



February 1, 2022

Rep. Janet Ancel, Chair  
House Ways and Means Committee  
115 State Street  
Montpelier, VT 05633-5301

Dear Chairperson Ancel,

I am writing on behalf of the 246 city and town members of the Vermont League of Cities and Towns to comment on H.701. Thank you for your inquiry on Friday.

We have closely followed the progress of developing a cannabis market in Vermont since the discussions in the State House began several years ago, and we continue to be very disappointed with the resulting legislation. H.701 is no exception. The House continues to limit any revenues to municipalities that might host cannabis establishments. We do support S.152, currently in Senate Finance, which views municipalities as partners in establishing and managing a cannabis marketplace.

H.701 charges the Cannabis Control Board with collecting local license fees capped at \$100 on behalf of local governments. After “reduction for costs of administration and collection,” the board is to pay local license fees on a quarterly basis to the municipality for which the fee was collected, which might amount to approximately \$20 per quarter. The locally enabled board may issue a license to a cannabis establishment but may not collect a fee. Please see the attached list of Cannabis Control Board and local Fees as proposed in H.701.

We find it premature to establish fees before rules are in place to regulate local regulation of cannabis establishments. The committee may also know that local governments frequently establish and collect fees for licenses and permits and are experienced in this regard.

Last year, according to the [Vermontijuana](#) and [HeadyVermont](#) websites, the following towns opted in to retail cannabis sales:

Alburgh	Burlington	Middlebury
Barton	Danby	Montgomery
Berlin	Danville	Montpelier
Bennington	Duxbury	Morristown
Brandon	East Burke	Pawlet
Brattleboro	Jamaica	Peacham
Brownington	Johnson	Pownal
Burke	Londonderry	Randolph

Salisbury  
St. Johnsbury  
South Hero

Strafford  
Sutton  
Vergennes

Waterbury  
Windsor  
Winooski

The following towns have opt-in for cannabis on the ballot at town meeting 2022:

Bristol  
Eden  
Essex Junction  
Ferrisburgh  
Hartford

Manchester  
Putney  
Rockingham  
Rutland City  
St. Albans Town

Sheldon  
Springfield  
Swanton  
Wilmington  
Woodstock

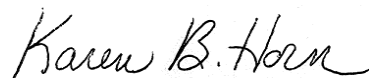
Of those cities and towns that are opting in to retail establishments, only Brandon, Brattleboro, Burlington, Middlebury, St. Albans Town, Wilmington, and Winooski have a one percent local option tax in place, and thus will be able to charge that one percent tax on retail cannabis sales. At this time, no other city or town listed will have access to a local option sales tax on retail cannabis.

Meanwhile, the state will assess a six percent sales tax on cannabis sales as well as a fourteen percent excise tax. When combined, those taxes are anticipated to add to the state coffers \$8 million in FY23, 17.3 million in FY24, and \$22 million in FY25. According to the Joint Fiscal Office Fiscal Note of January 27, fees that would be assessed by the state pursuant to H.701 are anticipated to bring in \$950,000 (FY23) and \$1.4 million (FY24) in new revenues to the state. We very much doubt that a one percent local option tax or the dedication of a portion of an excise tax to municipalities hosting establishments will either kill the golden goose or affect state revenues.

The legislature has refused to provide any meaningful options for new revenue to cities and towns from the opening of the lucrative cannabis marketplace, jealously guarding all potential revenue streams to the state. Yet, cities and towns are the governmental units that will have to address complaints and conflicts arising from cannabis cultivation, manufacturing, and sales. Those issues will include neighborhood complaints, odor, consumption in public spaces, security, underage use, and complications due to overuse.

Unfortunately, we are again disappointed on behalf of our members in the latest proposal from the Ways and Means Committee.

Sincerely,



Karen Horn, Director  
Public Policy & Advocacy