

Hello, and thank you for giving me the opportunity to submit my testimony about S.323, a bill which includes provisions to regulate hemp and hemp products.

My name is Annika McCann. I'm a registered nurse and herbalist in St. Johnsbury, and I have owned a CBD business since 2019. I make all of my products myself using certified organic, Vermont-grown hemp flower. Nothing I make is intoxicating, and all my products contain less than the current federal limit of 0.3% THC.

Last November, President Trump signed legislation which redefined hemp and criminalized any hemp product which contains more than 0.4mg of THC per container. This legislation essentially bans most CBD products.

A few federal bills have been introduced which would delay the ban or create reasonable hemp regulations, but as far as I know none have made it out of committee. If the legislation kicks in as planned this November, all of my products will become illegal Schedule 1 drugs - more illegal than cocaine, methamphetamine, and fentanyl, which are all Schedule 2 drugs. My best-selling product is a CBD-arnica body butter. There's no possible way it could get someone high. Does it really make sense that it should be more illegal than cocaine?

My hope is that the federal ban will be fixed, but as time goes by I am less and less optimistic that this will happen. I am submitting testimony today in hopes that Vermont will enact legislation which would at least allow me to sell my products within Vermont, even if interstate sales are prohibited. Unfortunately, S.323, as passed by the Senate, would make all of my products illegal, even though they are not intoxicating.

All hemp plants contain THC. The current legal definition of hemp in the US is cannabis containing less than 0.3% delta-9 THC - there are no strains available with no THC at all. It's not possible to manufacture full spectrum CBD products with THC levels anywhere close to the new federal limit of 0.4mg per container.

Full spectrum CBD oil would have to be sold in bottles containing a single serving in order to be compliant with the new legislation. Selling a bottle of CBD

oil which only contains one or two milliliters is not practical or sustainable from a business perspective.

A member of the Senate Agriculture committee recently asked why companies don't just remove the THC. While there are plenty of THC-free CBD products available, it is widely recognized that these are not nearly as effective as full spectrum products containing trace amounts of THC. Also, all naturally produced, minimally processed CBD products will contain THC levels higher than the limit allowed under the new legislation. Removing the THC requires intensive processing using equipment which is very expensive, often in the tens or hundreds of thousands of dollars, well out of reach of a tiny business like mine.

Some cannabis lawyers are warning that even CBD isolate, which contains zero THC, may become unavailable. CBD isolate would still be legal to sell, but may become illegal to manufacture due to the new strict THC limits on intermediates, which are hemp concentrates companies use to make products.

Let's use milk as an analogy here. Imagine that whole milk in any form was illegal. Skim milk would be legal to sell, but milk comes out of the cow as whole milk, and anyone possessing whole milk, even dairy farmers, would be breaking the law. It would be impossible to process whole milk into skim milk while following the law. Similarly, it would be impossible to legally manufacture CBD isolate, because the starting material, hemp concentrate, would contain well over 0.4mg of THC per container.

S.323 makes multiple references to the federally defined THC limit. If Vermont uses the federal limits for hemp and hemp products, and the federal hemp ban takes effect as planned, you will be driving most CBD producers and processors out of business, as their products would become illegal.

Section 4B states that any hemp product that is not lawful in interstate commerce is excluded from the definition of a hemp product. This would include most CBD products currently available.

I urge you to keep the THC threshold for hemp at the current federal standard of 0.3% delta-9 THC, or increase it to 1%, which is still non-intoxicating. Also, it's essential that licensed processors be able to possess concentrates containing over 0.3%, so long as the final product meets the 0.3% limit.

I'd like to touch briefly on the fees in S.323. A processor would need to pay \$500 plus \$75 per product. My business would have to pay over \$3000 annually in fees. I currently pay zero. I can't recall what my licensing fees under the Agency of Agriculture or the CCB were, but they were a fraction of what I would pay under S.323. If I am only permitted to sell in Vermont, these fees would be about 15% of my total gross sales within Vermont, and may well make my business untenable.

I believe the fees should vary depending on the size of the business. I run a tiny micro-business with no employees. If a multinational corporation like Anheuser-Busch wanted to sell hemp beverages in Vermont, they would pay much less in fees than my tiny business would pay. This provision penalizes small businesses and favors large corporations.

I urge you to pass legislation which supports Vermont farmers and small business owners. There are roughly 20 to 30 CBD businesses in Vermont making and selling non-intoxicating CBD products, and thousands of Vermont residents who rely on CBD to manage medical conditions. Many of these customers would have to resort to using riskier medications, like opioids, to manage their chronic pain. Please keep THC limits at 0.3% or higher, and create a fee structure which doesn't penalize small businesses. Do the right thing and keep CBD accessible to Vermonters, and don't force us out of business. Thank you very much for your time.