

## Summary:

„to Establish the understanding that Outdoor Cultivation of cannabis is fundamentally an agricultural activity; to Establish a Craft licensing structure and the costs of Craft licenses, differentiating between indoor, mixed-light, and outdoor cultivation for commercial cultivation; increasing allowances for home cultivation; to Outline accountability measures for the CCB in relationship to the Advisory Committee; and to further criminal justice reforms by offering reasonable limitations to criminal background checks and Cannabis Establishment ID cards.

## Findings:

(j) Whereas in § 904a. SMALL CULTIVATORS the language states that “(a) It is the intent of the General Assembly to move as much of the illegal cannabis market as possible into the regulated market for the purposes of consumer protection and public safety. It is also the intent of the General Assembly to encourage participation in the regulated cannabis market by small, local farmers...”

(k) Whereas the Vermont Required Agricultural Practices define “Agricultural Product” as “any raw agricultural commodity, as defined in 6 V.S.A. § 21(6), that is principally produced on the farm and includes products prepared from the raw agricultural commodities principally produced on the farm;”

(k)Whereas cannabis is a product which can be “principally produced on the farm”; whereas the cultivation of tobacco and of crops for alcohol (both objectively more dangerous to human health than cannabis), of hemp, of biofuels, and more are considered agricultural; whereas the State of Vermont’s Strategic Agricultural Plan (2020) has multiple Briefs about the critical nature of alcohol sales, production of alcohol ingredients, the cultivation of hemp, and more non-food products and related activities to the State of Vermont’s agricultural future;

(l) Whereas most of the existing local cannabis economy and much of the small farm economy is dependent on direct sales from small producers to local consumers; whereas confining cultivators to selling in the wholesale marketplace confines them to being “price takers” not “price makers” and creates a disproportionate degree of market influence and power for cultivators at greater scales of production, wholesalers, retailers, product manufacturers and dispensaries; whereas outdoor and indoor production differ substantially in production ability (seasonal as opposed to year-round production) and in impact with respect to water, electrical, facilities, visual and more; whereas hemp cultivation licenses are differentiated in fee by scale and by indoor / outdoor cultivation; we ask that the legislature as elected representatives take the opportunity, as they have with medical dispensaries and integrated licenses, to more clearly define particular parameters of affordability, accessibility, and equity in licensure structure, process, and more for craft cultivators as well as other categories of craft licensure as suggested in the proposed amendments herein;

## **Sec. 1: Cultivation of Cannabis is fundamentally an Agricultural Activity**

- Allowance of outdoor production on land, and to use infrastructure, in agricultural easements, zoned for agricultural use, and in current use at any scale of outdoor production (up to the established production caps), and through sales of land / infrastructure (current law allows this ONLY if under 1,000 sq ft of land, if land is not transferred, and if land is in current use or ag easement prior to cultivation beginning)
- Outdoor cultivation of cannabis and infrastructure directly related to on-site outdoor cultivation (as with other agricultural cultivation and associated infrastructure) will not be regulated under 24 V.S.A. chapter 117 (local zoning and land use regs)
- Eligibility to apply for grants, technical assistance, education, and other agricultural programs and benefits
- Cultivation license allows for breeding and sale of seed, and plant starts

## **Sec. 2: Licensing, Market Equity, and Scale Appropriate Regulation**

- Limit on production for ALL cultivation operations, including Integrated Licenses and D (unless they are not-for-profit and / or only selling to the medical marketplace)
- Strike from Act 164: “Cultivation can only occur in an enclosed locked facility”, amend to read, “Indoor and mixed-light cultivation can only occur in an enclosed locked facility - outdoor cultivation may be secured at the discretion of the cultivator”.
- Differentiate caps on production and scales of license for indoor, mixed-light, and outdoor at a scale of approximately 1:2:4 (indoor: mixed-light: outdoor)
  - Tiered permit system allowing up to 1 acre (app. 43,500 sq. ft) outdoors, 22,000 square feet for mixed-light, and 10,000 square feet indoors
  - Caps on Craft Cultivation licenses: (Performance standards shall be developed for mixed-light and indoor cultivation; outdoor cultivation shall be regulated under the Required Agricultural Practices)
    - 4,000 sq ft outdoor
    - 2,000 sq ft mixed-light
    - 1,000 sq ft indoor
- Craft Licenses:
  - License holders within this tier will not be able to horizontally integrate, but can still vertically integrate (1 type of license per licensee).
  - Craft Licenses will not be restricted by the “opt-in” clause
  - Craft licensees will only be able to transact with other craft license holders.
    - Craft retailers will only be able to re-sell products produced by craft cultivators and craft processors.
    - Craft processors will only be able to process for craft cultivators, and only wholesale to craft retailers.
  - Craft licenses may be co-owned; any share of ownership counts towards the license allowance for that individual and / or company.

- The CCB Shall accept license applications and issue licenses on an ongoing basis and without restriction for the Craft Tier of licenses including the Vertically Integrated Small Farm License.
  - Craft license applications shall be differentiated from non-craft license applications by fewer requirements, a less onerous process, and a more affordable cost which will be fixed in price.
  - There shall be no limitations on the number of craft license holders in the State
  - The only requirement will be a criminal background check as already included for other licenses in Act 164.
- Craft License Tiers: licenses can sell product from, and service only, craft cultivators; a Craft License counts towards the one license per category cap.
  - Craft Cultivator (\$1,000)
  - Craft Licensed Processor / Product Manufacturer (\$2,000)
  - Craft Retailer (\$2,500)
  - Craft Delivery - direct delivery from \*any type\* of producers to home users. (\$2,500)
  - Craft Small Farm License (\$2,000)
    - Craft Small Farm License: Allowing outdoor cultivation, processing / product manufacturing, and retail sales ONLY on-farm and ONLY from product produced on-farm at Craft Outdoor cap of 4,000 sq ft
    - This license can sell to craft retailers, wholesalers, processors, etc.
      - On-farm sales facility requirements (not complete - but must be less than and differentiated from Retail License):
        - Demonstrate secure location and storage
        - Set up for tracking, etc.
        - Training in sales, ID check, etc.
- Include Craft Retailer licenses in the first round of licensing.
- Include Craft Processor / Product Manufacturer licenses in the first round of licensing.
- Include Craft Wholesale / Transport / Delivery licenses in the second round of licensing.
- Include Onsite Consumption licenses in the third round of licensing.
- Home Grow Adult:
  - Allowance of 10 mature plants

### **Sec. 3: Regulatory Body**

- Create a process with which members of the CCB may be removed, either through the Advisory Committee or the executive and legislative branches.
- The Advisory Committee to the CCB must be Seated and active prior to the CCB providing its recommendations to the legislature.
- The Advisory Committee to the CCB will have a  $\frac{2}{3}$  majority enabled veto power to override decisions made by the CCB

### **Other Provisions:**

- Not requiring background checks and cannabis establishment ID cards for seasonal employees of cultivators
- Caregiver allowances:
  - Strike from current bill the need to be fingerprinted
  - Caregiver and patient allowances:
    - Increasing the patient allowance from 1 to 5 per caregiver
    - Allowance for 10 mature plants