

Tuesday, April 28, 2026

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

We are reaching out today as an informally organized group of small, local, independent hemp farmers and manufacturers, with the Vermont Growers Association, Rural Vermont, and other local organizations. Some members of our group have had the privilege of testifying before the House Committee on Agriculture, Food Resiliency, and Forestry, as well as in the Senate, regarding the important discussions around the proposals for a hemp market in Bill S.323, which is currently under consideration by your committee.

We wish to recognize and appreciate your committee's willingness to engage in a meaningful and productive discussion on this matter and respectfully offer our collective comments and three clear, reasonable recommendations regarding the recent proposals in Draft No. 1.1 of the Hemp Amendment to Bill S.323, as introduced in the House Committee on Agriculture, Food Resiliency, and Forestry on Thursday, April 16. Our goal in organizing is to present a clear, well-reasoned set of recommendations, share the experiences of local stakeholders to inform and assist your decision-making, especially amid the ongoing uncertainty at the federal level regarding hemp regulation, and make ourselves available for committee discussion.

1) Establish A Multi-Tier Processor Permit System That Supports a Rural Economy and Ensures Product Integrity and Safety

The proposals outlined in Draft No. 1.1 of the Hemp Amendment to Bill S.323 regarding processor permits and product registration introduce significant financial and regulatory challenges for hemp growers and producers *that do not currently exist* and would place them at an even greater disadvantage in an already uncertain federal regulatory landscape that may further disadvantage them by effectively eliminating interstate commerce should the federal THC threshold change in November.

The introduction of a mandated product registration system and fee, as currently proposed, would impose significant disadvantages on Vermont's hemp producers and result in an outcome contrary to this legislation's intent. To protect small, independent hemp growers and processors while upholding the high standards of product quality, integrity, and safety, we recommend the implementation of a 3-tier processor permit system. This would maintain product integrity and safety without introducing burdens that don't currently exist, such as product registration system, or burdens beyond what was requested by the Agency of Agriculture, Food, and Markets during its oversight of the hemp program.

- Craft Tier 1 Hemp Processor, allows for the processing of hemp into extracts and the manufacturing of products, a \$50 two-year fee, minimal application with background check, limited to businesses with 1-2 employees.
- Tier 2 Hemp Processor, allows for the processing of hemp into extracts and the manufacturing of products, a \$500 two-year fee, minimal application with background check, limited to businesses with 3-20 employees.
- Tier 3 Hemp Processor, allows for the processing of hemp into extracts and the manufacturing of products, a \$10,000 two-year fee, minimal application with background check, limited to businesses with 21+ employees.
- The Cannabis Control Board shall develop rules allowing non-state-licensed lab COAs and other measures to ensure equitable and fair support for small, independent hemp growers and processors, and to ensure product integrity at the time of permitting.

2) Ensure The Current Federal THC Threshold Standard Remains

The ongoing uncertainty in Washington, D.C., regarding hemp regulation underscores the critical need for state governments to actively support compliant local hemp growers and producers. We propose that the THC threshold for hemp be established in statute at the current federal standard of 0.3% delta-9 THC on a dry-weight basis, and that permit holders be able to possess concentrates containing over 0.3%, so long as the final product meets the 0.3% limit. Additionally, we

recommend including language that allows the General Assembly to reassess the state's threshold should the federal government increase its limit beyond 0.3% THC by dry weight, ensuring that the needs of small producers are adequately considered with parity and consideration for the adult-use cannabis market, as well.

3) Allow Adult-Use Manufacturers To Process, Possess, And Sell Hemp And Hemp Compounds To Other Adult-Use Cannabis Manufacturers And Hemp Processors Permit Holders, And To Co-Locate With A Proposed Hemp Processor Permit Holder

The current hemp industry lacks the processing infrastructure to support a vibrant hemp market, which this legislation intends to foster. State-licensed cannabis manufacturers are in the best position to support the immediate needs of processing hemp flower and supporting the needs of hemp growers and processors. We recommend allowing adult-use cannabis manufacturers the ability to co-locate with a proposed hemp processor permit.

Thank you for considering our feedback and recommendations. As you consider this issue, we urge you to keep in mind that introducing hardships beyond those currently faced by local small hemp farmers and producers could undermine the legislation's intent to protect them.

We support the Cannabis Control Board overseeing the state hemp market in a fair and equitable manner, centered on protecting the well-being of small, independent hemp producers. We believe a viable and sensible approach is possible that establishes a state-run hemp market that includes effective regulations to protect consumers, protect small, independent hemp farmers and manufacturers, upholds Vermont's reputation for high-quality, small-scale agricultural products, and fosters an equitable, competitive, and thriving craft hemp marketplace.

Sincerely,

Sam Bellavance, Sunset Lake CBD, Cannabis Retailers Association of Vermont
Amy Lems, Vermont Organic Solutions, Vermont Growers Association

Annika McCann, Primal Botanical

Geoffrey Pizzutillo, Vermont Growers Association

Caroline Sherman Gordon, Rural Vermont

Bernie Silva, Vermont Essentials, Vermont Growers Association

Trainer Thompson, HeyBud, Vermont Growers Association