

Chair Birong, Vice Chair Hango, and Members of the House Committee on Government Operations and Military Affairs,

My name is Christina Lillie. I am a licensed cannabis cultivator at Green Mountain Sativa in Stockbridge, Vermont, and Co-Chair of the Vermont Growers Association Cultivator Working Group. I am submitting this written testimony in support of S.278, An Act Relating to Cannabis, and respectfully request that it be posted to the committee page and entered into the record. I am also available to testify in person should the committee require further input.

#### Protect and Strengthen Direct Sales (Sections 5 and 6)

The direct-sales provisions in Sections 5 and 6 are vital for Vermont's small producers. Currently, a significant portion of the cannabis market remains unregulated. Many legacy-market consumers will only transition to the regulated market if they can purchase directly from trusted producers a segment that retail alone cannot capture. Direct sales complement retail by building customer relationships that drive traffic to shops for other products. Vermont's commitment to supporting small agricultural producers through direct market distribution should extend fully to cannabis. I urge the committee to preserve and strengthen the framework in Sections 5 and 6.

#### Protect Section 11: Retail Opt-In and Nuisance Protections

Section 11 is essential for long-term market health. Simplifying the retail opt-in process for municipalities allows towns to better shape their local markets. Additionally, extending nuisance protections to indoor growers and Tier 1 manufacturers corrects an inequity in current law, providing these licensed producers with the same baseline protections as outdoor growers. Please keep all elements of Section 11 intact.

#### Add Antitrust Protections

I urge the committee to include antitrust language modeled on Vermont's existing alcohol industry protections. "Pay-to-play" arrangements threaten the craft market by allowing larger operators to crowd out small producers. Furthermore, the CCB should be granted clear enforcement authority regarding nonpayment between businesses. Small producers operating on thin margins cannot absorb the cost of unpaid invoices. These protections ensure Vermont's market rules are enforced fairly at no additional cost to the State.

#### The Stakes of Inaction

With the biennium concluding, any delay in these reforms forces licensed small producers to continue competing at a disadvantage against the unregulated market and lower-priced products from neighboring states. Vermont's legal market was

built on the promise of craft production; this committee has the opportunity to make that promise a reality while securing meaningful tax revenue for the State.

Thank you for your time and your service to Vermont.

Respectfully submitted,

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