

To whom it may concern,

I'm writing to give testimony on Bill S. 278. For context, I'm a 30-year-old business owner born and raised in Vermont. I, along with my brother and our childhood friend, hold 3 cannabis licenses in this state, which includes the highest volume dispensary in Burlington. We are a family business built on the values that Vermonters embody and encourage: community, sustainability, and authenticity.

There are 2 things I want to bring your attention to in this bill-

### **1. Direct Sales (Sections 5 and 6)**

As a licensee who holds both a retail and a cultivation license, I am in a unique position to give testimony to the matter of direct sales given that I hold both a retail and cultivation license. This bill outlines two avenues that cultivators and manufacturers have to sell their products like every other agricultural product in this state: events and delivery. Multiple retailers that I've spoken to have voiced concerns about allowing other licensees to sell to the general public (all having to do with their own profits), but I find that short-sighted. It ignores the massive market segment that isn't shopping in the regulated market. In fact, Whitney Economics estimated that in states with legal cannabis, **70% of transactions are still done on the illicit market.**

Allowing direct to consumer sales like this isn't going to eat into retailers profit, it's going to onboard those people who haven't participated in the legal market. When a consumer meets a farmer at an event and tries their product, they're more likely to seek that product out on retail shelves. This also is an avenue into uncaptured taxable sales that are already happening in Vermont but haven't been captured in the regulated market.

### **2. Retail Opt-In (Section 11)**

Our current retail licensing window is closed to new applicants. While some retailers see this as a protection for their bottom line, I see this as a threat to the survival of small producers. There is often talk of an oversupply issue in Vermont cannabis, but I would argue the real problem is a bottleneck. To put this in perspective:

There are over 1,000 second-class licenses for alcohol (offsite consumption).  
Cannabis has only 110.

Increasing access to retail shops will help bring more consumers into the regulated market and bolster the struggling cannabis cultivators and manufacturers by increasing shelf space and volume of sales. Section 11 in this bill allows an avenue for constituents of a municipality to force a vote on retail opt-in, which will open the door to the CCB reopening retail permits.

Finally, I support continued efforts to bolster small licenses, such as lowering outdoor cultivation fees (Section 10a). However, I believe Tier 3, 4, and 5 licenses do not need these fee reductions; their scale makes the cost inconsequential, and we should focus resources on the success of smaller producers.

Additionally, any of these direct to consumer attempts need to be focused on tier 1 and 2 cultivators that do not hold retail licenses. I am saying this as a tier 2 grower who

has a retail license, knowing this will block me from participating. I am explicitly asking you to exclude my company from these new direct to consumer sales.

This isn't about me or my company, it's about having a functioning regulated market that honors Vermont values and allows people to make a modest living in this state and it's important to me that we continue shaping the market into one that works for all Vermonters, not just large corporations.

Sincerely,

Justin Decatur  
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