabis and cannabis products in other states for consideration in Vermont, and in its January 15, 2022 report to the legislature, the CCB recommends lawmakers allow online ordering and authorize delivery through the creation of a new license, this year, and the following proposed “*limited online retail supplemental license*” will achieve such goals.

- A supplemental license only available to licensed cultivators and product manufacturers of any tier
- Low cost, no more than \$1,000
- Allow for online sales only of products produced by licensee
- Allow for delivery to customers and pickup, only
- Allow for aggregation of deliveries to different customers
- Follow the transportation regulations set forth in Rule 2.2.7 Transportation of Cannabis and Cannabis Products
 - Limit total transportation to under 20 pounds in the vehicle at a given time.
- This limited retail license provides a degree of market equity and agency for cultivators and product manufactures, balancing the disproportionate market influence of wholesalers and retailers.

Proposed Nursery License

Act 164 (2020) directs the CCB to define and propose retailer licensing tiers and in its October 15, 2022 report to the legislature, the CCB recommends the creation of a Nursery license, which has since been eliminated by House Ways and Means during their deliberation of H.701, the license fee bill.

- Allows the licensee to cultivate and sell seeds and clones to home cultivators or other licensees
- Could be a stand-alone business or could be held by an existing nursery or other business, provided all other regulatory requirements are met
- Could be tiered, similar to cultivation tiers, but limit the canopy definition to non-flowering plants
- Low cost, no more than \$1,000 for the lowest tier

Wholesale License:

- Wholesale licenses shall not have the ability to purchase and sell live plants. This is a license privilege for licensed cultivators and nurseries.

Cultivator License:

- Cultivators shall have the ability to grow and sell immature live plants (which they grow) directly to home growers, and to nurseries.

Retail License:

- Retail license holders shall not have the ability to purchase and sell live plants. This is a license privilege for licensed cultivators and nurseries.

License holders who do not have inherent privilege to sell live plants can purchase a nursery license.

Increased Allowance for Home Cultivation to 6 mature and 12 immature plants

- In Sen. Sears' bill S.186, it proposes to increase cultivation for caregivers to 6 mature / 12 immature; given the definition of home cultivator is in this bill (S.188), we suggest this as an opportune time to increase their allowances to the same numbers suggested in S.186 (at the very least for home cultivators producing outdoors).
- The existing allowance is not realistic in terms of compliance, adherence to basic horticultural practice, and does not consider the challenges of cannabis cultivation in our climate for those cultivating outdoors.

