

- **Conference report** allows retail sales of cannabis and legalizes simple possession of beginning January 1, 2024
- **It creates an independent agency**, the Cannabis Control Authority (CCA), beginning on July 1.
  - On that date, the CCA is granted the authority to hire a CEO, hire staff, lease property, and enter into contracts over the first several months.
    - In concert with the establishment of the authority, the Public Health Advisory Board and Cannabis Equity Reinvestment Board are established this summer, as is a joint legislative oversight committee on cannabis made up of 4 Senate members and 6 House members.
  - The Agency is directed to begin developing regulations at an enhanced speed on advertising, product safety, personal cultivation, packaging, etc.
  - The legislation creates, effective July 1, a Cannabis Equity Reinvestment Fund which may be used to:
    - 1. Support persons, families, and communities historically and disproportionately targeted and affected by drug enforcement;
    - 2. Provide scholarship opportunities and educational and vocational resources for historically marginalized persons, including persons in foster care, who have been adversely impacted by substance use individually, in their families, or in their communities;
    - 3. Award grants to support workforce development, mentoring programs, job training and placement services, apprenticeships, and reentry services that serve persons and communities historically and disproportionately targeted by drug enforcement.
    - 4. Contribute to the Virginia Indigent Defense Commission
    - 5. Contributing to the Virginia Cannabis Equity Business Loan Fund
- Parameters for licenses, including Equity License Qualifications, are broadly laid out in code effective July 1. The bill provides that these licensees will be given early preference in the application process.
  - These closely tailored options are as follows:
    - Applicant who has lived or been domiciled for at least 12 months in the Commonwealth and is
      - Either (i) an applicant with at least 66 percent ownership by a person or persons who have been convicted of or adjudicated delinquent for any misdemeanor marijuana crime
      - ii) an applicant with at least 66 percent ownership by a person or persons who is the parent, child, sibling, or spouse of a person who has been convicted of or adjudicated delinquent for any misdemeanor marijuana crime
        - (iii) an applicant with at least 66 percent ownership by a person or persons who have resided for at least three of

- the past five years in a jurisdiction that is determined by the Board after utilizing census tract data made available by the United States Census Bureau to have been disproportionately policed for marijuana crimes;
      - (iv) an applicant with at least 66 percent ownership by a person or persons who have resided for at least three of the last five years in a jurisdiction determined by the Board after utilizing census tract data made available by the United States Census Bureau to be economically distressed
      - ; or (v) an applicant with at least 66 percent ownership by a person or persons who graduated from a historically black college or university located in the Commonwealth
    - Effective July 1, the Commonwealth will establish and begin operating the Virginia Cannabis Equity Business Loan Fund
      - Moneys used for providing low and zero-interest loans to social equity qualified cannabis licensees to foster business ownership and economic growth within communities most disproportionately impacted by the former prohibition of cannabis
      - The Fund Program Shall Also:
        - 1. Identify social equity qualified cannabis licensees who are in need of capital for the start-up of a cannabis business properly licensed;
        - 2. Provide loans
        - 3. Provide technical assistance; and
        - 4. Bring together community partners to sustain the Program.
  - Similar to Virginia's Medical Cannabis Program, the market structure and some regulations will need to be re-approved by the General Assembly next year.
    - **Vertical Integration:** Limited vertically integrated market
      - Grandfathering Pharmaceutical Processors for all 5 license categories, into the adult use market, with the following stipulations:
        - Pharmaceutical Processors will only be able to operate vertically internally and will be able to co-locate retail at their 5 licensed distribution locations
        - Pharm Processors will be required to meet some level of product diversity in their stores, establish a diversity and equity business inclusion plan ( likely including incubator programs for equity licensees) and seed fund the Virginia Cannabis Equity Business Loan Fund with a \$1 million buy-in.

- Industrial Hemp Processors to partially vertically integrate (cultivation and processing) marijuana -- which will support a fast-growing industry in our agricultural regions
- Micro-businesses to vertically integrate. The Board will establish the criteria for what a micro-license is.
- These structures will be reviewed by JLARC and the Legislative Oversight Committee to finalize the structure next January

**Penalties proposed to go into effect at the date of legalization (2024) will need to be reviewed and re-approved next year.** Existing Decriminalization law will stay on the books until 2024. For first offense, all penalties pursuant to this section may be deferred and the person placed under probation.

- Public Possession
  - Ounce to 1 pound: \$25
  - Over 1 pound: felony

#### Illegal Distribution

- Section allows for adult sharing without remuneration of up to one ounce
- Class 2 misdemeanor for illegal distribution

#### Underage Purchase or 1. Possession of marijuana penalties

- 18-20 year old who purchases or possesses is subject to a civil penalty of no more than \$25 and may be ordered to enter a substance abuse treatment or education program or both
- Juvenile who purchases or possesses subject to a civil penalty of no more than \$25 and the intake officer shall require the accused to enter a substance abuse treatment or education program or both. For purposes of disposition, the child will be adjudicated as a delinquent. (*Note -- the possession is not a delinquency, just the options for disposition*)

#### Using or consuming marijuana in a motor vehicle being driven; penalty.

- Establishes that an open container is located within the passenger area of the motor vehicle, when the marijuana or marijuana products in the open container have been at least partially removed and the appearance, conduct, speech, or other physical characteristic of the driver, excluding odor, is consistent with the consumption of marijuana shall serve as a permissive inference of intoxicated driving, subject to class 4 misdemeanor (\$250 fine) if found guilty
  - Budget has included funding to train officers in nationwide best practices to recognize inhibited driving

#### Public Consumption

- Civil penalty of no more than \$25 for first offense. Second Offense: \$25 civil penalty and ordered to enter a substance abuse treatment or education program, or both. Third or subsequent, offense is guilty of a Class 4 misdemeanor. No option of jail time.

#### Bringing Marijuana Across State Lines

- Class 1 misdemeanor

#### **Dedication of excise tax revenues on Cannabis Sales**

- 40% to pre-k for at-risk three and four-year-olds
- 30% equity reinvestment fund
  - Use: Funds can be used to:
    - Provide scholarships for historically marginalized youth, particularly in underserved communities, who have been impacted by substance use, the incarceration of a family member convicted of a marijuana offense or have been in foster care.
    - Award grants to support workforce development, youth mentoring programs, job training and placement efforts, and reentry services.
    - Contribute to the Cannabis Equity Business Loan Fund, used to provide loans to social equity qualified candidates.
- 25% to addiction prevention and treatment services (to the Department of Behavioral Health and Developmental Services, administered to Community Service Boards).
- 5% to public health

#### **Tax Structure**

- Excise tax of to be set at 21%
- Allow localities to add a 3% additional tax on retailers on top of retail sales tax.

#### **Personal Cultivation: Each household can grow up to 4 plants for personal use**

- Not Effective until 2024

#### **Local Control -- Opt-Out with Timeline**

- Option for localities to opt-out of allowing retail stores, by referendum, but opt-out must occur by December 31, 2022.

#### **Limitations on Advertising -- retained and strengthened**

- Limitations to prevent youth exposure: no neon signs, cartoons
- Cannot be within 1,000 feet of schools, child-centered facilities, or substance use disorder treatment centers

#### **Prison & Record Reform**

- The bill allows defendants to petition for suspended or modified sentences related to marijuana crimes
- Establishes Criteria to seal records for marijuana offenses