

Vermont CCB Subcommittee for Sustainability

Meeting Minutes – October 20, 2021

Jacob Policzer calls meeting to order at 12:03pm

Subcommittee Members in attendance:

Billy Coster, Advisory Committee
Stephanie Smith, Advisory Committee
Gina Kranwinkel, NACB

Guests:

Graham Unangst-Rufenacht, topical expert
Geoffrey Gallegos, NACB

Members of the Vermont Cannabis Control Board in attendance

Kyle Harris
One member of the Vermont citizenry

Minutes recorded by Geoffrey Gallegos. Jacob Policzer asked for motion to approve the minutes from the previous meeting. Stephanie Smith asked to consider approval at the end of this meeting. *Meeting Minutes for 10.14 will be approved via email vote.*

Jacob Policzer introduced this as the last topic-specific meeting, which will focus on the overlap of social equity and sustainability. The Social Equity (“SE”) Subcommittee has agreed on the criteria for a SE Applicant, which includes (1) member of the BIPOC community, (2) person who has been disproportionately impacted by cannabis prohibition, and (3) person who is from a community that has been disproportionately impacted by cannabis prohibition. Jacob asked if there was a poverty criteria included.

Gina Kranwinkel clarified that there will be a Diversity, Equity, and Inclusion program developed, and that will offer space for low-income participants. The poverty criteria did not make it into the Social Equity track.

Kyle Harris added that there was discussion of including people who live in economic opportunity zones in the SE Program, but the CCB felt that there could be unintended consequences of people taking advantage. CCB feels that it can accommodate low-income participants in other areas of the program. He also added that the only place that CCB cannot make accommodations for small cultivators is in the environmental context. He asked how, in the environmental context, the CCB can do more than just waive fees for the SE Program by providing business and technical assistance, accelerator programs, and the like.

Jacob Policzer asked to also include legacy growers and the elderly in the conversation, because of past disenfranchisement. He moved to technical support and guidance and felt that there could be a lack of resources, institutional knowledge, and cultivation knowledge amongst the SE groups. Whatever CCB could do to support real opportunity and participation will be important. There are an estimated 30,000 cannabis business owners in the legal market with only about 2% being Black-owned. In Illinois, there are under a dozen applicants that have gone successfully through the process and got a license, suggesting a barrier to navigating the system, completing the application, legal support, etc.

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Additionally, offering support for cultivation and manufacturing. Incarceration can affect employment, so there is a need for training and opportunities.

Gina Kranwinkel shared that the SE Subcommittee has addressed these issues. One of the major needs is the availability of educational courses. NACB has already been in discussion with Greenflower to offer free certification courses to the State of Vermont in cultivation, extraction, retail, and others. Particularly, the cultivation certificate addresses several environmental issues. She added that the creation of a co-op program has also been contemplated by the SE Subcommittee.

Stephanie Smith would like more information about Greenflower and their services. She also noted that there are educators within the State of Vermont who can teach cultivation but could be limited by institutional association to teach only cultivation of hemp. She encouraged the CCB to look at the resources that are available within the state, so we are growing organically with the people who are living here.

Jacob Policzer asked how robust the agricultural extension programs are. Could they take on this task? Stephanie Smith offered (without speaking on behalf of the UVM extension program) that they may not be able to provide classes in the cultivation of cannabis due to funding sources. VTC has offered classes in hemp cultivation. Kyle Smith added that the CCB has already been reaching out to the in-state educators and technical assistance providers. Nobody was sure at this point. InterVale could potentially provide this service. Not yet reached out to Vermont Housing and Conservation Board, but the funding is known to be tied to federal resources, which could disqualify it. He told the group that he will continue reaching out.

Commented [SS1]: Kyle Harris

Billy Coster added that the Housing and Conservation Board manages the Vermont Farm and Forest Viability Program and that would be the most relevant to provide technical assistance and marketing to cannabis enterprises. He thinks a lot of the money comes from state funds, so they may not be totally out of the picture. Kyle Harris clarified that there is a state appropriation, but there would need to be alignment with their agenda. The Working Lands Enterprise Board is associated with State Agency of Agriculture, to help manage policy decisions. They could be a source for grants and forgivable loans.

Graham Unangst-Rufenacht said that there are decades of expertise in the Vermont farming community, and we should draw from the growers who are keeping their heads down to provide technical support to others. Especially concerning outdoor cultivation because of the unique climate in Vermont. The Intervale Farm Viability Program can help connect with experts who will collaborate to work on problems like branding, business planning, greenhouse cultivation, sourcing, etc. It would help if CCB could create a safe environment for the underground experts to show themselves and be of service. Our recommendations also address incubator programs. He thought that Castleton offers a cannabis cultivation program. Our organization is in touch with them. The recommendations also address race and land access and are broken up by communities. It would be worthwhile to examine how different people in the SE category are treated differently, for example, eligible Black individuals based on racial equity. Different communities have different needs and

Commented [SS2]: This needs to be clear that Graham is talking his organization, not the CCB. I assume this is the VGA, but are not entirely sure.

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histories. Finally, even though the statute dictates that small cultivators cannot be differentiated based on environmental sustainability considerations, there are scale-appropriate regulations throughout the agricultural landscape. The requirements for a retail store selling product on a farm versus a retail store selling a product in the community are different. The energy requirements are also different based on size.

Jacob Policzer asked where it would be beneficial to have resources. Graham Unangst-Rufenacht referred to the recommendations submitted to CCB, which emphasize legal support. There are so many aspects in cannabis that are unclear, and unique from other industries. Access to legal support for economically disadvantaged applicants and small producers are important. A recurring theme is the need for support during the online process because what seems simple to one may be challenging for others. Our organization feels a particular need for support for Black-owned businesses.

Commented [SS3]: VGA?

He added the need to show what benefit someone who is already operating in the underground has in joining the licensed industry. If it's going to cost a lot more, going to be a hassle, and then an added risk of sticking your head up and having your license denied, it will place them in a more vulnerable position than before.

Jacob Policzer shared the success of Denver's program having a government liaison to the cannabis industry. Having an advocate within the government will be very important. Also, the outreach to individual categories of SE will also be important. Local newspaper and CCB website will not reach far enough, and CCB should make an effort to reach them where they are.

Gina Kranwinkel shared that the SE Subcommittee is recommending a SE Board. One of the responsibilities of the SE Board will be doing community outreach and education about the programs that will be set up by the CCB. The majority of the candidates are coming from the communities that have been most impacted by cannabis prohibition. Stephanie Smith added that the Working Lands Enterprise Initiative also includes technical assistance, and funding for those who want to help others.

Jacob Policzer suggested that some of the tax revenue be used for this purpose. He moved on to access of land and infrastructure, and the availability of farmland or a building to lease. This could disproportionately affect SE applicants. CCB should not require leases prior to approval, because it would otherwise be a financial barrier to entry. Banking continues to be a problem as well. Would be helpful to have state supported banking and insurance. Kyle Harris confirmed that there is not currently a requirement to show proof of a lease or property ownership prior to application. An application checklist is being developed by CCB. CCB has been reaching out to co-op experts as well. There are lots of models to look at. A recommendation will likely be made to the legislature in the CCB January report.

Jacob Policzer suggested flexibility in the requirements for SE applicants having to secure property. In Colorado, the cost for leasing property shot up dramatically after the first five-year lease period. This had an impact on lower income-applicants. Most funding capital

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will come from private investors since access to standard banking is limited. Kyle Harris said that the CCB exploratory committee will be contemplating the five-year inflation problem.

Stephanie Smith returned to the topic of insurance. Vermont has a captive insurance niche. A Vermonter who specializes in this issue named Stephanie Mapes has offered through public comment to assist where needed. Suggestion to contact her. Kyle Harris shared that the banking and insurance sector has been helpful, including the Vermont State Employee Credit Union, and other state-chartered banks have offered thoughts and a potential to help. Billy Coster shared that Stephanie Mapes is his neighbor and offered to connect the dots.

Jacob Policzer said that insurance is available. But none is available for crop loss because of federal limitations. The policy will say that claims cannot be made on any federally illegal substances, so its immediately unenforceable. These shady practices are slowly being moved out of the industry. Make sure that insurance companies are actually covering their clients

Gina Kranwinkel shared that insurance is a huge expense for SE candidates. It would be very helpful to have any state facilitation that could happen. Anytime cannabis intersects with insurance it's double or triple the price. In addition, a lot of insurance is not even possible, or it's so expensive, that it's better not to have insurance. We see it in every sector of cannabis.

Jacob Policzer shifted to accelerator model, mentorship, and incubator topics. The Last Prisoner Project helps with expungements and employment. People currently in prison for cannabis offenses should have the opportunity to participate. Since the jail system is state-run, the potential is there to offer technical assistance and job training inside the prison to those who are currently incarcerated. Could help correct past issues and save the state some money.

Stephanie Smith said that the Agency of Commerce and Community Development ("ACCD") has worker training programs, they may have accelerator programs. Don't know where funds come from, and they may be limited. But if programs are state funded, they could provide training.

Kyle Harris added that the ACCD has an apprentice-type worker-training program. (Possibly run by John Young.) As far as incubator/accelerator programs go, there are a lot of them in the agricultural sector. They look to foster small businesses and help them rise above the start-up level. For example, the Mad River Food Hub in Wakefield, among others. There is a lot of interest in the community aspect of the agricultural industry. But it is not sure of how people feel about cannabis.

Stephanie Smith mentioned Vermont Businesses for Social Responsibility, a non-profit organization, as well as Ellen Caylers group that are focused on ag, that may be interested in participating. Kyle Smith knows this person but has not yet spoken with her about how

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the farm-to-plate network might be interested in connecting the dots or supporting the cannabis industry.

Graham Unangst-Rufenacht said that their recommendations address a re-entry jobs training program. He does not know if there are agricultural programs specifically tied to reentry programs. The criminal justice reform community may know because they are already working with people who are providing reentry options and job training. CCB should ask them if they want to provide training in cannabis. Maybe Capstone Community Action or other criminal justice reform organizations are the ones to help.

Jacob Policzer mentioned that the inspiration for accelerator model came from legislation passed in the City of Denver, CO in 2020. After realizing that there are very few Black/Minority-owned cannabis businesses, Denver decided to ease the navigation of the application process, and also paired established cannabis businesses with new SE applicants. The mentor businesses were given a "SE Leadership Designation," which provided some favorability if there were compliance issues that came up. This might be opportunity for Vermont to incentivize mentor businesses.

Graham Unangst-Rufenacht briefly returned to banking and insurance, reinforcing the need for a state-run bank in Vermont. In South Dakota, farmers helped establish a state-run bank at the beginning of the 1900s. Jacob Policzer agreed and reiterated the problems with payment processing in the cannabis industry overall.

He moved to the topic of home grows. It's not really in the purview of this group but wanted to mention the importance of access to medicine for high-poverty individuals. It would help to allow a home grower to share a small amount of cannabis with economically disadvantaged people in their community. Additionally, enforcement should be handled by municipal code officers, and not armed police, because it would otherwise perpetuate the War on Drugs system.

Gina Kranwinkel offered that one of the major issues with SE candidates is that they rent their properties, so they can't create a home grow operation unless their landlord permits it. She asked the Subcommittee how the State of Vermont addresses that issue. Stephanie Smith said that this issue of limited cultivation for home grows came up with hemp, a federally-legalized plant. She felt that the issue is a landlord-tenant issue and did not know if the State of Vermont involved itself with that conversation.

Graham Unangst-Rufenacht mentioned that their coalition has spoken about this. He was curious to know more about how the hemp limitations played out. If cannabis was considered an agricultural product, there wouldn't be the ability to limit it, because the grower would have the 'right to grow' an agricultural product whether or not they owned or rented the property. He added that when Massachusetts created its adult-use program, the disproportionate enforcement of cannabis laws continued, largely due to the limited access to ownership of land and housing. This is one of the reasons that we want to devote 20% of tax revenue to land & housing access to eligible Black individuals. This access would not be restricted to cannabis but tied to the greater impact of systemic racism.

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Jacob Policzer added that the CCB should initiate a de-stigmatization campaign directed towards homeowners and educate landlords about the potential risks and rewards of a home grow operation. Additionally, the CCB should track, and publish enforcement data, in an effort to prevent disproportionate enforcement of cannabis laws.

Kyle Harris added that the CCB does not currently have control over designating whether cannabis is a different category of product, but since Vermont has powerful right-to-farm laws on the books, doing so could provide more cover to the home cultivator. He also agreed that creating clear guidance about regulations to landlords (or landlord associations, if they exist) might provide comfort to them in leasing agricultural properties to cultivators. The CCB does have the authority to create this guidance.

Graham Unangst-Rufenacht asked for clarification about the regulation of home grow operations. Since home grows are not currently regulated, there would be no need for a compliance officer to enforce any code sections. Secondly, the disproportionate enforcement problem extends beyond cultivation, and into consumption. Since there is not a publicly available place to consume, and a rental tenant would need landlord permission to consume at home, the tenant without landlord consent doesn't have a place to consume.

Jacob Policzer clarified that since there is a plant limit for home grows, a person who was growing 20-50 plants in their basement without a license would be in violation of law, and deserving of enforcement. This enforcement should come in the form of a ticket issued by a regulator based on the egregiousness of the violation, not prison time initiated by an arrest by police.

Graham Unangst-Rufenacht shared that a constituent who works in food safety reported that there is a real issue with homegrown cannabis from a product quality perspective. The technical assistance needs to reach the home growing community, so the plants are cultivated in an environmentally sustainable way, as well as ensuring that the resulting product is safe for consumption.

Gina Kranwinkel suggested that the CCB look to the medicinal program for rule-making guidance on how patients who do not own their homes consume their medicine at home. This approach could be applied to the SE Program as well. Kyle Harris said that it was worth looking into and would follow up with the person who administers the medical program. He also asked the SE Subcommittee to look into the topic.

He moved to the topic of what will be included in the application. There will be everything you would expect to be in a basic application (physical address, contact info, financial info) as well as GIS coordinates to make sure the cultivation sites can be located. This info will all be kept confidential and shielded from a public records request for security purposes. There is also a question of what letters of support would be needed depending on size and type of operation (including utility companies, local municipalities, potable water, wastewater). CCB does not want to create a burdensome process, but it needs to ensure the details. The CCB also wants to inform the applicant on what items need to be secured

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before submitting to CCB, and avoid a runaround between the applicant, the municipality, and the CCB. There is also discussion about how the applicant will demonstrate the viability of the business, maybe not as detailed as a business plan or SWOT analysis. From the perspective of sustainability, he asked what else should be included.

Billy Coster has reached out to various individuals and is awaiting a response. He also suggested that approval of last meeting's minutes be conducted via email after the Subcommittee has had the chance to review them.

Jacob Policzer agreed and will circulate information to the Subcommittee regarding the upcoming report, as well as the California cultivation plan, and checklists that different states are providing to their applicants.

Meeting was adjourned at 1pm.