

# Vermont Cannabis Control Board

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Report to the General Assembly  
Pursuant to Section 5(g) of Act 164 (2020)

*January 15, 2022*



# Overview

- **Background, Requirements, and Process**
- **Summary of Social Equity Outreach and Social Equity Recommendations**
- **Online Ordering and Delivery**
- **Additional License Types**
- **Cannabidiol and Potency Recommendations**
- **Paraphernalia Recommendations**

# Background, Requirements, and Process

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- Cannabis Control Board
- Advisory Committee
- Advisory Sub-Committees
- Consultants
- Requirements of the 1/15 Report
- Public Comment

# Cannabis Control Board

The three-member Cannabis Control Board (CCB) was established through Act 164 of 2020 for the purpose of safely, equitably implementing and administering the laws and rules regulating adult-use cannabis (marijuana) in Vermont. It is responsible for establishing, administering, and regulating a cannabis regulatory system for commercial cannabis cultivators, wholesalers, product manufacturers, retailers and testing laboratories.



**James Pepper (Chair)**



**Kyle Harris**



**Julie Hulburd**

# Advisory Committee

The 14-member Cannabis Control Board Advisory Committee was created to assist the Board’s mission to safely, equitably, and effectively implement and administer the laws enabling adult and medical use of cannabis in Vermont.

<b>Member</b>	<b>Statutory Position</b>
<b>Shayla Livingston</b>	(A) expertise in public health appointed by the Governor
<b>Stephanie Smith</b>	(B) the Secretary of Agriculture, Food and Markets or designee
<b>Kim Watson</b>	(C) expertise in laboratory science or toxicology appointed by the Governor
<b>Nader Hashim</b>	(D) expertise in systemic social justice and equity issues appointed by the Speaker of the House
<b>Ashley Reynolds</b>	(E) expertise in women- and minority-owned business ownership appointed by the Speaker of the House
<b>Mark Levine</b>	(F) the Chair of the Substance Misuse Prevention Oversight and Advisory Council or designee
<b>Chris Walsh</b>	(G) expertise in the cannabis industry appointed by the Senate Committee on Committees
<b>Sivan Cotel</b>	(H) expertise in business management or regulatory compliance appointed by the Treasurer
<b>Tim Wessel</b>	(I) expertise in municipal issues appointed by the Senate Committee on Committees
<b>Ingrid Jonas</b>	(J) expertise in public safety appointed by the Attorney General
<b>TJ Donovan (Designee: Julio Thompson)</b>	(K) expertise in criminal justice reform appointed by the Attorney General
<b>Billy Coster</b>	(L) the Secretary of Natural Resources or designee
<b>Jim Romanoff</b>	(M) the Chair of the Cannabis for Symptom Relief Oversight Committee or designee
<b>Meg D’Elia</b>	(N) appointed by the Vermont Cannabis Trade Association

# Advisory Sub-Committees

**The Advisory Committee is broken down into sub-committees:**

- Compliance and Enforcement
- Market Structure, Licensing, Taxes and Fees
- Medicinal Cannabis
- Exploratory
- Public Health
- Social Equity
- Sustainability



**VS** STRATEGIES

# Requirements of the 1/15 Report

## **Act 164 (2020), Section 5(g) states:**

“On or before January 15, 2022, the Executive Director of the Cannabis Control Board shall submit to the General Assembly:

(1) a summary of its work with the Department of Labor, Agency of Commerce and Community Development, the Department of Corrections, and the Director of Racial Equity to develop outreach, training, and employment programs focused on providing economic opportunities to individuals who historically have been disproportionately impacted by cannabis prohibition;

(2) a summary of the experience of other jurisdictions with regulated cannabis markets that allow licensed retail cannabis establishments to accept online ordering for in-store pick-up of items and to deliver to customers and the advantages and disadvantages of allowing such services in Vermont;

(3) recommendations as to whether the General Assembly should consider adding additional types of cannabis licenses, including a craft cooperative license, delivery license, or special event license;

(4) recommendations as to whether cannabis and cannabis products should have a minimum amount of cannabidiol to aid in the prevention of the cannabis-induced psychosis that occurs in some users of cannabis and cannabis products; and

(5) recommendations regarding the display and sale of cannabis-related paraphernalia that is sold by persons who are not licensed as a cannabis establishment or a dispensary.”



**The CCB has emphasized receiving input and feedback from Vermont residents throughout the process.**

- Time is reserved for public comment at all Board meetings, Advisory Committee meetings, and Advisory Sub-Committee meetings.
  - Since the end of May, there have been 33 full Board meetings, 5 full Advisory Committee meetings, and 70 sub-committee meetings.
- The Board set up a process to receive public comments through its website, where it has received more than 200 substantive comments to date.

# Economic Opportunities & Social Equity

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- Report Requirements
- Summary of social equity outreach
- Summary of work with other state agencies and existing economic opportunities
- CCB Social equity program
- Social equity legislative recommendations

# Report Requirements

**Act 164 (2020), Section 5(g)(1) states:**

“a summary of its work with the Department of Labor, Agency of Commerce and Community Development, the Department of Corrections, and the Director of Racial Equity to develop outreach, training, and employment programs focused on providing economic opportunities to individuals who historically have been disproportionately impacted by cannabis prohibition;”

# Economic Opportunities & Social Equity – CCB Mission Statement

Cannabis prohibition has disproportionately harmed Black and Brown people for generations. Central to the Board's vision is creating a cannabis program that provides economic opportunities in the industry for these individuals.

Before developing any rules for this new industry, the CCB created a vision statement that guides all of our work. That mission statement emphasized the importance of building an equitable and accessible program, and states, in part:

## **Social Equity.**

The Board recognizes the disproportionate impact of the historically government-led policies that fueled the economic oppression of Black and Brown people for generations and continues to disadvantage these individuals as well as Indigenous people, people of color, and other historically marginalized groups. The Board aspires to build an equitable and accessible program in order to mitigate the past harm inflicted by the prohibition of cannabis. To this end, the Board will prioritize inclusivity in its process of building the regulatory framework, and endeavor to collect data on the program to inform course corrections.

# Economic Opportunities & Social Equity – Direct Outreach

The Board's strategy has been, and will continue to be, to hear from all possible stakeholders in the cannabis market. The Board has already sought and received extraordinary public involvement in its development of its social equity program. See slide 9.

During its numerous meetings, the Board has heard from small cannabis cultivators and cannabis policy advocates, experts on racial justice and social equity issues and individuals with lived experience of such issues, medicinal cannabis patients and experts, public health experts and advocates, environmental and energy experts and advocates, agricultural experts and advocates, and more.

One of the Board's consultants, NACB, hosted two public engagement sessions in two different parts of the state to solicit public input on the social equity program. NACB also had one-on-one discussions with members of communities that have historically been disproportionately impacted by prohibition.

Board members have individually had extensive discussions with members of the public and various experts and advocates for social equity in the cannabis industry. The Board has worked with VS Strategies, a cannabis policy consulting firm that has provided national regulatory experience, including enforcement experience, and economic expertise. The Board also plans to hold public hearings during the notice and comment period for its draft rules, and plans to engage seriously with comments that it receives during the notice and comment period.

# Economic Opportunities & Social Equity – Other Agencies

Board staff have had initial discussions with staff at the Agency of Commerce and Community Development (ACCD) regarding ACCD's responsibility for the Cannabis Development Fund and associated outreach, assistance, and disbursements to social equity applicants. Board staff will continue its work with ACCD and the Executive Director of Racial Equity in preparation for the opening of the licensing process.

As required by Act 164 Section 5(g)(1), Board staff have also had discussions with ACCD, the Department of Labor, the Department of Corrections, and the Executive Director of Racial Equity regarding economic opportunities for communities disproportionately impacted by cannabis prohibition. Direct partnership with these State agencies may be difficult to navigate, due to both federal funding barriers and the unique technical needs of the cannabis industry. This report identifies both existing opportunities for social equity outreach, assistance, and training, and opportunities for further engagement with our agency partners.

# Economic Opportunities & Social Equity – Department of Labor

- For the most part, Vermont Department of Labor's Workforce Development Division staff and activities are funded with federal funds. The State provides small amounts of funds for projects and some types of grants. VDOL's federal funding is a significant barrier to collaborating with the Cannabis Control Board on outreach, education, and training opportunities for cannabis licensees.
- There are some ways that VDOL could help achieve the goal of 7 V.S.A §903. These include:
  - Providing state funded internship grants to employers or paying individuals for their internships
  - Providing state funded training grants to appropriate training providers for programs that can demonstrate that the resulting credential is indeed required or recognized by employers and will lead to initial employment or career advancement.
- Additional state funds would be needed for promoting and posting of jobs, training initiatives, and career counseling.
- VDOL is open to continued work on this initiative but is unable to fully participate without some other set of resources so it's federal funding is not jeopardized.

# Economic Opportunities & Social Equity – ACCD

- The Vermont Agency of Commerce and Community Development does not provide direct technical assistance to businesses. Rather, the Agency utilizes a network of regional and community partners to administer small business technical assistance to businesses seeking resources in several areas: business operations, financial management, grant writing, digital strategies, architecture and physical space design, marketing and other professional services. It is through this network that businesses can get connected to the programs and resources that meet their needs.
- In addition to a network of statewide experts, the Agency works with several partner organizations to provide technical assistance services to businesses in certain sectors, and in situations where certain geographic or challenge-specific needs exist. A summary of those partner organizations is outlined in slides 19-20.
- Currently, no cannabis-specialized technical assistance resource partner has been identified in Vermont. The assistance needs of the cannabis industry will be unique, and span beyond “traditional” business needs to include both agricultural and cultivation support, business application guidance and procedural expertise, as well as potential specialized legal assistance and support regarding state and federal tax reporting.



# Existing Business Growth and Training Assistance Programs

## Vermont Employment Growth Incentive:

- A performance-based cash incentive (not a tax credit) paid to approved companies for prospective job and payroll creation in any region of the state and in almost any sector. The program requires board approval.
- Companies looking to earn the incentive must apply to the Vermont Economic Progress Council (VEPC), who will determine if the company and project meet statutory requirements. There are no restrictions on the type or size of company that can apply or the number of jobs that must be created.
- Website: <https://accd.vermont.gov/economic-development/funding-incentives/vegi>

## Vermont Training Program:

- A grant program for workforce development designed to enhance the skills of the Vermont workforce. It awards grants across a broad range of industries, focusing on new and innovative training projects or initiatives. Training projects should focus on new and/or innovative products and/or equipment, technology processes, market opportunities, or significant productivity gain.
- Website: <https://accd.vermont.gov/economic-development/funding-incentives/vtp>

# Existing Business Growth and Training Assistance Programs, cont.

## Vermont Talent Pipeline Management:

- A two-phased approach to rethinking the development and sourcing of Vermont's future workforce. Phase one focuses on the demand side of the talent pipeline – what employers need of their prospective talent pool. The second phase focuses on the supply side – finding and leveraging a qualified applicant pool so employers can hire the best talent they can.
- Website: <https://accd.vermont.gov/economic-development/programs/vtpm>

## Vermont Procurement Technical Assistance Center

- This Vermont program is part of a nationwide network that shares one common goal — to provide businesses with an understanding of the requirements of government contracting and the know-how to obtain and successfully perform federal, state, and local contracts. Among the assistance VPTAC can provide, the program can:
  - Offer free of charge one-on-one business counseling
  - Identify government buyers and subcontracting opportunities
  - Initiate market research
  - Review bid proposals and assist with preparation
  - Help to clarify contract terms and regulations
  - Provide training and networking opportunities
- Website: <https://accd.vermont.gov/economic-development/programs/ptac>

# Existing Business Growth and Training Assistance Programs, cont.

## State Trade Expansion Program Grant

- This grant has been awarded to Vermont by the U.S. Small Business Administration (SBA) to support Vermont businesses to engage internationally through trade missions, trade shows, and export education. The SBA and STEP's objective is to increase the overall number of U.S. small business exporters and to increase their export sales.
- The STEP program's focus in Vermont is on relationship development and export planning—helping businesses diversify to include global markets that benefit companies and their employees alike.
- Website: <https://accd.vermont.gov/economic-development/programs/international-trade>

## Brownfields Initiative

- Offers remediation grants and loans to promote the productive reuse and redevelopment of sites that are currently abandoned or not fully utilized due to contamination or the perception of contamination on the site. Common brownfield sites include former gas stations, automotive repair shops, schools, dry cleaners, print shops, and other service-oriented businesses.
- The Fund is administered by the Agency of Commerce and Community Development with funds made available to Vermont from the Environmental Protection Agency. Eligible applicants can be private developers, non-profits, or municipalities.
- Website: <https://accd.vermont.gov/economic-development/funding-incentives/brownfields>

# Existing Business Growth and Technical Assistance Providers

## Vermont Small Business Development Center

VtSBDC combines one-on-one confidential advising with training programs to give clients the tools and insight they need to reach their business goals. They can assist with startup planning, financing, sales/marketing, growth strategies, financial management, and operations.

## Vermont Manufacturing Extension Center

The Vermont Manufacturing Extension Center (VMEC) has operated statewide as a not-for-profit Center since 1995, collaborating with public and private partners in business, government and education to bring world-class assistance and resources to Vermont manufacturers and other enterprises of all sizes, helping them overcome ever-changing challenges, become more competitive and grow their profitability.

## Vermont Employee Ownership Center

The VEOC supports business owners considering an exit to broad-based employee ownership via an Employee Stock Ownership Plan (ESOP), worker co-op, or similar model. The non-profit offers free pre-feasibility consulting, presents seminars, organizes an annual conference, and maintains a revolving loan fund to support the financing of such deals.

# Existing Business Growth and Technical Assistance Providers, cont.

## Vermont Farm & Forest Viability Program / Vermont Housing & Conservation Board

The Vermont Farm & Forest Viability Program offers business planning and technical assistance to Vermont's commercial-scale farm, food, and forestry enterprises to help them achieve long-term success. Businesses seeking support with meeting their goals for expansion, diversification, and transition can apply for up to two years of one-on-one planning and technical assistance. In-depth services are carried out by a statewide network of advisors and can include: business planning, enterprise analysis, financial record management, marketing and sales, human resources management, and planning for transition.

## Regional Development Corporations

The Department of Economic Development provides administrative funding to our twelve Regional Development Corporations (RDCs) serving every geographic region of the state. These organizations serve as “satellites” of the DED, and they provide local knowledge and facilitate assistance in their communities. View RDC [map](#) coverage.

## Intervale Center Farm Business Planning Programs

Provides Vermont’s farmers – from aspiring farmers to established business owners – with business development opportunities. [Vermont Farm and Forest Viability Program; Beginning Farmer Business Planning and Coaching](#); [Vermont Land Link](#)

# Economic Opportunities & Social Equity: Existing Grant Funding

## Vermont Student Assistance Corporation Advancement Grant:

- These are awards to individuals and may be a potential source of training funds (they are state funds; not federal) for those who enroll in relevant, industry recognized certificate/credential programs.
- Advancement Grant (previously the Vermont Non-Degree Grant)—for Vermont residents enrolled or planning to enroll in a non-degree course or training program that will enhance job skills to improve a person's ability to get a job or that gives an introduction to college courses.

<https://www.vsac.org/pay/applying-online-financial-aid/vermont-grants>

# Economic Opportunities & Social Equity – Cannabis Control Board

- A primary goal of the Board is to promote an equitable and accessible industry, and part of that goal is proposing a plan for reducing or eliminating fees for individuals from communities that have historically been disproportionately impacted by cannabis prohibition or individuals directly and personally impacted by cannabis prohibition.
- In its October 15 report to the General Assembly, the Board proposed "social equity criteria" that, if met, would entitle a cannabis license applicant to waived or reduced application and licensing fees and access to disbursements from the Cannabis Business Development Fund (administered by ACCD). In addition, the Board is developing a social equity program to support social equity applicants with outreach, education, and technical assistance.
- The Board is also considering creating an "economic empowerment" policy to support and encourage the participation of low-income applicants and applicants from historically underrepresented groups. This will serve the goal of ensuring a diverse and inclusive cannabis industry that provides economic opportunities to many.

# Economic Opportunities & Social Equity – CCB Social Equity Program

## SOCIAL EQUITY CRITERIA

**A cannabis license applicant that meets at least one of these 2 criteria shall be eligible for the CCB's social equity program:**

1. Person of color or anyone who can demonstrate that they are from a community that has historically been disproportionately impacted by cannabis prohibition
2. Person has personally been convicted of a cannabis-related offense or has a family member that has been convicted for a cannabis-related offense

(No previous Vermont residency is required, but applicant must currently reside in Vermont)

## SOCIAL EQUITY PROGRAM

- Social equity applicants shall be eligible for application fee waivers and license fee waivers in the first year, and then license fee reductions by 75%, 50%, and 25% in each of the following three years
- Board shall host entrepreneurial outreach sessions to encourage participation in the market
- Social equity applicants / license holders shall be eligible for disbursements from the Cannabis Business Development Fund, application assistance, business and technical assistance programming as developed by the CCB, and access to educational resources



# Economic Opportunities & Social Equity – Legislative recommendations

**Beyond the work of the Board to foster an equitable cannabis marketplace, the General Assembly can create far-reaching policies to mitigate the long-standing social and economic inequities fueled by cannabis prohibition. The Board encourages the legislature to adopt these policies.**

- The Cannabis Business Development Fund is not adequately funded to provide meaningful economic opportunities to social equity applicants and businesses on an ongoing basis. The Board recommends that the legislature allocate a portion of the cannabis excise tax revenue annually to the Cannabis Business Development Fund. The Control Board's Advisory Committee recommended that 5-10% of the cannabis tax revenue be dedicated to the Business Development Fund.
- The Board recommends that the legislature create a Cannabis Community Reinvestment Fund to funnel cannabis revenue to communities disproportionately impacted by cannabis prohibition and allocate a percentage of cannabis tax revenue to the fund annually. Not all individuals from communities harmed by prohibition want to participate in the adult-use industry. Reinvesting cannabis revenue into these communities is a more comprehensive approach to mitigating the harms caused by disproportionate criminal legal enforcement. The Control Board's Advisory Committee recommended that 20% of the cannabis tax revenue be dedicated to a Reinvestment Fund.

# Economic Opportunities & Social Equity – Legislative recommendations, cont.

- The prohibition of high THC cannabis and cannabis products in 7 V.S.A. § 868 further perpetuates the illicit market as well as the risk of increased arrests for cannabis offenses. Racial disparities for drug arrests and sentencing persist to this day, and the continued prohibition of high THC cannabis and cannabis products again asks communities of color to bear the burden of biased enforcement.
- In the Board's November 1 report to the General Assembly, we recommended that the legislature remove from the list of prohibited products in 7 V.S.A. § 868 solid concentrates with a THC concentration of 60% or above for adults 25 years of age and older.
- The Board also recommends lifting the 30% THC cap on cannabis flower. Any legal prohibition will require increased enforcement, which can result in biased enforcement. 30% approaches the natural biological limit of THC production in the cannabis plant, so this prohibition may unnecessarily invite additional enforcement.

# Online Ordering and Delivery

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- Report Requirements
- Experience in Other Jurisdictions
- Advantages and Disadvantages – Delivery
- Advantages and Disadvantages – Online Ordering
- Recommendations

# Report Requirements

**Act 164 (2020), Section 5(g)(2) states:**

“a summary of the experience of other jurisdictions with regulated cannabis markets that allow licensed retail cannabis establishments to accept online ordering for in-store pick-up of items and to deliver to customers and the advantages and disadvantages of allowing such services in Vermont;”

# Experience in Other Jurisdictions

## Delivery

- Almost 2/3 of adult-use states allow delivery
- Of states that recently passed adult-use but have not yet fully implemented sales, none prohibit delivery and most include delivery licenses in the statute
- Some states that originally did not allow delivery, like Colorado and Massachusetts, have since authorized delivery

## Online Ordering

- No consensus on online ordering but the vast majority of existing adult-use states allow it
- Most states that recently passed adult-use are silent on the issue in their statute

# Adult-use Delivery in Other Jurisdictions

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State	Delivery allowed?	Notes
Alaska	No	
Arizona	N/A	No adult-use sales yet; delivery allowed for medical
California	Yes	Subject to local rules
Colorado	Yes	Implemented recently; subject to local rules
Connecticut	N/A	No adult-use sales yet; delivery licenses available
Illinois	No	
Maine	No	Delivery allowed for medical but not adult-use
Massachusetts	Yes	Limited to social equity applicants for a few years
Michigan	Yes	

## Adult-use Delivery in Other Jurisdictions (cont.)

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State	Allowed?	Notes
Montana	Yes	
Nevada	Yes	
New Jersey	N/A	No adult-use sales yet; delivery licenses available
New Mexico	N/A	No adult-use sales yet; delivery licenses available
New York	N/A	No adult-use sales yet; delivery licenses available
Oregon	Yes	Adult-use delivery subject to local rules
Virginia	N/A	No adult-use sales yet; delivery allowed for medical; unclear on adult-use
Washington	No	

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# Adult-use Online Ordering in Other Jurisdictions

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State	Allowed?	Notes
Alaska	Yes	May accept online or telephone orders for pick-up
Arizona	N/A	Relevant rules not yet promulgated
California	Yes	
Colorado	Yes	
Connecticut	N/A	Rules not yet promulgated by statute anticipates online ordering
Illinois	Yes	Customers may pre-order online
Maine	No	Internet-based sales platforms prohibited
Massachusetts	Yes	
Michigan	Yes	Only allowed for delivery



## Adult-use Online Ordering in Other Jurisdictions (cont.)

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State	Allowed?	Notes
Montana	No	Statute prohibits websites from including price or soliciting customers
Nevada	Yes	
New Jersey	Yes	Requires in-person ID verification before first online order
New Mexico	N/A	No adult-use sales yet; regulations to be promulgated
New York	N/A	No adult-use sales yet; regulations to be promulgated
Oregon	Yes	
Virginia	N/A	No adult-use sales yet; regulations to be promulgated
Washington	Uncertain	Many retail locations take online orders, but the regulations don't seem to authorize such transactions

# Advantages and Disadvantages – Delivery

## Advantages

- **Greatly increases consumer convenience.** Customers have grown accustomed to quick delivery for most consumer products and cannabis should not be treated differently.
- **Transitions sales from illicit market to regulated market.** Delivery expands access and convenience in a way that allows the regulated market to compete with the illicit market. Consumers who live far from a Retail-Storefront and have delivery currently in the illicit market are more likely to switch to regulated products if they can avoid inconvenient, lengthy drives.
- **Creates jobs and opportunities for small entrepreneurs.** Delivery will create new delivery jobs and some may start up third-party delivery companies.

## Disadvantages

- **Additional regulatory burdens on the CCB.** The sales and age restrictions on cannabis requires additional regulatory provisions that do not apply to most products. However, similar hurdles have been overcome for alcohol delivery.
- **Slight increase in potential public safety issues.** More vehicles will be on the roads with valuable cannabis or cash could create opportunities for robbery. However, other states with delivery have not experienced a significant uptick in delivery-related crime.

# Advantages and Disadvantages – Online Ordering

## Advantages

- **Greatly increases consumer convenience.** Like with delivery, customers have grown accustomed to online ordering and cannabis should be treated like other consumer goods.
- **Transitions sales from illicit market to regulated market.** Making the payment process easier and the transaction times quicker at the store will encourage more consumers to switch from the existing illicit market to regulated sales.
- **Allows for socially distanced sales and quicker transaction times.** Many states embraced online ordering during the Covid-19 pandemic because it allows for quicker and more socially distanced transactions than traditional sales.

## Disadvantages

- **Additional costs may be passed on to consumers or hurt the underlying business.** In other industries with online ordering, particularly restaurants, service fees and other hidden costs have been pushed onto consumers or have hurt the business providing the goods or services being ordered.
- **Potential payment issues.** Online ordering could potentially lead to payment issues or disputes between consumers and licensees or between licensees and the processing company, all potentially further complicated by the federal status of cannabis.

# Recommendations

- The Board recommends that the legislature authorize cannabis delivery, including the creation of the Delivery license described in the next section.
- The Board recommends that the legislature allow for customers to place orders online for cannabis and cannabis products for both delivery and in-store or curbside pick-up.
- The Board recommends that the legislature let the Board determine how to regulate cannabis delivery so that the Board can implement delivery in a way that works for Vermont's customers, entrepreneurs, and brick and mortar Retail-Storefronts.

# Additional License Types

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- Report Requirements
- Goals for Additional License Types
- Current License Types
- Recommended Additional License Types
- Potential Future License Types

# Report Requirements

**Act 164 (2020), Section 5(g)(3) states:**

“recommendations as to whether the General Assembly should consider adding additional types of cannabis licenses, including a craft cooperative license, delivery license, or special event license;”

# Goals for Additional License Types

- The Board, as emphasized in our mission statement, is focused on creating an equitable and diverse marketplace that will allow small businesses and Vermonters to thrive. Our goal is to create licenses that are accessible and avoid high barriers to entry so that the cannabis industry reflects the population and values of the state of Vermont.
- The Board's initial set of licenses create the framework needed for the industry to develop, with an emphasis on ensuring that social equity applicants and small entrepreneurs have access to affordable licenses. The set of licenses recommended in this report will further that goal and create additional opportunities and models for small entrepreneurs and social equity applicants, as well as allowing some local businesses in other industries to benefit from cannabis legalization.
- This report also highlights some other license types that should be strongly considered in the near future. These are all important concepts that will benefit Vermont consumers and entrepreneurs, but the Board recommends that these not be created until after the current and recommended license types are fully implemented.

# Current License Types

- As directed in statute, the Board has developed the following license types in our initial rules:
  - Cultivation licenses – 15 tiers
  - Retail licenses – 2 tiers
  - Manufacturing licenses – 3 tiers
  - Integrated licenses – 1 tier
  - Wholesale licenses – 1 tier
  - Testing laboratory licenses – 1 tier



# Outdoor Cultivation Tiers

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<b>Tier</b>	<b>Nature of Business</b>
Outdoor Tier 1	May cultivate up to 1,000 sq ft of total canopy outdoors (or up to 125 plants)
Outdoor Tier 2	May cultivate up to 2,500 sq ft of total canopy outdoors
Outdoor Tier 3	May cultivate up to 5,000 sq ft of total canopy outdoors
Outdoor Tier 4	May cultivate up to 10,000 sq ft of total canopy outdoors
Outdoor Tier 5	May cultivate up to 20,000 sq ft of total canopy outdoors
Outdoor Tier 6	May cultivate up to 37,500 sq ft of total canopy outdoors

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# Indoor Cultivation Tiers

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<b>Tier</b>	<b>Nature of Business</b>
Indoor Tier 1	May cultivate up to 1,000 sq ft of total canopy indoor
Indoor Tier 2	May cultivate up to 2,500 sq ft of total canopy indoor
Indoor Tier 3	May cultivate up to 5,000 sq ft of total canopy indoor
Indoor Tier 4	May cultivate up to 10,000 sq ft of total canopy indoor
Indoor Tier 5	May cultivate up to 15,000 sq ft of total canopy indoor
Indoor Tier 6	May cultivate up to 25,000 sq ft of total canopy indoor

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# Cultivation Mixed Tiers

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Tier	Nature of Business
Cultivation Mixed Tier 1	May cultivate up to 1,000 sq ft indoors and up to 50 plants outdoors at the same premises
Cultivation Mixed Tier 2	May cultivate up to 1,000 sq ft indoors and up to 125 plants outdoors at the same premises
Cultivation Mixed Tier 3	May cultivate up to 2,500 sq ft indoors and up to 200 plants outdoors at the same premises

# Retail License Tiers

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Tier	Nature of Business
Retail – Storefront	A traditional retail location that sells cannabis and cannabis products to consumers. A Retail – Storefront licensee may also sell all products a Retail – Nursery may sell.
Retail – Nursery	Enables the licensee to sell seeds and clones to home cultivators or other licensees. Could be a stand-alone business or could be held by an existing nursery or other business, provided all other regulatory requirements are met.

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# Manufacturing License Tiers

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Tier	Nature of Business
Manufacture – Tier 1	A licensee may process and manufacture cannabis in order to produce cannabis products using all allowable methods of extraction, including solvent-based extraction. Products could be sold to Retailers and other licensees but not directly to consumers.
Manufacture – Tier 2	A licensee may process and manufacture cannabis products like the Tier 1 license, but licensees would be prohibited from using more dangerous solvents, such as CO2, in their extractions. Aims to be a lower-cost license for businesses that want to make infused or processed products. Licensees may purchase extract for infusing from other licensees.
Manufacture – Tier 3	A licensee may process and manufacture up to \$10,000 worth of cannabis products per year. Licensees may use any infusion or extraction method allowed for Tier 2 manufacturers.

## Other License Types

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Tier	Nature of Business
Integrated	For existing medical businesses, as defined in statute.
Wholesale	Allows the licensee to purchase cannabis and cannabis products from a licensee to sell to other licensees, but not direct directly to consumers.
Testing Laboratory	Allows the licensee to test cannabis and cannabis products from other licensees or from any home cultivators in the state.

# Recommended Additional License Types

- In addition to the licenses already created, The Board recommends creating the following new licenses at this time:

License Type	Nature of Business
Delivery	Allows for delivery directly to consumers from retail locations
Temporary Events Program	A limited program allowing for temporary retail sales for on-site consumption at permitted events, which would be required to meet additional safety and security requirements
On-site consumption	Allows for retail sales to consumers for on-site consumption

# Recommended License Type: Delivery

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## Details

- Would allow standalone businesses to apply for a Delivery license.
- Delivery licensees would be able to deliver cannabis and cannabis products from Retail – Storefront locations to consumers.
- Delivery licensees may contract with multiple Retail – Storefront licensees to perform deliveries and may aggregate deliveries within product limits set by the Board.
- Customers would be permitted to place orders for delivery online and through app-based services.

## Benefits

- Increases access to tested, regulated cannabis products for many Vermonters by shifting sales from the illicit market to the legal market.
- Treats cannabis like most consumer products where sales are shifting to online ordering and home delivery.
- Creates another license type with lower barriers to entry to help small entrepreneurs and social equity applicants. Board will create an exclusivity period for social equity applicants for this license type.

## Safety Restrictions

- Products and cash in vehicle would be limited and secured during transport.
- Delivery vehicles would be unmarked and subject to the regulations for transportation of product established by the Board.
- Sales rules, including all purchase limits and ID checks, would apply to these transactions.



# Recommended License Type: Temporary Event Pilot Program

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## Details

- Would allow existing businesses to host events where cannabis and cannabis products could be sold to consumers with designated spaces for on-site consumption.
- The existing business would need a permit from the CCB to host the event, and it would need to partner with a licensed business that would be the entity transporting, securing, and selling the cannabis, etc.
- Location of events would be limited to towns that have opted-in to hosting a cannabis retail establishment.
- Local authorities would have jurisdictional approval over specific plans for the specific event venue.

## Benefits

- Provides an additional revenue stream to existing businesses and bolsters potential tourism revenue.
- Allows Vermont businesses and entrepreneurs to provide cannabis products to consumers in new and creative ways.
- Provides a controlled environment for consumption that encourages consumer education and prevents excessive consumption.

## Safety Restrictions

- Sales and consumption would be limited to an age-gated area that requires an ID-check before entrance.
- Events must develop an approved transportation plan to prevent consumers from driving after consumption.
- Employee training and educational requirements, security, and sales rules and regulations would apply.
- The CCB will limit the number of these licenses and permits to prove that the concept works and is safe before expanding the number of events.

# Recommended License Type: On-Site Consumption Pilot Program

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## Details

- Would allow for café style locations where people could purchase and consume cannabis on-site.
- Sale of alcohol on-site would be prohibited.
- Consumption areas would be either outdoors and screened from public view or restricted to areas served by sufficient ventilation systems.

## Benefits

- Current law prohibits consuming cannabis in all places of public accommodation, public spaces, and federal housing. Racial disparities for drug arrests and sentencing persist to this day. On-site consumption offers all adult consumers a safe place to consume, and reduces the possibility of fines, arrests, and disproportionate criminal legal enforcement.
- Bolsters tourism revenue to the state. Under current law, tourists have no place to lawfully consume unless they are staying at a private residence that was not rented.
- Treats cannabis on-site consumption more similarly to alcohol on-site consumption.

## Safety Restrictions

- ID-check at entrance required to ensure sites are only accessible to adults.
- Board would limit licenses to those applicants who can establish an approved transportation plan (including access to public transit) to prevent consumers from driving after consumption.
- Employee training and educational requirements (including regarding overconsumption), security, and sales rules and regulations would apply.
- The CCB will limit the number of these licenses and permits to prove that the concept works and is safe before expanding the number of sites.

# Potential Future License Types

- The CCB's proposed rules do not prohibit cannabis licensees from forming a cooperative business on their own. The Board need not micro-manage the market by requiring entrepreneurs to obtain a special license type in order to form this business model.
- At this point, with the lower tier cultivation licenses available and the encouragement of outdoor cultivation, the Board does not believe a separate craft cooperative license would increase the number of small cultivators able to enter and succeed in the Vermont cannabis market.
- In addition to the licenses already created and recommended above, the Board believes creating the following license types in the future will benefit all Vermonters.
- However, the Board recommends these license types not be created or implemented until the existing license types and recommended license types have been fully implemented, the market has started to mature, and the Board has assessed the success of the program.

License Type	Nature of Business
Retail – Farmer	Would allow small cultivators to sell directly to consumers
Retail – Limited	Allows sections of existing businesses, like general stores, to be secured to sell a limited amount of cannabis, provided all other regulations are met

# Cannabidiol and Potency Recommendations

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- Report Requirements
- November 1 Report Recommendations
- Survey of Existing Studies
- Recommendation

# Report Requirements

**Act 164 (2020), Section 5(g)(4) states:**

“recommendations as to whether cannabis and cannabis products should have a minimum amount of cannabidiol to aid in the prevention of the cannabis-induced psychosis that occurs in some users of cannabis and cannabis products;”

# November 1 Report Recommendations

The Board previously addressed the issue of THC potency and public health in the November 1 Report to the General Assembly, making the following recommendations:

- **Solid concentrates:** The Board recommends that cannabis licensees be permitted to produce extractions (concentrates, distillates, and isolates) with a concentration of 60% or greater THC for purposes of incorporation into other cannabis products that otherwise comply with the restrictions in 7 V.S.A. § 868.
- **Prohibited products:** The Board recommends removing from the prohibited products in 7 V.S.A. § 868 solid concentrates with a THC concentration of 60% or above for adults 25 years of age and older so that the CCB can regulate the manufacture and sale of these products.
- **Hemp conversion:** The Board, in consultation with the Agency of Agriculture, recommends that the jurisdiction of the Board's cannabis program encompass the manufacture and sale of products containing Delta-8, Delta-9, other Deltas, and future synthetic cannabinoids with similar properties, whether they are derived from hemp or from high-THC cannabis.

# Survey of Existing Studies

- There is a significant need for increased access to cannabis research and unbiased studies on potency, the effects of THC, and countless other cannabis topics.
- Unfortunately, the federal scheduling of cannabis severely limits the ability to conduct proper research, with long approvals needed from the FDA and DEA for studies based on human consumption and products limited to federally produced cannabis with a cannabinoid profile very different from many commercially available products.
- The studies that do exist are of varying quality and are often funded by groups with particular agendas. This creates the ability to cherry-pick studies to support almost any position.
- After reviewing many available studies and accepting their limitations, the Board does not believe there is sufficient evidence to impose a legal minimum cannabidiol amount or ratio in legal cannabis products.

## Review of Selected Studies

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- Whether cannabis use can cause or induce psychosis is not a settled question of science.
- Those supporting policies like potency limits often point to a National Academies of Science, Engineering, and Medicine [report](#) that stated, “Cannabis use is likely to increase the risk of developing schizophrenia and other psychosis; the higher the use, the greater the risk.”
- Those opposing such policies point to studies such as [this one](#) published by The Lancet, which find increased cannabis consumption rates have not led to increased psychosis rates, and [this one](#) published by the Journal of Abnormal Psychology, which concluded that cannabis use and psychosis may be correlated, but THC concentrations most likely do not have a causal effect on the risk of psychosis.



# Massachusetts Cannabis Control Commission Report

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- Maybe most relevant to the recommendation here, Massachusetts recently went through an exercise similar to what the Board is tasked with here, looking at whether there was enough evidence to impose potency limitations on cannabis and cannabis products.
- Their [extensive study](#) concluded that, after reviewing all the scientific literature and available Massachusetts data, there was not sufficient evidence to recommend specific concentration limits.

# Recommendation

- Like the Massachusetts Cannabis Control Commission with their question over potency limits, the Board does not believe there is enough scientific evidence to support imposing minimum cannabidiol amounts or ratios in cannabis and cannabis products.
- The Board recommends that the Legislature not impose any minimum cannabidiol amounts or ratios, or any other potency related restrictions, until there is sufficient scientific evidence to support such policies.
- Prohibiting or limiting products that are popular with consumers without evidence that they are particularly harmful will keep more sales in the illicit market where products are unregulated, untaxed, and not subject to quality control testing, making everyone less safe.

# Paraphernalia Recommendations

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- Report Requirements
- Concerns About Further Paraphernalia Regulation
- Recommendations

# Report Requirements

**Act 164 (2020), Section 5(g)(5) states:**

“recommendations regarding the display and sale of cannabis-related paraphernalia that is sold by persons who are not licensed as a cannabis establishment or a dispensary.”

# Concerns About Further Paraphernalia Regulation

- **Cannabis-related paraphernalia is often dual-use.**
  - Items that are considered “cannabis-related paraphernalia” can be used with other legal products, like tobacco, and they are often marketed as such.
  - The Department of Liquor and Lottery already has authority to regulate such paraphernalia.
  - Attempting to further regulate cannabis-related paraphernalia will just encourage such products to be sold while being marketed as only for use with tobacco.
- **Regulating display can be quite complicated and provides little benefit.**
  - Attempting to regulate the display of products based on their intended use is very difficult and would require significant oversight and enforcement.
  - Paraphernalia creates no public health or safety issues on its own and cannabis will already be subject to strict regulations on its sale and display.
- **Requiring sale only at Board licensed facilities would be costly, time-consuming, and unnecessary.**
  - As mentioned above, restrictions will likely lead to paraphernalia being marketed for use with tobacco, particularly if there was an attempt to restrict sales to Board licensed facilities.
  - The Board’s primary responsibility is to regulate cannabis and cannabis products. Regulating paraphernalia sales would require significant Board personnel time and additional agency funding.

# Recommendation

- The Board recommends the Legislature not impose additional regulations or restrictions on cannabis-related paraphernalia.
- The Board recommends the Legislature not assign the Board any additional role in overseeing or regulating the sale or display of cannabis-related paraphernalia.