

**February 1, 2024**

**Testimony to House Committee on Government Operations and Military Affairs**

**Joseph Toploski, Lab Manager at Satori - Middlebury, VT**

Good morning, Chair McCarthy and esteemed members of the Committee. My name is Joseph Toploski, and I serve as the Lab Manager at Satori in Middlebury, VT.

For those of you who couldn't join our tour last week: Satori is a Tier Five cultivator, as well as a wholesaler and tier three manufacturer. It's a great place to work. Currently, there are 51 full-time employees, we enjoy competitive salaries and benefits including health care. There is a real spirit of teamwork among the employees, as we all work together on our mission to grow great cannabis and produce the best cannabis products in Vermont.

Satori has made a real investment in the facility, reclaiming a defunct warehouse-factory, cleaning up the contaminated property, and installing cutting-edge cultivation technology which saves electricity and water and helps us grow a great quality product.

With seven years of experience as a medical marijuana patient and home cultivator, and my professional involvement in Vermont's CBD industry since its inception, I am here to discuss the significant benefits of removing potency caps on cannabis concentrates.

### **Background**

My journey in this field began in early 2020 when I moved to southern Vermont to assist in establishing the first Analytical and Processing lab in the state, Northeast Processing. Our collaboration with Vermont Hemp farmers has been instrumental in advancing formulations, extraction techniques, and compliance within the state.

### **Advantages of Removing Potency Caps**

**Increased Tax Revenue:** Eliminating potency caps can lead to higher tax revenues for the state.

This is due to the increased cannabinoid yield retention from source biomass. For example, hydrocarbon extraction yields about 95%, and ethanol extraction about 70%. More yield translates to more cannabis units manufactured and, consequently, more taxable products.

**Market Diversification:** The removal of these caps enables the introduction of diverse product lines such as shatters, waxes, and diamonds. This diversification allows us to recapture market shares of these products, which are currently dominated by legal bordering states like Massachusetts.

**Authentic Ratios:** Lifting these restrictions facilitates the production of concentrates with cannabinoid to terpene ratios that closely mimic those found in natural dried cannabis flowers. This authenticity is vital for both medical efficacy and consumer preference.

Safety Enhancements: The removal of potency caps, especially concerning hydrocarbon extraction, necessitates that all operators use a Class 1 Division 1 (C1D1) booth approved by the state fire marshal. These booths, equipped with exhaust fans and solvent vapor sensors, ensure a controlled and safe environment, thereby reducing risks associated with the extraction process.

#### Current State and Challenges

Currently, Vermont enforces a potency cap of 60% on cannabis concentrates. However, there's an allowance for manufacturers to produce and distribute solid concentrates above 60% THC potency if they are pre-packaged in vaporization devices. This regulatory inconsistency not only hinders product development but also poses challenges to the industry, such as:

- The current mechanical separation methods are time-consuming and labor-intensive.
- These methods significantly reduce the manufacturer's yield.
- Producers are forced to explore fewer effective alternatives to maintain compliance.

In summary, the removal of potency caps on cannabis concentrates offers a pathway to increased state revenue, market diversification, product authenticity and enhanced safety standards. As Vermont looks to foster a robust and compliant cannabis industry, reconsidering these caps could be a pivotal step in achieving these goals and shutting down the black market, which I think we can all agree is a good thing.

Thank you so much for your time and all your hard work.