

LYNN, LYNN, BLACKMAN & MANITSKY, P.C.

February 24, 2021

Senator Richard Sears
Vermont State House
Montpelier, VT 05633

Re: S. 25- Committee Discussion

Dear Mr. Chairman:

I represent VT-CBD Labs, a hemp processing facility in Williston. I write to raise an issue that is emerging as we move toward a regulated cannabis market in Vermont. I apologize for being unable to appear before the committee as you discuss S. 25 this week.

Under Vermont's statutes for industrial hemp production, it is legal to grow, process, and market hemp with appropriate approvals from the Department of Agriculture. Hemp and hemp products must have delta-9 tetrahydrocannabinol (THC) concentrations of less than .3 percent. Delta-9 THC is the main psychoactive ingredient in cannabis.

Hemp is often processed into CBD oil, a hemp extract, for use in consumer products. There are claims that CBD oil has beneficial health impacts. Therefore, CBD oil is used as an additive in food and beauty products. Many believed that the hemp industry would provide a sound financial foundation for Vermont farmers well into the future. Unfortunately, Vermont hemp farmers and processors have faced challenging economic conditions. The market for hemp and its derivatives collapsed in 2019 and 2020, with commodity prices falling to levels where growing and processing hemp became economically challenging. Many Vermont farmers and processors lost significant sums because of the commodity price fluctuations.

With the legalization of recreational cannabis scheduled for 2022, there is a new opportunity for hemp farmers and processors. Technologies exist that allow CBD oil to be mixed with cannabis extracts and distilled to create delta-9 THC liquids, which could be used in edibles or vaping products. Possession and sale of any delta-9 THC liquids created by the process described above is likely covered by Vermont's cannabis legislation as the liquids would be derived, at least in part, from cannabis. The persons possessing and selling the THC would have to be licensed under the cannabis statutes and regulations. The process described above is economically advantageous for hemp producers because it is significantly less expensive to produce CBD oil from hemp than it is to produce delta-9 THC liquids from cannabis.

While there is a legal framework for the production of CBD oil from hemp and delta-9 THC from cannabis, there is no clear guidance as to the necessary licenses for persons adding hemp products to cannabis products. It would be helpful to the Vermont hemp industry to establish a regulation or other legal standards that would specify that:

1. It is lawful to add processed hemp (CBD oil) to cannabis products that are legal under the cannabis statute, with the appropriate cannabis license and so long as the hemp product was purchased from a licensed entity;
2. It is lawful to possess and sell delta-9 THC with an appropriate cannabis license, even where it is derived in part from hemp.
3. Any person wishing to engage in adding legal hemp products to cannabis must obtain the appropriate cannabis processor license; and
4. Any person possessing and selling the CBD oil or other hemp based product to be incorporated into the cannabis product would be required to have the appropriate industrial hemp license.

I leave it to you to decide whether this language be included in S. 25 or leave it to the Cannabis Control Board. I am of course available to discuss this issue with the committee.

Thank you.

Very truly yours,

LYNN, LYNN, BLACKMAN & MANITSKY, P.C.

A handwritten signature in cursive script that reads "Pietro J. Lynn /mac".

Pietro J. Lynn, Esq.

cc: Peggy Delaney pdelaney@leg.state.vt.us
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