

# VCAF

VERMONT CANNABIS ACTION FUND

## **Introduction**

Thank you for allowing me to testify today. My name is Dave Silberman, I am an attorney specializing in cannabis law, co-founder of FLORA Cannabis in Middlebury, and director of the Vermont Cannabis Action Fund, or VCAF.

VCAF is a coalition of over 50 retailers, manufacturers, and cultivators focused on solving the structural issues that are holding Vermont's cannabis market back from reaching its full potential. We focus on actionable, concrete solutions that support the market as a whole rather pitting one type of licensee against another.

## **The Ground-Floor View of Vermont's Cannabis Market**

The Vermont cannabis market is in trouble and needs urgent help.

We suffer from both oversupply in the cultivation sector and oversaturation in the retail sector.

With one store for roughly every 5,500 residents, we rank in the top 5 most oversaturated states in the country, and have almost 3 times as many stores per capita as Massachusetts, and roughly 40% more cannabis stores than 802 Stores.

As a result, we are seeing price collapses in both the wholesale and retail markets, and those collapses are accelerating. Total sales per store are down by roughly 25% over the past 18 months, with many long-standing stores down 35% or more as this tiny market is split up into ever more and smaller pieces. Everyone is feeling the pinch, and business failures are rising.

Meanwhile, our costs – including regulatory compliance costs -- have only gone up. With rising costs and falling revenues, there are few cannabis businesses in Vermont that have an optimistic view of 2026. It's bad out there, and without some changes, things are going to get worse, jobs will be cut, businesses will go under, and tax revenues will suffer.

### **Cannabis Businesses Deserve to be Treated Like Other Businesses**

By and large, Vermont's licensed cannabis industry is made up of good people doing good things for their communities. We have, collectively, created over a thousand new jobs, helping attract and retain a younger workforce, which is a key priority across the political spectrum. Our hundreds of small, locally-owned businesses have raised tens of millions of dollars in new tax revenues. And we've done it the right way, responsibly, responsive to our communities, and without the parade of horribles that were loudly predicted when legalization was being debated from 2015 to 2020.

Despite this, in many ways it feels like the state is treating us like the proverbial unwanted stepchild, controlling us, stifling innovation, suppressing our efforts to build our brands and foster customer loyalty, instead of celebrating our success and supporting our growth.

Four years in, we have proven our worth and our value to our communities. We've earned the right to be treated like any other business.

## **We Need Responsible Market Growth**

More than a third of total cannabis demand in Vermont is being lost to the unlicensed market and out of state sellers. Supporting the regulated market is good for public health and safety, good for tax coffers, and good for consumer safety, but it requires policy changes. I'll focus on a few today:

1. Vermont is one of just 3 states that limit edibles to 5mg per serving instead of 10mg, and just one of 2 states that cap concentrate potency at 60% THC. These caps drive consumers to the black market, to out of state stores, and to the internet, depriving the state of tax revenues while endangering cannabis consumers' health and safety. It's time to lift these arbitrary caps.
2. By making it illegal to consume cannabis in practically any place other than one's own home, we scare tourists and locals alike away from our stores. We think it should be legal to smoke cannabis wherever it's legal to smoke cigarettes, and to consume a gummy or beverage wherever it's legal to drink alcohol.
3. Vermont has the strictest limits on cannabis advertising in the entire country, preventing us from reaching new customers and communicating with existing ones. Many of these restrictions are blatant violations of our protected free speech rights, which should be reason enough to change, but the fact is that 7 VSA 864 stifles the industry as a whole, while giving a considerable advantage to internet-based sellers and border stores in NY and Massachusetts who can freely advertise, even in Vermont media.

4. While the market is oversaturated statewide, the municipal “opt-in” requirement for retail is the primary driver of *supersaturation* in places like Rutland, Burlington, Morrisville, and others. Fewer than a third of municipalities have even bothered to hold a vote. Requiring all municipalities to hold an opt-in vote this fall would allow existing retailers to spread out more naturally, supporting a healthy marketplace, but we would also support switching to an opt-out regime if people preferred that.
5. We need new ways to reach customers, outside of dispensaries. Being able to sell at events like concerts and festivals -- the cannabis equivalent of a beer tent – allows us to meet customers where they’re at. But we also want Vermont to join 12 other states – including Massachusetts and New York – in licensing cannabis cafes and lounges where customers can safely enjoy infused foods and beverages in a social atmosphere.

Our supplemental testimony includes more granular feedback on the specific language of the bill, and we hope you will review that.

We ask for your help in supporting hundreds of struggling small businesses, and in preventing a collapse in an important stream of tax revenues for the state.

Thank you for your time.