

Thursday, April 30, 2026

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

Good afternoon. For the record, my name is Geoffrey Pizzutillo, CoFounder and Executive Director of Vermont Growers Association.

We've seen this committee take on many important matters in this General Assembly; we recognize and thank you for that work and appreciate your time and energy in the still-nascent regulated cannabis industry.

It's good to see many of you again, along with some new members. To use your time well during my testimony this afternoon, I will briefly make introductions, then spend a few minutes on the Vermont adult-use market, which is nearly 4 years old, and general cannabis market economics, then proceed to recommendations for Bill S.278. Please feel free to stop me at any time to ask questions, and I will try to leave time at the end for questions, as well. Lastly, cannabis can be a complex subject matter, at times, so please feel free to ask me any questions about cannabis in general.

As I mentioned earlier, my name is Geoffrey Pizzutillo, a CoFounder and the Executive Director of Vermont Growers Association. I was a long-time legacy-market cultivator with deep roots in the state, who, in March 2019, established the Vermont Growers Association with other local small producers to advance the interests of local, independent family farms and small businesses by supporting an equitable, craft-centric cannabis marketplace through advocacy, education, and marketing, resource development, business development, workshops, community-building event programming, and more.

Vermont Growers Association is the state's oldest member-based nonprofit organization, organizing and representing the adult-use industry. Though we have growers in our name, we represent the entire supply chain, including retailers,

manufacturers, labs, and growers, as well as non-plant-touching businesses that service and support the adult-use cannabis market, such as banks and insurance companies. VGA is a founding member of the Vermont Cannabis Equity Coalition, which includes the Vermont Racial Justice Alliance, Green Mountain Patients Alliance, NOFA-VT, and Rural Vermont, collectively representing the local communities most impacted and with the greatest stake in the adult-use and medical markets.

In addition to being a founding member of the Vermont Cannabis Equity Coalition, which we are very proud of, VGA is also a founding member of the National Craft Cannabis Coalition, which organizes and advocates for national cannabis policy that includes the interests of small farms and businesses. The NCCC earned the support of several other national organizations, such as NORML, the Drug Policy Alliance, the Parabola Center for Law and Policy, and others, with the Small Homestead Independent Producers Act (SHIP Act) first introduced in 2022, then reintroduced in 2025, which is the first legislation in Congress to begin to bring forward the interests of small small farms and businesses in the national cannabis conversation. Please feel free to ask me questions about federal or state cannabis policy. Today, I will be giving testimony as a member of the Vermont Cannabis Equity Coalition.

Vermont's adult-use cannabis market is nearly 4 years old, and to this day, most cannabis transactions still take place in the unregulated market. The country's leading cannabis economics firm, Whitney Economics, reports that, in 2024, on average, across all 24 states with adult-use markets, 29.4% of all cannabis sales transactions in states with adult-use markets occurred in the regulated market. That means, on average, across every state with an adult-use market, including Vermont, an overwhelming majority, 70% on average, of all cannabis sales take place in the unregulated market. We do not necessarily view this as a policy failure; policymakers had good intentions, provided it is an opportunity seized. Those opportunities are policies that overlap economic development, market viability, competitiveness, justice, and the original intent of the enabling statute, Act 164 (2020), to equitably transition the state's small cannabis producers, which by extension, means their customer base, into the regulated market for public safety.

While the nation's leading cannabis economics firm reports that, on average, only 29.4% of all cannabis sales transactions in states with adult-use markets take place in the regulated market, Vermont did a better job than other states in creating a regulated market that is accessible to local unregulated producers, through innovative measures such as home occupancy exemptions for small producers, allowing them to cultivate at their place of residence in a well-regulated manner, and allowing outdoor cultivation to take place on land in current-use and gain some of the regulatory benefits of farming, allowing local farmers to participate fairly, and likely captured a greater share of the market, which we believe to be closer to 40% of the total available customer base.

So why are adult-use markets unable to capture a majority of a state's potential market share, even in states like Vermont that did a better job than most? In the mid-2010's, when adult-use cannabis policy first emerged with Colorado and Washington State enacting the country's first commercial markets, their initial focus was on public safety, and understandable so. Concerns regarding underage access, impaired driving, and societal impacts dominated the policy formation at that time. As a result, they devised a market design that mandated a multi-tier distribution system centered on retailers, distributors, that disadvantages small, craft producers and promotes integration and consolidation, and onerous regulations, such as expensive packaging, THC limitations, and low package and serving limits, to name a few of the common regulatory burdens that the unregulated cannabis market isn't held to.

Economists suggest, for several different reasons, that a significant portion of the unregulated cannabis market customer base will not participate in a regulated market unless they can purchase directly from a cultivator or manufacturer. That makes sense if you think about it. The unregulated market has long been defined by growers and makers who sell their products directly to their own customer base, many of whom develop loyal customers, and also sell wholesale to dealers. Some unregulated producers sell 100% of their own product themselves, some wholesale 100%, but most do a bit of both, just like a traditional market farmer. And, since market share is finite, the design of the regulated market must enable it to outcompete the unregulated market.

Regulated markets won't ever capture 100% of the unregulated market share, and they don't need to – they just need to capture the majority of the customer base to become viable. Which means that, for regulated markets to become viable, they need to attract the tight-knit customer bases loyal to unregulated market producers. Once these customers can purchase regulated products directly from producers, they will be more inclined to visit retail shops, especially those with which the producer has good relationships. This agricultural market dynamic, the importance of strong relationships among farmers, local grocery stores, farmers' markets, CSAs, and cooperatives, and its reciprocal economic growth, is well known in Vermont. If Vermont doesn't capture this essential share of the market, retailers will struggle to compete over an ever-shrinking customer base as they exit the regulated market, which we are beginning to see take place here in Vermont, and as we see occur in every state with an adult-use market, the unregulated market will increasingly outcompete the regulated market. In fact, this is a feedback loop, of sorts, such that as more licensed producers exit the regulated market, the more competitive the unregulated market becomes, the greater market share it absorbs.

In Vermont, because of market design policy choices such as the retail opt-in policy, which, 4 years later, created a business landscape where 78 out of 247 municipalities have retail shops. That's around 32% of all towns across the state. That structural bottleneck would damage any market, whether Vermonters are trying to make and sell beer, cheese, or cannabis. Also, over 160 cultivators and manufacturers have relinquished their licenses since initial licensing in 2022, with the leading reasons for exiting, as reported to the CCB, being market access and profitability. This reality is not the result of product quality or business acumen. Mandated multi-tier distribution markets lead to integration and consolidation, squeezing small producers out who cannot get by on wholesaling alone. If a regulated market does not provide direct market distribution to producers, the unregulated market will continue to outcompete it. The question before you and your colleagues is whether to capture this market share and its potential tax revenue, or leave it to the unregulated market and neighboring state markets.

Bill S.278, as Senator Hinsdale mentioned during the bill's reporting, is an economic development bill intended to increase the economic potential of the adult-use market by capturing a larger share of the unregulated customer base and generating increased tax revenue. I want to take a moment here to underscore that point – the market expansion premise doesn't mean make the market more appealing to youth, or attract those who don't currently consume cannabis; it means capturing a greater market share of adults who currently consume cannabis and choose to purchase in the unregulated market, or in neighboring state markets. As Damian Fagon, of the Parabola Center for Policy and Law, testified before your committee earlier this session during the joint committee hearing with the Senate Committee on Economic Development, Housing, and General Affairs, market design determines its outcome.

Bill S.278 represents important yet marginal progress on these issues through proposals such as increasing possession and transaction limits, protections for non-homeowners, limited direct-sales proposals for producers, an easier process for towns to opt into retail sales, and a producer cooperative. However, the bill still falls short of the foundational reforms needed to ensure fairness and equity across the market and enable a sustainable, thriving market. While the Vermont Cannabis Equity Coalition doesn't support the legislation as a whole, we support some sections, ask you to strengthen certain provisions, and seek to include essential reforms that are missing. I will now go through key sections of Bill S.278, provided in a separate document.

Thank you for your time and serious consideration of our recommendations and my statements. We urge you to make time to hear from licensed small producers, industry professionals, and those who relinquished their licenses. We also encourage you to engage with your colleagues on other committees, as some recommendations—such as funding for industry and community reinvestment and reforms to the Medical Cannabis Program—might be more appropriately addressed within their purview. Your collaboration could lead to more effective outcomes. We are happy to work with you to provide those perspectives as you deliberate and work to

increase the economic potential, justice, and market viability with this important legislation.

Sincerely,

Geoffrey Pizzutillo, Vermont Growers Association, Vermont Cannabis Equity Coalition,
and National Craft Cannabis Coalition