

Hemp Production and Processing

Turning a new page in 2023



Vermont Hemp Program Timeline

- ▶ 2013 Vermont begins issuing registrations for hemp cultivation
- ▶ 2014 Farm Bill enables pilot programs for hemp cultivation
- ▶ 2018 Hemp Program enabled by VT Legislature
- ▶ 2018 Farm Bill removes hemp from Controlled Substances Act and directs USDA to adopt rules
- ▶ 2020 Vermont Hemp Program rules become effective, soon followed by CQCP

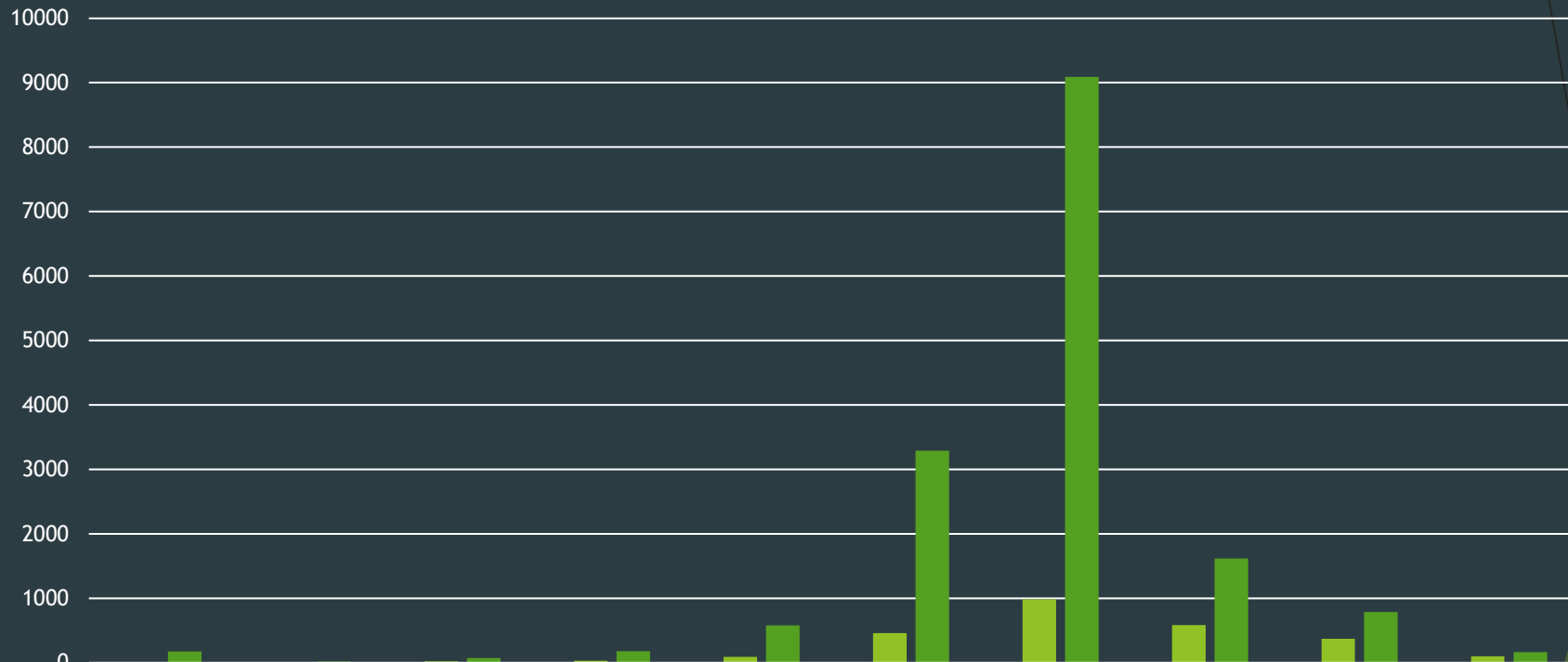


Vermont Hemp Program Timeline

- ▶ 2021 final rule governing domestic hemp production adopted by USDA
- ▶ 2022 Vermont Hemp Program operates under USDA approved plan
- ▶ 2023 Vermont turns over program to USDA, all growers of federally legal hemp must register with USDA

Vermont's Hemp Program

Hemp Grower Registrants and Acres Registered



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
■ Number of Grower Registrants	8	9	21	29	89	461	985	584	371	102
■ Acres Registered	174.5	17	71.45	180.84	580	3290	9088.7	1617	787	166

■ Number of Grower Registrants ■ Acres Registered

Registration with USDA Domestic Hemp Production

Plan [Hemp Production | Agricultural Marketing Service \(usda.gov\)](#)

- ▶ Growers will register with USDA to cultivate hemp in 2023
 - ▶ Pre harvest samples may be sent to any laboratory for purposes of regulatory compliance
 - ▶ USDA issued licenses are valid for three years
 - ▶ Currently, no fee associated with licensure with USDA
 - ▶ USDA does not regulate processed products
 - ▶ [Hemp eLearning Platform \(HeLP\) | Agricultural Marketing Service \(usda.gov\)](#)



Hemp Processing in Vermont

- ▶ The Vermont Cannabis Control Board has the regulatory oversight over
 - ▶ Hemp and hemp infused products
 - ▶ Consumer protect finished products, including action limits for contaminants
 - ▶ [Hemp Processor Registration is Live! | Cannabis Control Board \(vermont.gov\)](#)

Characteristics of Vermont Hemp Program participants

- ▶ 3.5 Years, on average, participating in the production of hemp
- ▶ Average gross sales \$119,000
- ▶ Three most common greatest cost to registrants
 - ▶ Labor (9)
 - ▶ Equipment (6)
 - ▶ Insurance (6)

Characteristics of Vermont Hemp Program participants

How many full-time employees do you have? (32 hours or more a week)?

- -an average of .66 workers
- One outlier of 22 workers

How many part-time employees do you have? (less than 32 hours a week)?

- An average of .75 workers
- One outlier of 12 workers

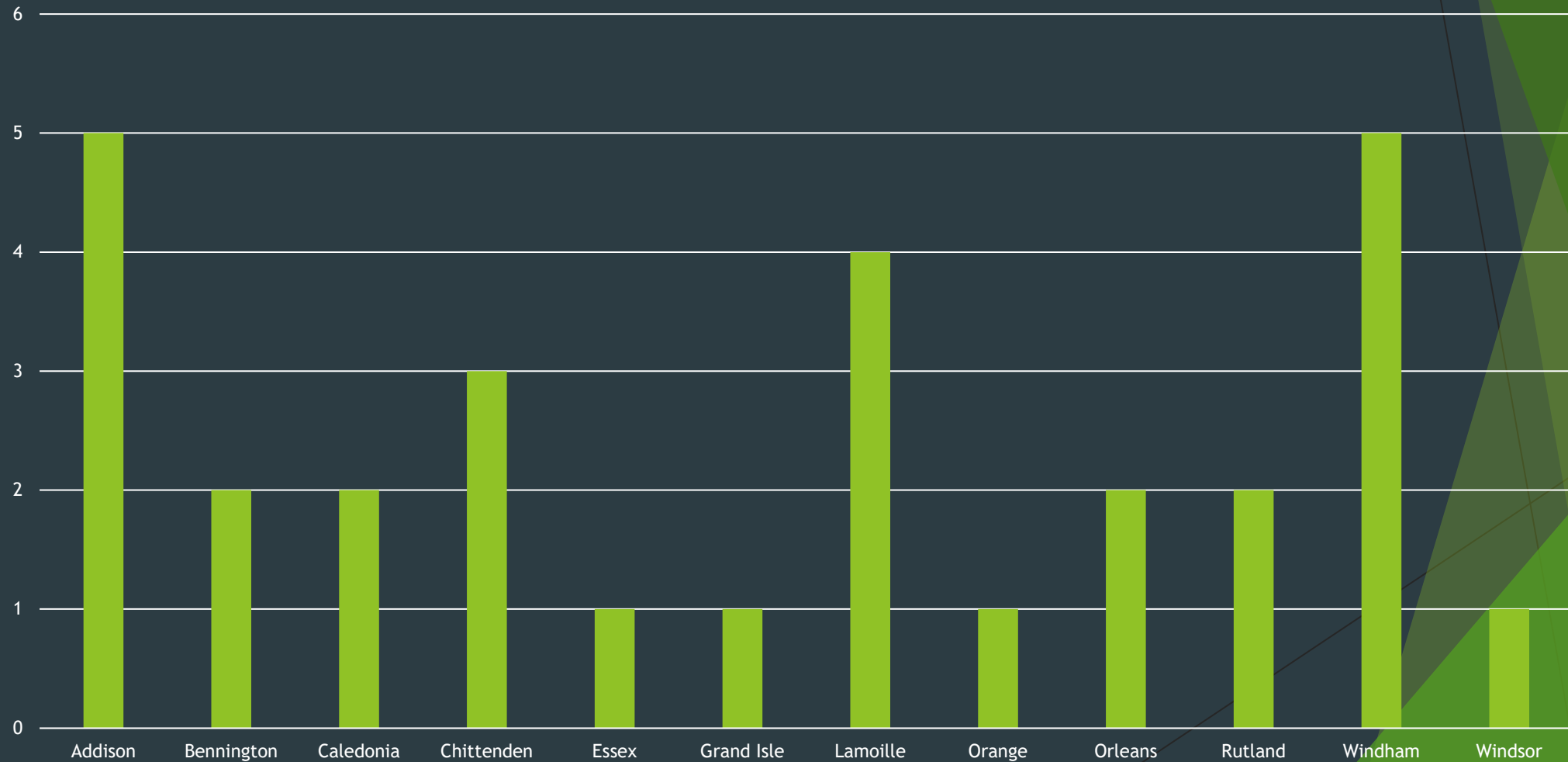
Hemp Market

List the top three states you sell your products into

Top three states that respondents sell into	
Vermont 19	Pennsylvania 1
New York 9	New Hampshire 2
Massachusetts 7	Connecticut 6
New Jersey 2	Colorado 1
California 2	Texas 1
Florida 1	

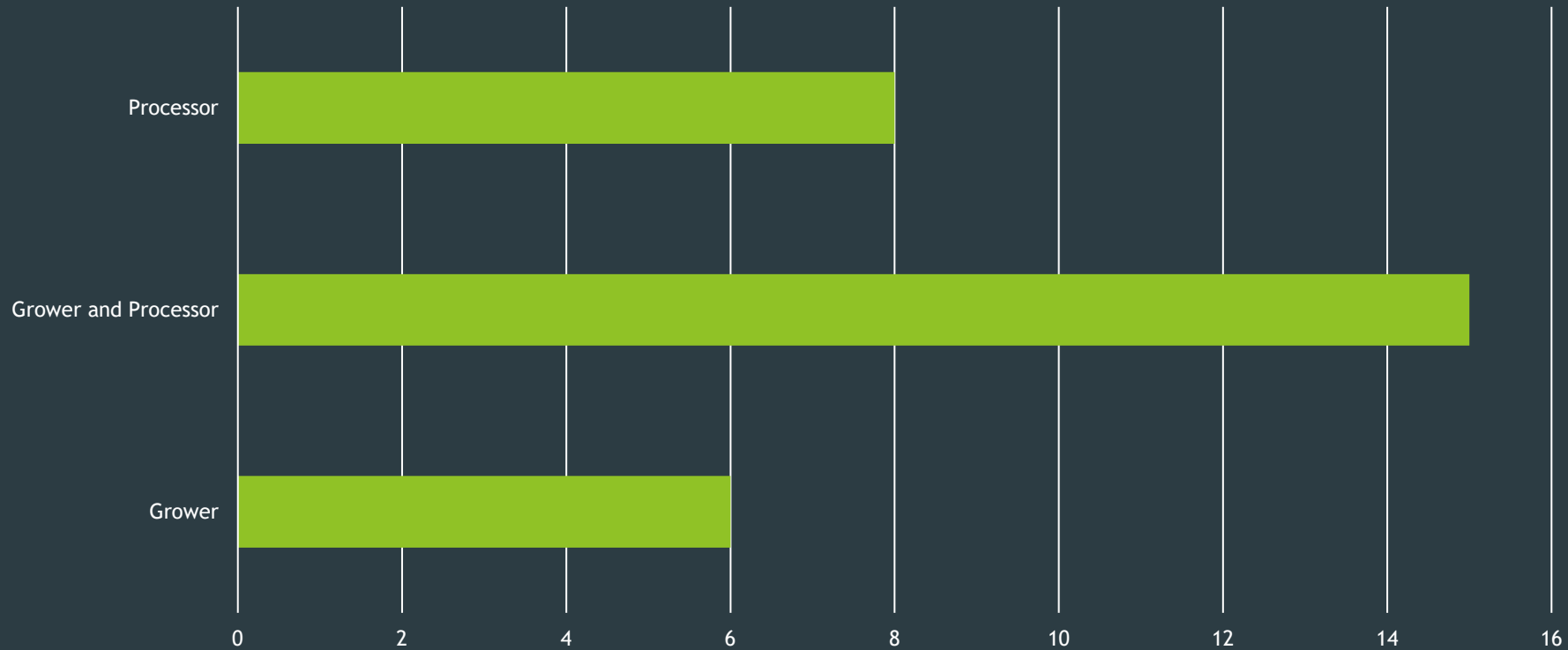
Hemp Market

In which county is your business located?



Hemp Market

In 2022, what type of registration did you hold in the Vermont Hemp Program?



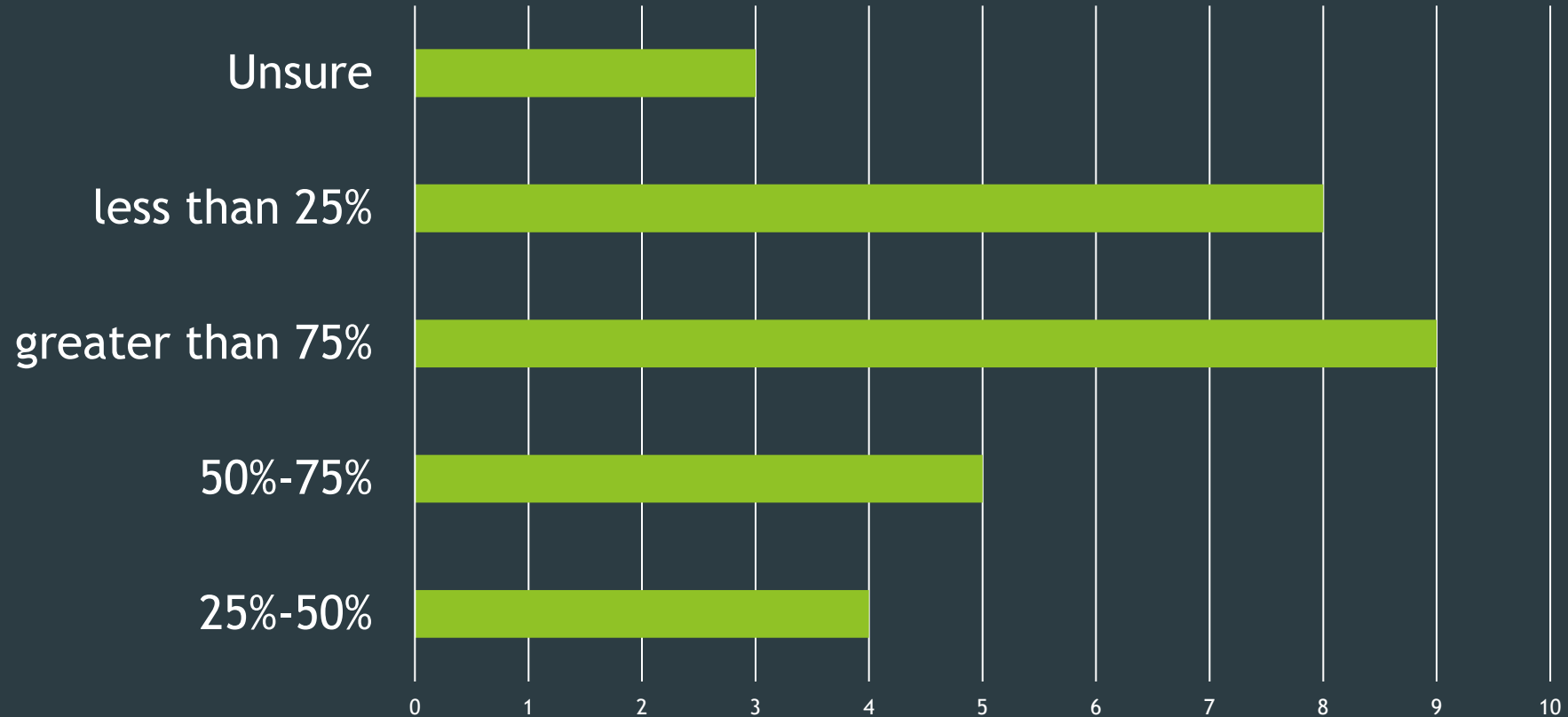
Hemp Businesses

What is the most popular individual product you make by sales? (ranked most common to least)

1. Supplement-esque products- CBD Tinctures gel caps- including full spectrum products
2. CBD flower
3. CBD Topical/Balm/salves/Bath bombs
4. CBD Edibles Gummies /CBD brownies/chocolates
5. hemp fiber

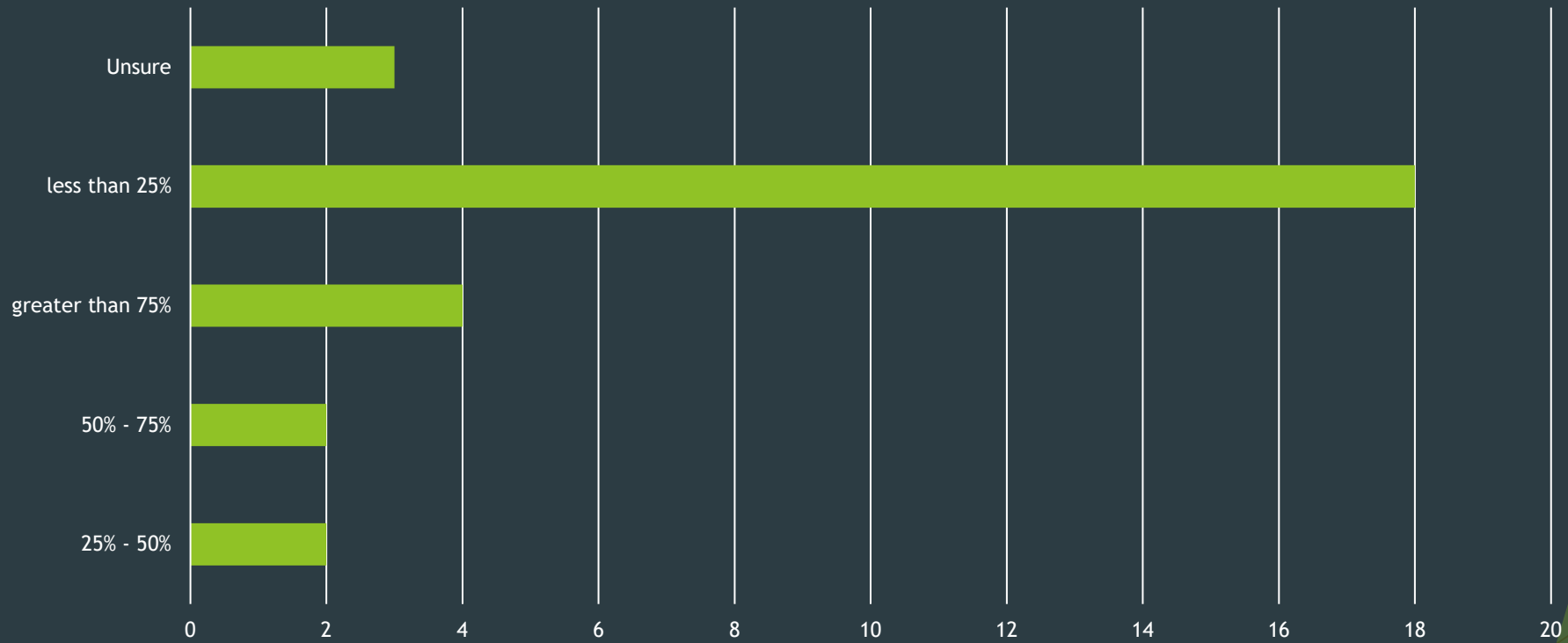
Hemp Market

What percentage of your sales are direct-to-consumer?



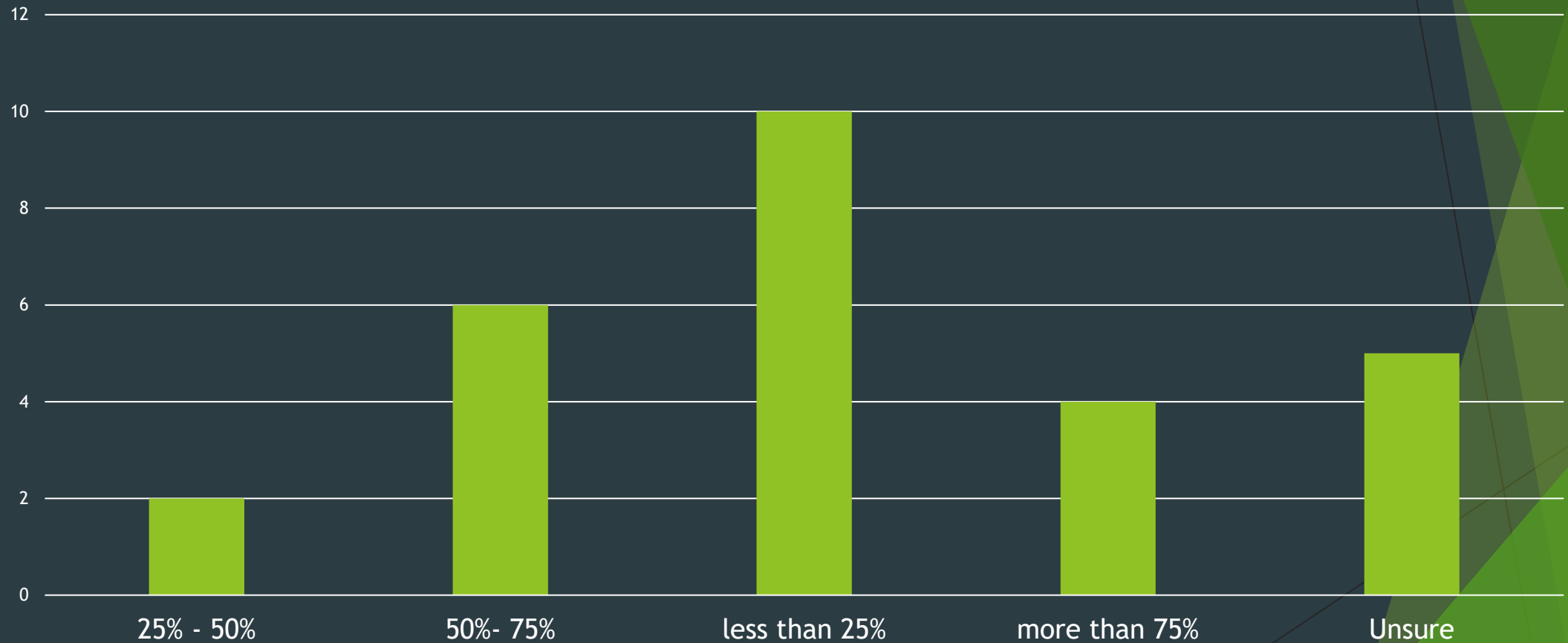
Hemp Market

What percentage of your sales are through a wholesale buyer?



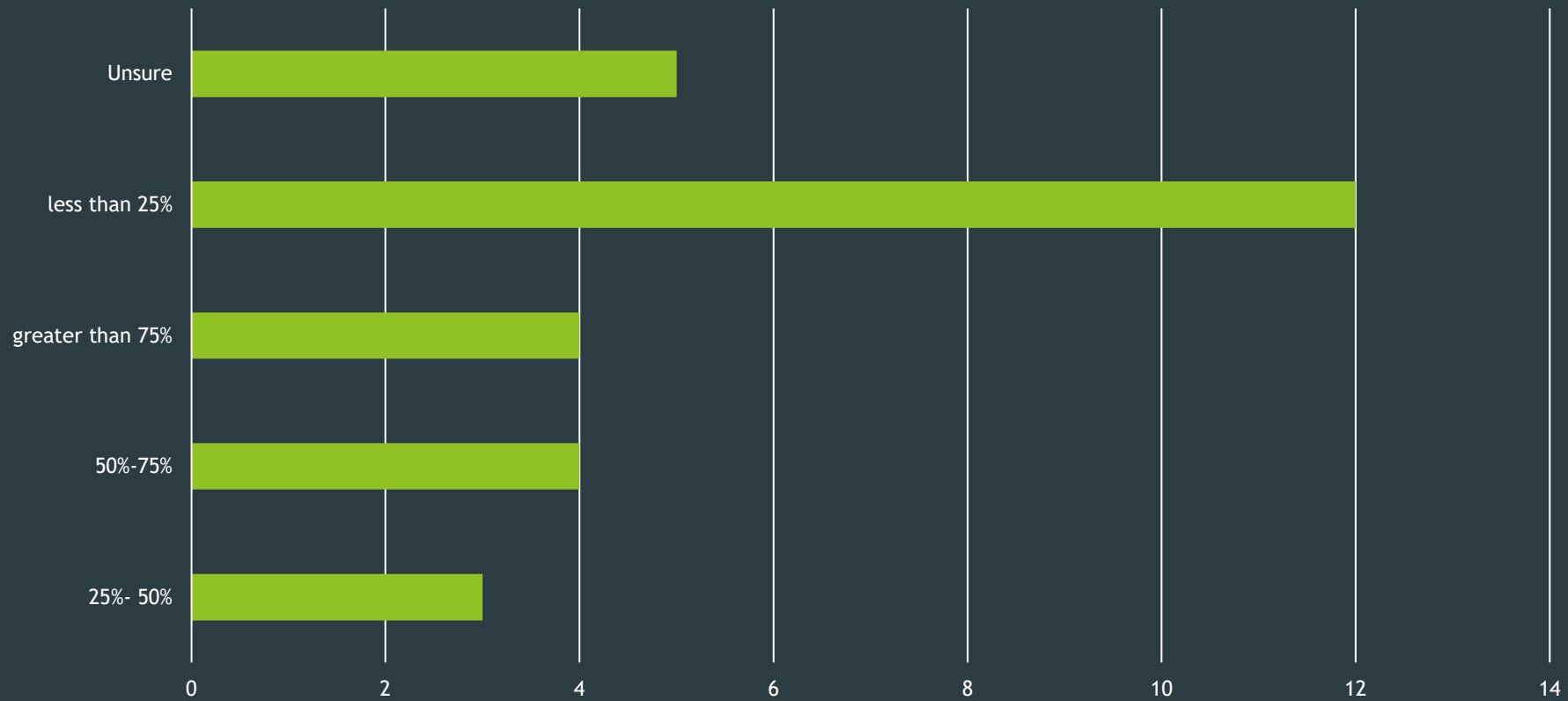
Hemp Market

What is the percentage of gross sales from customers located outside Vermont?



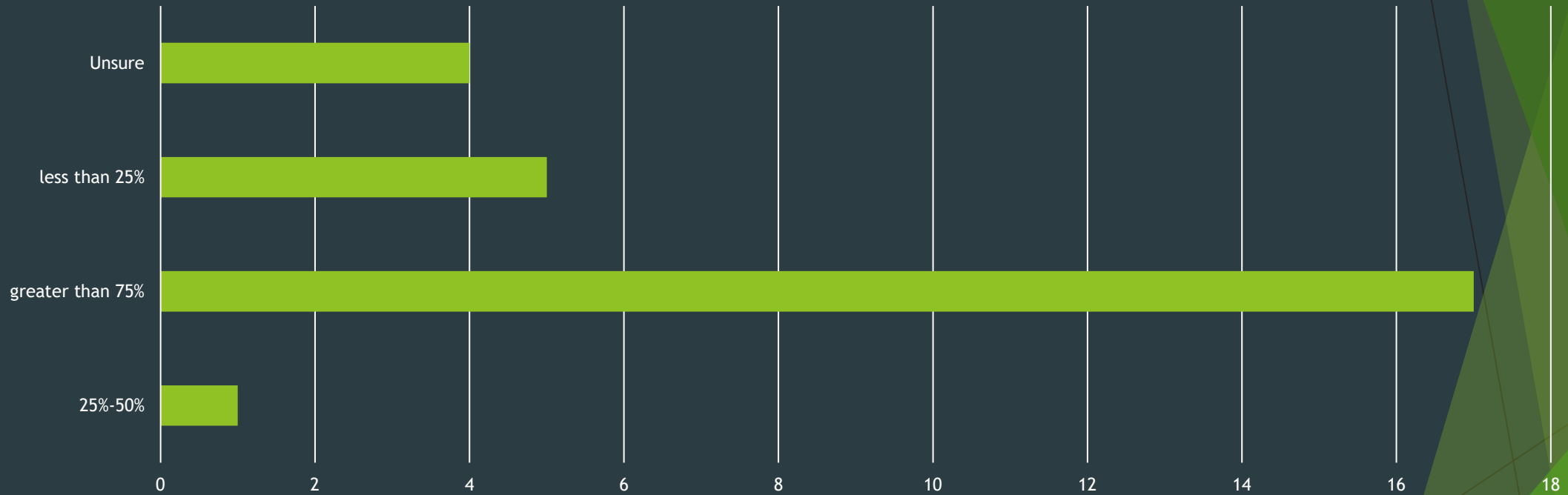
Hemp Market

What percentage of your sales are through e-commerce?



Hemp Market

What is the percentage of sales of full spectrum products? (hemp derived products that contain any amount of THC)



Hemp Business Needs

If you are interested in growing your business, where do you want to see more sales?

- ▶ Wholesale
- ▶ Markets outside Vermont
- ▶ Online/e-commerce sales
- ▶ Moving to the Adult-use market
- ▶ Locally in Vermont

Hemp Business Needs

Only one respondent uses a co packer for products, and this co-packer is located outside Vermont.

Where do you feel your business is having the most success?

- ▶ Direct to consumer sales
- ▶ Online sales
- ▶ In person events to market products
- ▶ Adding product lines
- ▶ Wholesale
- ▶ Training and retaining staff
- ▶ Quality products/private label
- ▶ Cultivation
- ▶ Processing
- ▶ Selling in Vermont

Hemp Business Needs

- Funding, money, capital
- Marketing support, how to scale up
- Regulatory certainty and clear direction from the FDA on products containing CBD
- Fewer restrictions from online retailers that impact ability to market CBD products
- Having the THC limits for consumables at 2.5mg per serving and 25mg per package. 1% total THC for hemp flower. .3% total THC limit for tinctures and topicals. Ban delta-8/delta-10 and synthetically created cannabinoids.
- Support for laboratory testing

Hemp Business Needs

Additional Comments

- ▶ There should be greater focus on supporting Vermont's hemp industry
- ▶ Greater enforcement on those entities not following regulations
- ▶ Expensive insurance and credit card processing costs
- ▶ Limited labor pool
- ▶ CBD market is dead, surplus of bio-mass
- ▶ Challenges with application process and other regulatory frameworks