

**VCEC (Vermont Cannabis Equity Coalition): Background Information For Proposed
Changes to S.188 as of 2/22/2022**

Rural Vermont, Northeast Organic Farmers' Association of 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.*

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.*

Proposed solutions and Background Information:

All outdoor cultivation should be considered "agricultural" and cannabis grown outdoors an "agricultural product" (or be provided all of the benefits and exemptions as other agricultural crops and businesses) - not just for the smallest tier, not just for businesses that are already agricultural.

- The outdoor, soil based, sun grown cultivation of cannabis is fundamentally an agricultural activity, the most accessible means of entering the cannabis marketplace

and inviting in the legacy market and small farmers, as well as the most environmentally sustainable method of cultivation.

- These are all relatively small plots of plants (the largest tier being less than 1 acre) - especially when compared to their existing analog in our current env, hemp. We do not feel that any of the outdoor tiers are large enough to materialize any of the concerns we've heard at a municipal level or seen with hemp in recent years.
- Some of the many concerns related to this include:
 - Addressing only existing farms, or agricultural operations (as this bill does) 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). Our advocacy has never been solely about "securing diversification" for existing farms - it has very much included supporting people who do not have access to land or farming having a more accessible opportunity to achieve those things.
 - Act 250 Compliance will be a challenge for all scales of outdoor cultivation unless this is changed; as attested to by Bryn Hare (CCB) and others.
 - 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 "agriculture" for cannabis cultivation, including:
 - Structures: amendment and equipment storage, space for starting seeds and managing seedlings, drying product, processing, product storage, high tunnels, caterpillar tunnels, etc.
 - Cultivation: fuel, tools and equipment (tractors, walk-behind tractor, implements, equipment maintenance materials and costs, shovels, digging forks), amendments and treatments (compost, minerals, nutrients, pest and disease management, etc.), transport (truck, van, etc.), irrigation supplies and potentially water sources.
 - Contracting: contracting people who use "agricultural" tools and equipment like tractors, trucks, tillers, etc. to do work on a plot of cannabis.
 - Land: dealing with land in current use, ag easements, ag designation.
 - Not only are there financial costs associated with all of these redundant needs for farms, but there are logistical and other challenges which will disproportionately affect particular farms: Small farms which have less room / acreage to build new structures; farms and individuals which / who have less capital to invest in redundant equipment, supplies, structures on their farms.
 - Cary Giguere, VAAFM, spoke in Senate Agriculture about what he described as the "untenable mess" that small cultivators would be faced with without this allowance given the different taxation status, land conservation status, status of ag buildings and infrastructure, etc.. We

agree, and I'm glad to see the Agency make such an honest and powerful statement describing the situation the existing statute creates for small farmers - but this "untenable mess" will still exist for those at any of the other outdoor tiers, the next of which is 2,500 sq ft. The same rationale certainly supports granting all outdoor producers agricultural status / exemptions and qualifications.

- Currently, farmers of all types, but small and medium farms in particular, face significant financial challenges - and the State of Vermont faces what many are calling an "inflection point" as relates to agriculture, our working lands more broadly, and development as the average age of farmers increase, and as farm viability challenges and debt persist. Recreational Cannabis has the potential to be a very small part of the products being produced at many farms in Vermont which could substantively impact those farms' viability. Not only does it have the potential to impact existing farms - but it has the potential of bringing more people into farming in Vermont, by offering them a far more lucrative means of making a living from the soil than most agricultural crops provide, positioning them well to diversify into other agricultural products and ventures
- Outdoor and indoor production differ substantially in production ability (seasonal as opposed to year-round production), in accessibility, in vulnerability to crop loss, and in impact with respect to water, electrical, facilities, visual and more.
 - The legislature has set 1,000 sq ft of canopy as the limit for "small cultivators" of both indoor and outdoor cannabis; which does not take these factors into account. 1,000 sq ft is not a reasonable amount of space for even the smallest tier of outdoor production (we have heard this repeatedly from people in the community) - our coalition has recommended a 1:4 ratio of indoor to outdoor production. Meaning the smallest tier of outdoor production would be 4,000 sq ft.

Direct sales for producers, Direct purchase for consumers: "Limited Online Retail" supplemental license

- This market will be fundamentally inequitable until cultivators and product manufacturers have some means of directly reaching the consumer - and vice versa. Direct markets do not threaten retailers or wholesalers - they provide producers a balance point to affect market equity, economic democracy, and their own just and dignified livelihoods.
- We know that direct markets are important for producers and consumers: producers can be price makers vs. price takers outside of a wholesale market, they can develop relationships with consumers, they are the experts of their products; for consumers they can choose who they want to purchase from, access someone close to home, and have a greater diversity of options in terms of product and cost and whom to support.
- Small Farms and businesses are dependent on their ability to have direct relationships with consumers, to be able to directly affect the pricing and availability of products they retail, to having a counter to the wholesale rate. Vermont would not have the nearly 7,000 small diversified farms we have if direct marketing were not an option. The people

who are actually creating the product and value this market is based upon, are being divested of their agency and power in this marketplace.

- This is not the same as a retail license - we are not asking to buy / sell other people's products; just what's principally produced by the cultivator or product manufacturer themselves.
 - This issue has been misrepresented or misunderstood in the following way: yes, cultivators can get a retail license like anybody else; but this is not what we are asking for, the ability to buy-in and sell other people's products to the consumer. We are asking for the allowance - as with other ag products - for cultivators and product manufacturers to sell what they produce on their farms directly to consumers. We don't ask farmstands to comply with the same standards as a grocery store like Shaws; we don't ask those selling Raw Milk from their farm to meet the same standards as those selling commodity pasteurized milk; we don't ask those selling on-farm slaughtered poultry to meet the same standards as USDA inspection - and they aren't given the same allowances. From our perspective - a direct sales inclusion for cultivators is a fundamental aspect of an equitable marketplace and economy.
- security perspective: farmers are already required to engage in seed to sale tracking, storage of product, securing product, financial tracking and approval of a financial plan, etc. Scale appropriate regulations could articulate particular needs for direct sales.

Live plant sales (to consumers, to cultivators, to nurseries) should remain in the hands of cultivators and nurseries, not retail or wholesale license holders.

- Cultivators should be allowed to sell plants and seeds which they produce directly to consumers, to one another, and to holders of nursery licenses. Many farms sell plants at Spring plant sales - this is another opportunity for diversification of sales, and diversification of consumer access. People will be purchasing live plants - why should they not be able to purchase them from their local nursery or cultivator directly and rather be directed to a cannabis retail store?
- Cultivators and Nurseries are the primary experts in producing and caring for live plants; and to eliminate the nursery license, and allow Wholesalers and Retailers some of these abilities undermines the value of the Cultivator and Nursery licenses and the people who are the essential service providers in this marketplace.
- If a Retailer or Wholesaler wants to buy and sell live plants, they can purchase a Nursery license.

Increase the allowance for home cultivation from 2 mature and 4 immature plants to 6 mature and 12 immature:

- 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.
- People routinely start a greater number of plants than they plan on bringing to harvest or even planting - they plan on crop loss due to weather or pest and disease, on culling

poorly growing seedlings, dealing with seeds that don't germinate or clones which dampen off.

- The continued persecution of this scale of home grower is not a wise use of resources and based on articles we have seen - it does not support police morale or people's relationship with law enforcement.
- The current VT number is very low compared with other States nationally.