

HOUSE BILL NO. 698

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws

on _____)

(Patron Prior to Substitute)

A BILL to amend and reenact §§ 4.1-600, 4.1-601, 4.1-603, 4.1-604, 4.1-606, 4.1-610, 4.1-611, 4.1-619, 4.1-621, 4.1-1105.1, and 4.1-1602 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 6 of Title 4.1 a section numbered 4.1-629, by adding in Chapter 7 of Title 4.1 sections numbered 4.1-700 through 4.1-704, by adding in Chapter 10 of Title 4.1 sections numbered 4.1-1003 through 4.1-1007, by adding in Chapter 11 of Title 4.1 sections numbered 4.1-1104, 4.1-1106, and 4.1-1122, by adding in Chapter 12 of Title 4.1 sections numbered 4.1-1200, 4.1-1202, 4.1-1206, and 4.1-1207, by adding in Chapter 13 of Title 4.1 a section numbered 4.1-1307, by adding in Chapter 14 of Title 4.1 sections numbered 4.1-1403, 4.1-1404, and 4.1-1405, and by adding in Article 2 of Chapter 1 of Title 6.2 a section numbered 6.2-108, relating to cannabis control; retail market; penalties.

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-600, 4.1-601, 4.1-603, 4.1-604, 4.1-606, 4.1-610, 4.1-611, 4.1-619, 4.1-621, 4.1-1105.1, and 4.1-1602 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 6 of Title 4.1 a section numbered 4.1-629, by adding in Chapter 7 of Title 4.1 sections numbered 4.1-700 through 4.1-704, by adding in Chapter 10 of Title 4.1 sections numbered 4.1-1003 through 4.1-1007, by adding in Chapter 11 of Title 4.1 sections numbered 4.1-1104, 4.1-1106, and 4.1-1122, by adding in Chapter 12 of Title 4.1 sections numbered 4.1-1200, 4.1-1202, 4.1-1206, and 4.1-1207, by adding in Chapter 13 of Title 4.1 a section numbered 4.1-1307, by adding in Chapter 14 of Title 4.1 sections numbered 4.1-1403, 4.1-1404, and 4.1-1405, and by adding in Article 2 of Chapter 1 of Title 6.2 a section numbered 6.2-108 as follows:

§ 4.1-600. Definitions.

27 As used in this subtitle, unless the context requires a different meaning:

28 "Advertisement" or "advertising" means any written or verbal statement, illustration, or depiction
29 that is calculated to induce sales of ~~retail~~ marijuana, ~~retail~~ marijuana products, marijuana plants, or
30 marijuana seeds, including any written, printed, graphic, digital, electronic, or other material, billboard,
31 sign, or other outdoor display, publication, or radio or television broadcast.

32 "Authority" means the Virginia Cannabis Control Authority created pursuant to this subtitle.

33 "Board" means the Board of Directors of the Virginia Cannabis Control Authority.

34 "Cannabis Control Act" means Subtitle II (§ 4.1-600 et seq.).

35 "Canopy" means any area dedicated to live marijuana plant cultivation, including areas in which
36 plants are grown, propagated, or maintained.

37 "Child-resistant" means, with respect to packaging or a container, (i) specially designed or
38 constructed to be significantly difficult for a typical child under five years of age to open and not to be
39 significantly difficult for a typical adult to open and reseal and (ii) for any product intended for more than
40 a single use or that contains multiple servings, resealable.

41 "Cultivation" or "cultivate" means the planting, propagation, growing, harvesting, drying, curing,
42 grading, trimming, or other similar processing of marijuana for use or sale. "Cultivation" or "cultivate"
43 does not include manufacturing or testing.

44 "Edible marijuana product" means a marijuana product intended to be consumed orally, including
45 marijuana intended to be consumed orally or marijuana concentrate intended to be consumed orally.

46 "Historically economically disadvantaged community" means either (i) a jurisdiction identified by
47 the Board utilizing census tract data made available by the United States Census Bureau in which offenses
48 for marijuana possession were committed at a rate in excess of 150 percent of the statewide average for
49 marijuana possession offenses during the previous 10 years or (ii) a historically underutilized business
50 zone as defined in 15 U.S.C. § 657a.

51 "Immature plant" means a nonflowering marijuana plant that is no taller than eight inches and no
52 wider than eight inches, is produced from a cutting, clipping, or seedling, and is growing in a container.

53 "Licensed" means the holding of a valid license granted by the Authority.

54 "Licensee" means any person to whom a license has been granted by the Authority.

55 "Manufacturing" or "manufacture" means the production of marijuana products or the blending,
56 infusing, compounding, or other preparation of marijuana and marijuana products, including marijuana
57 extraction or preparation by means of chemical synthesis. "Manufacturing" or "manufacture" does not
58 include cultivation or testing.

59 "Marijuana" means any part of a plant of the genus Cannabis, whether growing or not, its seeds or
60 resin; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds,
61 its resin, or any extract containing one or more cannabinoids. "Marijuana" does not include (i) the mature
62 stalks of such plant, fiber produced from such stalk, or oil or cake made from the seed of such plant, unless
63 such stalks, fiber, oil, or cake is combined with other parts of plants of the genus Cannabis; (ii) industrial
64 hemp, as defined in § 3.2-4112, that is possessed by a person registered pursuant to subsection A of § 3.2-
65 4115 or his agent; (iii) industrial hemp, as defined in § 3.2-4112, that is possessed by a person who holds
66 a hemp producer license issued by the U.S. Department of Agriculture pursuant to 7 C.F.R. Part 990; (iv)
67 a hemp product, as defined in § 3.2-4112; (v) an industrial hemp extract, as defined in § 3.2-5145.1; or
68 (vi) any substance containing a tetrahydrocannabinol isomer, ester, ether, salt, or salts of such isomer,
69 ester, or ether that has been placed by the Board of Pharmacy into one of the schedules set forth in the
70 Drug Control Act (§ 54.1-3400 et seq.) pursuant to § 54.1-3443.

71 "Marijuana concentrate" means marijuana that has undergone a process to concentrate one or more
72 active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a
73 marijuana plant is a concentrate for purposes of this subtitle.

74 "Marijuana cultivation facility" means a facility licensed under this subtitle to cultivate, label, and
75 package ~~retail~~ marijuana; to purchase or take possession of marijuana plants and seeds from other
76 marijuana cultivation facilities; to transfer possession of and sell ~~retail~~ marijuana, immature marijuana
77 plants, and marijuana seeds to marijuana wholesalers and retail marijuana stores; to transfer possession of
78 and sell ~~retail~~ marijuana, marijuana plants, and marijuana seeds to other marijuana cultivation facilities;
79 to transfer possession of and sell ~~retail~~ marijuana to marijuana manufacturing facilities; and to sell

80 immature marijuana plants and marijuana seeds to consumers for the purpose of cultivating marijuana at
81 home for personal use.

82 "Marijuana establishment" means a marijuana cultivation facility, a marijuana testing facility, a
83 marijuana manufacturing facility, a marijuana wholesaler, or a retail marijuana store.

84 "Marijuana manufacturing facility" means a facility licensed under this subtitle to manufacture,
85 label, and package ~~retail~~ marijuana and ~~retail~~ marijuana products; to purchase or take possession of ~~retail~~
86 marijuana from a marijuana cultivation facility or another marijuana manufacturing facility; and to transfer
87 possession of and sell ~~retail~~ marijuana and ~~retail~~ marijuana products to marijuana wholesalers, retail
88 marijuana stores, or other marijuana manufacturing facilities.

89 "Marijuana paraphernalia" means all equipment, products, and materials of any kind that are either
90 designed for use or are intended for use in planting, propagating, cultivating, growing, harvesting,
91 manufacturing, compounding, converting, producing, processing, preparing, strength testing, analyzing,
92 packaging, repackaging, storing, containing, concealing, ingesting, inhaling, or otherwise introducing into
93 the human body marijuana.

94 "Marijuana products" means (i) products that are composed of marijuana and other ingredients and
95 are intended for use or consumption, ointments, and tinctures or (ii) marijuana concentrate.

96 "Marijuana testing facility" means a facility licensed under this subtitle to develop, research, or
97 test marijuana, marijuana products, and other substances.

98 "Marijuana wholesaler" means a facility licensed under this subtitle to purchase or take possession
99 of ~~retail~~ marijuana, ~~retail~~ marijuana products, immature marijuana plants, and marijuana seeds from a
100 marijuana cultivation facility, a marijuana manufacturing facility, or another marijuana wholesaler and to
101 transfer possession and sell or resell ~~retail~~ marijuana, ~~retail~~ marijuana products, immature marijuana
102 plants, and marijuana seeds to a marijuana cultivation facility, marijuana manufacturing facility, retail
103 marijuana store, or another marijuana wholesaler.

104 "Micro business" means a licensee that meets the criteria set forth in subdivision B 13 of § 4.1-
105 606.

106 ~~"Non-retail marijuana" means marijuana that is not cultivated, manufactured, or sold by a licensed~~
107 ~~marijuana establishment.~~

108 ~~"Non-retail marijuana products" means marijuana products that are not manufactured and sold by~~
109 ~~a licensed marijuana establishment.~~

110 "Place or premises" means the real estate, together with any buildings or other improvements
111 thereon, designated in the application for a license as the place at which the cultivation, manufacture, sale,
112 or testing of ~~retail~~ marijuana or ~~retail~~ marijuana products shall be performed, except that portion of any
113 such building or other improvement actually and exclusively used as a private residence.

114 "Public place" means any place, building, or conveyance to which the public has, or is permitted
115 to have, access, including restaurants, soda fountains, hotel dining areas, lobbies and corridors of hotels,
116 and any park, place of public resort or amusement, highway, street, lane, or sidewalk adjoining any
117 highway, street, or lane.

118 "Residence" means any building or part of a building or structure where a person resides, but does
119 not include any part of a building that is not actually and exclusively used as a private residence, nor any
120 part of a hotel or club other than a private guest room thereof.

121 ~~"Retail marijuana" means marijuana that is cultivated, manufactured, or sold by a licensed~~
122 ~~marijuana establishment.~~

123 ~~"Retail marijuana products" means marijuana products that are manufactured and sold by a~~
124 ~~licensed marijuana establishment.~~

125 "Retail marijuana store" means a facility licensed under this subtitle to purchase or take possession
126 of ~~retail~~ marijuana, ~~retail~~ marijuana products, immature marijuana plants, or marijuana seeds from a
127 marijuana cultivation facility, marijuana manufacturing facility, or marijuana wholesaler and to sell ~~retail~~
128 marijuana, ~~retail~~ marijuana products, immature marijuana plants, or marijuana seeds to consumers.

129 "Sale" and "sell" includes soliciting or receiving an order for; keeping, offering, or exposing for
130 sale; peddling, exchanging, or bartering; or delivering otherwise than gratuitously, by any means, ~~retail~~
131 marijuana or ~~retail~~ marijuana products.

132 "Special agent" means an employee of the Virginia Cannabis Control Authority whom the Board
133 has designated as a law-enforcement officer pursuant to this subtitle.

134 "Testing" or "test" means the research and analysis of marijuana, marijuana products, or other
135 substances for contaminants, safety, or potency. "Testing" or "test" does not include cultivation or
136 manufacturing.

137 "Tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

138 "Total tetrahydrocannabinol" means the same as that term is defined in § 3.2-4112.

139 **§ 4.1-601. Virginia Cannabis Control Authority created; public purpose.**

140 A. The General Assembly has determined that there exists in the Commonwealth a need to control
141 the possession, sale, transportation, distribution, and delivery of ~~retail~~ marijuana and ~~retail~~ marijuana
142 products in the Commonwealth. Further, the General Assembly determines that the creation of an
143 authority for this purpose is in the public interest, serves a public purpose, and will promote the health,
144 safety, welfare, convenience, and prosperity of the people of the Commonwealth. To achieve this
145 objective, there is hereby created an independent political subdivision of the Commonwealth, exclusive
146 of the legislative, executive, or judicial branches of state government, to be known as the Virginia
147 Cannabis Control Authority. The Authority's exercise of powers and duties conferred by this subtitle shall
148 be deemed the performance of an essential governmental function and a matter of public necessity for
149 which public moneys may be spent.

150 B. The Board of Directors of the Authority is vested with control of the possession, sale,
151 transportation, distribution, and delivery of ~~retail~~ marijuana and ~~retail~~ marijuana products in the
152 Commonwealth, with plenary power to prescribe and enforce regulations and conditions under which
153 ~~retail~~ marijuana and ~~retail~~ marijuana products are possessed, sold, transported, distributed, and delivered,
154 so as to prevent any corrupt, incompetent, dishonest, or unprincipled practices and to promote the health,
155 safety, welfare, convenience, and prosperity of the people of the Commonwealth. The exercise of the
156 powers granted by this subtitle shall be in all respects for the benefit of the citizens of the Commonwealth
157 and for the promotion of their safety, health, welfare, and convenience. No part of the assets or net earnings
158 of the Authority shall inure to the benefit of, or be distributable to, any private individual, except that

159 reasonable compensation may be paid for services rendered to or for the Authority affecting one or more
160 of its purposes, and benefits may be conferred that are in conformity with said purposes, and no private
161 individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the
162 Authority.

163 **§ 4.1-603. Cannabis Public Health Advisory Council; purpose; membership; quorum;**
164 **meetings; compensation and expenses; duties.**

165 A. The Cannabis Public Health Advisory Council (the Advisory Council) is established as an
166 advisory council to the Board. The purpose of the Advisory Council is to assess and monitor public health
167 issues, trends, and impacts related to marijuana and marijuana legalization and make recommendations
168 regarding health warnings, ~~retail~~ marijuana and ~~retail~~ marijuana products safety and product composition,
169 and public health awareness, programming, and related resource needs.

170 B. The Advisory Council shall have a total membership of 21 members that shall consist of 14
171 nonlegislative citizen members and seven ex officio members. Nonlegislative citizen members of the
172 Council shall be citizens of the Commonwealth and shall reflect the racial, ethnic, gender, and geographic
173 diversity of the Commonwealth. Nonlegislative citizen members shall be appointed as follows: four to be
174 appointed by the Senate Committee on Rules, one of whom shall be a representative from the Virginia
175 Foundation for Healthy Youth, one of whom shall be a representative from the Virginia Chapter of the
176 American Academy of Pediatrics, one of whom shall be a representative from the Medical Society of
177 Virginia, and one of whom shall be a representative from the Virginia Pharmacists Association; six to be
178 appointed by the Speaker of the House of Delegates, one of whom shall be a representative from a
179 community services board, one of whom shall be a person or health care provider with expertise in
180 substance use disorder treatment and recovery, one of whom shall be a person or health care provider with
181 expertise in substance use disorder prevention, one of whom shall be a person with experience in disability
182 rights advocacy, one of whom shall be a person with experience in veterans health care, and one of whom
183 shall be a person with a social or health equity background; and four to be appointed by the Governor,
184 subject to confirmation by the General Assembly, one of whom shall be a representative of a local health
185 district, one of whom shall be a person who is part of the cannabis industry, one of whom shall be an

186 academic researcher knowledgeable about cannabis, and one of whom shall be a registered medical
187 cannabis patient.

188 The Secretary of Health and Human Resources, the Commissioner of Health, the Commissioner
189 of Behavioral Health and Developmental Services, the Commissioner of Agriculture and Consumer
190 Services, the Director of the Department of Health Professions, the Director of the Department of Forensic
191 Science, and the Chief Executive Officer of the Virginia Cannabis Control Authority, or their designees,
192 shall serve ex officio with voting privileges. Ex officio members of the Advisory Council shall serve terms
193 coincident with their terms of office.

194 After the initial staggering of terms, nonlegislative citizen members shall be appointed for a term
195 of four years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired
196 terms. Vacancies shall be filled in the same manner as the original appointments. All members may be
197 reappointed.

198 The Advisory Council shall be chaired by the Secretary of Health and Human Resources or his
199 designee. The Advisory Council shall select a vice-chairman from among its membership. A majority of
200 the members shall constitute a quorum. The Advisory Council shall meet at least two times each year and
201 shall meet at the call of the chairman or whenever the majority of the members so request.

202 The Advisory Council shall have the authority to create subgroups with additional stakeholders,
203 experts, and state agency representatives.

204 C. Members shall receive no compensation for the performance of their duties but shall be
205 reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as
206 provided in §§ 2.2-2813 and 2.2-2825.

207 D. The Advisory Council shall have the following duties, in addition to duties that may be
208 necessary to fulfill its purpose as described in subsection A:

209 1. To review multi-agency efforts to support collaboration and a unified approach on public health
210 responses related to marijuana and marijuana legalization in the Commonwealth and to develop
211 recommendations as necessary.

212 2. To monitor changes in drug use data related to marijuana and marijuana legalization in the
213 Commonwealth and the science and medical information relevant to the potential health risks associated
214 with such drug use, and make appropriate recommendations to the Department of Health and the Board.

215 3. Submit an annual report to the Governor and the General Assembly for publication as a report
216 document as provided in the procedures of the Division of Legislative Automated Systems for the
217 processing of legislative documents and reports. The chairman shall submit to the Governor and the
218 General Assembly an annual executive summary of the interim activity and work of the Advisory Council
219 no later than the first day of each regular session of the General Assembly. The executive summary shall
220 be submitted as a report document as provided in the procedures of the Division of Legislative Automated
221 Systems for the processing of legislative documents and reports and shall be posted on the General
222 Assembly's website.

223 **§ 4.1-604. Powers and duties of the Board.**

224 The Board shall have the following powers and duties:

225 1. Promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.)
226 and § 4.1-606;

227 2. Control the possession, sale, transportation, and delivery of marijuana and marijuana products;

228 3. Grant, suspend, restrict, revoke, or refuse to grant or renew any license or permit issued or
229 authorized pursuant to this subtitle;

230 4. Determine the nature, form, and capacity of all containers used for holding marijuana products
231 to be kept or sold and prescribe the form and content of all labels and seals to be placed thereon;

232 5. Maintain actions to enjoin common nuisances ~~as defined in § 4.1-1113;~~

233 6. Establish standards and implement an online course for employees of retail marijuana stores
234 that trains employees on how to educate consumers on the potential risks of marijuana use;

235 7. Establish a plan to develop and disseminate to retail marijuana store licensees a pamphlet or
236 similar document regarding the potential risks of marijuana use to be prominently displayed and made
237 available to consumers;

238 8. Establish a position for a Cannabis ~~Social Equity~~ Micro Business Liaison who shall lead the
239 Cannabis Micro Business ~~Equity and Diversity~~ Support Team and liaise with the Director of Diversity,
240 Equity, and Inclusion on matters related to diversity, equity, and inclusion standards in the marijuana
241 industry;

242 9. Establish a Cannabis Micro Business ~~Equity and Diversity~~ Support Team, which shall (i)
243 develop requirements for the creation and submission of ~~diversity, equity, and inclusion~~ micro cannabis
244 business accelerator plans by persons who wish to possess a license in more than one license category
245 pursuant to subsection C of § 4.1-805, which may include a requirement that the licensee participate in
246 social equity apprenticeship plan, and an approval process and requirements for implementation of such
247 plans; (ii) be responsible for conducting an analysis of potential barriers to entry for ~~small, women-owned,~~
248 ~~and minority-owned businesses and veteran-owned~~ micro businesses interested in participating in the
249 marijuana industry and recommending strategies to effectively mitigate such potential barriers; (iii)
250 provide assistance with business planning for potential marijuana establishment licensees; (iv) spread
251 awareness of business opportunities related to the marijuana marketplace in ~~areas disproportionately~~
252 ~~impacted by marijuana prohibition and enforcement~~ historically economically disadvantaged
253 communities; (v) provide technical assistance in navigating the administrative process to potential
254 marijuana establishment licensees; and (vi) conduct other outreach initiatives in ~~areas disproportionately~~
255 ~~impacted by marijuana prohibition and enforcement~~ historically economically disadvantaged
256 communities as necessary;

257 10. Establish a position for an individual with professional experience in a health related field who
258 shall staff the Cannabis Public Health Advisory Council, established pursuant to § 4.1-603, liaise with the
259 Office of the Secretary of Health and Human Resources and relevant health and human services agencies
260 and organizations, and perform other duties as needed;

261 11. Establish and implement a plan, in coordination with the Cannabis ~~Social Equity~~ Micro
262 Business Liaison ~~and the Director of Diversity, Equity, and Inclusion,~~ to promote and encourage
263 participation in the marijuana industry by people from historically economically disadvantaged

264 communities ~~that have been disproportionately impacted by marijuana prohibition and enforcement~~ and
265 to positively impact those communities;

266 12. Sue and be sued, implead and be impleaded, and complain and defend in all courts;

267 13. Adopt, use, and alter at will a common seal;

268 14. Fix, alter, charge, and collect rates, rentals, fees, and other charges for the use of property of,
269 the sale of products of, or services rendered by the Authority at rates to be determined by the Authority
270 for the purpose of providing for the payment of the expenses of the Authority;

271 15. Make and enter into all contracts and agreements necessary or incidental to the performance
272 of its duties, the furtherance of its purposes, and the execution of its powers under this subtitle, including
273 agreements with any person or federal agency;

274 16. Employ, at its discretion, consultants, researchers, architects, engineers, accountants, financial
275 experts, investment bankers, superintendents, managers, and such other employees and special agents as
276 may be necessary and fix their compensation to be payable from funds made available to the Authority.
277 Legal services for the Authority shall be provided by the Attorney General in accordance with Chapter 5
278 (§ 2.2-500 et seq.) of Title 2.2;

279 17. Receive and accept from any federal or private agency, foundation, corporation, association,
280 or person grants or other aid to be expended in accomplishing the objectives of the Authority, and receive
281 and accept from the Commonwealth or any state and any municipality, county, or other political
282 subdivision thereof or from any other source aid or contributions of either money, property, or other things
283 of value, to be held, used, and applied only for the purposes for which such grants and contributions may
284 be made. All federal moneys accepted under this section shall be accepted and expended by the Authority
285 upon such terms and conditions as are prescribed by the United States and as are consistent with state law,
286 and all state moneys accepted under this section shall be expended by the Authority upon such terms and
287 conditions as are prescribed by the Commonwealth;

288 18. Adopt, alter, and repeal bylaws, rules, and regulations governing the manner in which its
289 business shall be transacted and the manner in which the powers of the Authority shall be exercised and
290 its duties performed. The Board may delegate or assign any duty or task to be performed by the Authority

291 to any officer or employee of the Authority. The Board shall remain responsible for the performance of
292 any such duties or tasks. Any delegation pursuant to this subdivision shall, where appropriate, be
293 accompanied by written guidelines for the exercise of the duties or tasks delegated. Where appropriate,
294 the guidelines shall require that the Board receive summaries of actions taken. Such delegation or
295 assignment shall not relieve the Board of the responsibility to ensure faithful performance of the duties
296 and tasks;

297 19. Conduct or engage in any lawful business, activity, effort, or project consistent with the
298 Authority's purposes or necessary or convenient to exercise its powers;

299 20. Develop policies and procedures generally applicable to the procurement of goods, services,
300 and construction, based upon competitive principles;

301 21. Develop policies and procedures consistent with Article 4 (§ 2.2-4347 et seq.) of Chapter 43
302 of Title 2.2;

303 22. Acquire, purchase, hold, use, lease, or otherwise dispose of any property, real, personal or
304 mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes
305 of the Authority; lease as lessee any property, real, personal or mixed, tangible or intangible, or any interest
306 therein, at such annual rental and on such terms and conditions as may be determined by the Board; lease
307 as lessor to any person any property, real, personal or mixed, tangible or intangible, or any interest therein,
308 at any time acquired by the Authority, whether wholly or partially completed, at such annual rental and
309 on such terms and conditions as may be determined by the Board; sell, transfer, or convey any property,
310 real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired or held by the
311 Authority on such terms and conditions as may be determined by the Board; and occupy and improve any
312 land or building required for the purposes of this subtitle;

313 23. Purchase, lease, or acquire the use of, by any manner, any plant or equipment that may be
314 considered necessary or useful in carrying into effect the purposes of this subtitle, including rectifying,
315 blending, and processing plants;

316 24. Appoint every agent and employee required for its operations, require any or all of them to
317 give bonds payable to the Commonwealth in such penalty as shall be fixed by the Board, and engage the
318 services of experts and professionals;

319 25. Hold and conduct hearings, issue subpoenas requiring the attendance of witnesses and the
320 production of records, memoranda, papers, and other documents before the Board or any agent of the
321 Board, and administer oaths and take testimony thereunder. The Board may authorize any Board member
322 or agent of the Board to hold and conduct hearings, issue subpoenas, administer oaths and take testimony
323 thereunder, and decide cases, subject to final decision by the Board, on application of any party aggrieved.
324 The Board may enter into consent agreements and may request and accept from any applicant, licensee,
325 or permittee a consent agreement in lieu of proceedings on (i) objections to the issuance of a license or
326 permit or (ii) disciplinary action. Any such consent agreement (a) shall include findings of fact and
327 provisions regarding whether the terms of the consent agreement are confidential and (b) may include an
328 admission or a finding of a violation. A consent agreement shall not be considered a case decision of the
329 Board and shall not be subject to judicial review under the provisions of the Administrative Process Act
330 (§ 2.2-4000 et seq.), but may be considered by the Board in future disciplinary proceedings;

331 26. Make a reasonable charge for preparing and furnishing statistical information and compilations
332 to persons other than (i) officials, including court and police officials, of the Commonwealth and of its
333 subdivisions if the information requested is for official use and (ii) persons who have a personal or legal
334 interest in obtaining the information requested if such information is not to be used for commercial or
335 trade purposes;

336 27. Take appropriate disciplinary action and assess and collect civil penalties and civil charges for
337 violations of this subtitle and Board regulations;

338 28. Review and approve any proposed legislative or regulatory changes suggested by the Chief
339 Executive Officer as the Board deems appropriate;

340 29. Report quarterly to the Secretary of Public Safety and Homeland Security on the law-
341 enforcement activities undertaken to enforce the provisions of this subtitle;

342 30. Establish and collect fees for all permits set forth in this subtitle, including fees associated with
343 applications for such permits;

344 31. Develop and make available on its website guidance documents regarding compliance and safe
345 practices for persons who cultivate marijuana at home for personal use, which shall include information
346 regarding cultivation practices that promote personal and public safety, including child protection, and
347 discourage practices that create a nuisance;

348 32. Develop and make available on its website a resource that provides information regarding (i)
349 responsible marijuana consumption; (ii) health risks and other dangers associated with marijuana
350 consumption, including inability to operate a motor vehicle and other types of transportation and
351 equipment; and (iii) ancillary effects of marijuana consumption, including ineligibility for certain
352 employment opportunities. The Board shall require that the web address for such resource be included on
353 the label of all ~~retail~~ marijuana and ~~retail~~ marijuana ~~product as provided in § 4.1-1402~~ products; and

354 33. Prepare and issue a quarterly report regarding (i) micro business participation in the cannabis
355 industry, (ii) enforcement data, and (iii) public health matters; and

356 34. Do all acts necessary or advisable to carry out the purposes of this subtitle.

357 **§ 4.1-606. Regulations of the Board.**

358 A. The Board may promulgate reasonable regulations, not inconsistent with this subtitle or the
359 general laws of the Commonwealth, that it deems necessary to carry out the provisions of this subtitle and
360 to prevent the illegal cultivation, manufacture, sale, and testing of marijuana and marijuana products. The
361 Board may amend or repeal such regulations. ~~Such~~ Except as otherwise provided by law, such regulations
362 shall be promulgated, amended, or repealed in accordance with the Administrative Process Act (§ 2.2-
363 4000 et seq.) and shall have the effect of law.

364 B. The Board shall promulgate regulations that:

365 1. Govern the ~~outdoor~~ cultivation and manufacture of marijuana ~~by a marijuana cultivation facility~~
366 licensee and marijuana products, including (i) security requirements related to ~~include~~ lighting, physical
367 security, and ~~alarm requirements, provided that such requirements do not prohibit the cultivation of~~

368 ~~marijuana outdoors or in a greenhouse~~ alarms, (ii) requirements for secure disposal of waste or unusable
369 materials, and (iii) a prohibition on outdoor cultivation;

370 2. Establish security requirements for all marijuana establishments, including requirements for
371 securely transporting marijuana between marijuana establishments;

372 3. Establish sanitary standards for ~~retail~~ marijuana product preparation;

373 4. Establish a testing program for ~~retail~~ marijuana and ~~retail~~ marijuana products ~~pursuant to~~
374 ~~Chapter 14 (§ 4.1-1400 et seq.);~~

375 5. Establish an application process for licensure as a marijuana establishment pursuant to this
376 subtitle in a way that, when possible, prevents disparate impacts on historically economically
377 disadvantaged communities;

378 6. Establish packaging requirements and requirements for health and safety warning labels to be
379 placed on ~~retail~~ marijuana and ~~retail~~ marijuana products to be sold or offered for sale by a licensee to a
380 consumer in accordance with the provisions of this subtitle. Such provisions shall require that labels (i) be
381 complete, accurate, easily discernable, and uniform among different products and brands; (ii) be accessible
382 on the licensee's website; and (iii) include information regarding (a) the product name; (b) all active and
383 inactive ingredients, including cannabinoids, terpenes, additives, preservatives, flavorings, sweeteners,
384 and carrier oils; (c) the total percentage and milligrams of tetrahydrocannabinol and cannabidiol included
385 in the product and the number of milligrams of tetrahydrocannabinol and cannabidiol in each package and
386 serving; (d) the amount of product that constitutes a single serving; (e) information regarding the product's
387 purpose and detailed usage directions; (f) child and safety warnings in a conspicuous font; and (g) such
388 other information required by the Board;

389 7. Establish a maximum tetrahydrocannabinol level for ~~retail~~ marijuana and marijuana products,
390 which shall not exceed (i) ~~five~~ 10 milligrams per serving for edible marijuana products and where
391 practicable an equivalent amount for other marijuana products or (ii) ~~50~~ 100 milligrams per package for
392 edible marijuana products and where practicable an equivalent amount for other marijuana products. ~~Such~~
393 ~~regulations may include other product and dispensing limitations on tetrahydrocannabinol;~~

394 8. Establish requirements for the form, content, and retention of all records and accounts by all
395 licensees, including the manner and timeframe in which licensees shall make such records and accounts
396 available to the Board;

397 9. Provide alternative methods for licensees to maintain and store business records that are subject
398 to Board inspection, including methods for Board-approved electronic and offsite storage;

399 10. Establish (i) criteria by which to evaluate new licensees based on, among other factors, the
400 density of retail marijuana stores in the community and (ii) metrics that have similarly shown an
401 association with negative community-level health outcomes or health disparities. ~~In promulgating such~~
402 ~~regulations, the Board shall coordinate with the Cannabis Public Health Advisory Council established~~
403 ~~pursuant to § 4.1-603~~;

404 11. Require retail licensees to file an appeal from any hearing decision rendered by a hearing
405 officer within 30 days of the date the notice of the decision is sent. The notice shall be sent to the licensee
406 at the address on record with the Board by certified mail, return receipt requested, and by regular mail;

407 12. Prescribe the schedule of proration for refunded license fees to licensees who qualify ~~pursuant~~
408 ~~to subsection C of § 4.1-1002~~;

409 13. Establish criteria by which to ~~evaluate social equity~~ identify micro business license applicants,
410 which shall be an applicant ~~who has lived or been domiciled for at least 12 months in the Commonwealth~~
411 ~~and is either (i) an applicant with~~ that has at least 66 percent ownership and direct control by a person or
412 persons who (i) have been convicted of or adjudicated delinquent for any misdemeanor violation of §
413 18.2-248.1, former § 18.2-250.1, or subsection A of § 18.2-265.3 as it relates to marijuana; ~~(ii) an applicant~~
414 ~~with at least 66 percent ownership by a person or persons who is~~ are the parent, child, sibling, or spouse
415 of a person who has been convicted of or adjudicated delinquent for any misdemeanor violation of § 18.2-
416 248.1, former § 18.2-250.1, or subsection A of § 18.2-265.3 as it relates to marijuana; ~~(iii) an applicant~~
417 ~~with at least 66 percent ownership by a person or persons who have~~ have resided for at least three of the
418 past five years in a ~~jurisdiction that is determined by the Board after utilizing census tract data made~~
419 ~~available by the United States Census Bureau to have been disproportionately policed for marijuana~~
420 ~~crimes; (iv) an applicant with at least 66 percent ownership by a person or persons who have resided for~~

421 ~~at least three of the last five years in a jurisdiction determined by the Board after utilizing census tract data~~
422 ~~made available by the United States Census Bureau to be economically distressed; or (v) an applicant with~~
423 ~~at least 66 percent ownership by a person or persons who graduated from a historically black historically~~
424 ~~economically disadvantaged community; (iv) have attended for at least five years a public elementary or~~
425 ~~secondary school located in a historically economically disadvantaged community; (v) have received a~~
426 ~~federal Pell Grant or attended for at least two years a college or university located in the Commonwealth~~
427 ~~at which at least 30 percent of the students, on average, are eligible for a federal Pell Grant; or (vi) is a~~
428 ~~veteran of the armed forces of the United States;~~

429 ~~14. For the purposes of establishing criteria by which to evaluate social equity license applicants,~~
430 ~~establish standards by which to determine (i) which jurisdictions have been disproportionately policed for~~
431 ~~marijuana crimes and (ii) which jurisdictions are economically distressed;~~

432 ~~15. Establish~~ For applicants that meet the criteria set forth in subdivision 13, establish standards
433 and requirements for (i) ~~any~~ a preference in the licensing process for qualified social equity applicants,
434 (ii) what percentage of application or license fees are waived for a qualified social equity applicant to
435 promote participation by micro businesses with an inability to pay standard application and license fees,
436 ~~and (iii) a low-interest business loan program for qualified social equity applicants, (iv) a waiver of any~~
437 requirements to show proof of funds or current possession and control of the proposed licensed premises
438 at the time of application, and (v) to the extent practicable, the proportional distribution of licenses among
439 the applicants set forth in clauses (i) through (vi) in subdivision 13;

440 ~~16-15. Establish~~ guidelines, in addition to requirements set forth in this subtitle, for the personal
441 cultivation of marijuana that promote personal and public safety, including child protection, and
442 discourage personal cultivation practices that create a nuisance, including a nuisance caused by odor;

443 ~~17-16. Establish~~ reasonable time, place, and manner restrictions on ~~outdoor~~ advertising of ~~retail~~
444 marijuana or ~~retail~~ marijuana products, ~~not inconsistent with the provisions of this chapter, so. Such~~
445 restrictions shall ensure that such advertising displaces the illicit market, includes health and safety
446 warnings, and notifies the public of the location of marijuana establishments ~~Such regulations shall be~~
447 ~~promulgated in accordance with § 4.1-1404;~~

448 ~~18-17. Establish restrictions on (i) the number of licenses that a person may be granted to operate~~
449 ~~a marijuana establishment in a single locality or region and (ii) license transfers. Such restrictions shall~~
450 ~~(a) prohibit persons that hold a license in more than one license category from transferring any license to~~
451 ~~another person that holds a license in more than one license category; (b) ensure that all licensees have an~~
452 ~~equal and meaningful opportunity to participate in the market; and (c) prohibit pharmaceutical processors~~
453 ~~from acquiring a license from another licensee; and~~

454 ~~19. Establish restrictions on pharmaceutical processors and industrial hemp processors that have~~
455 ~~been granted a license in more than one license category pursuant to subsection C of § 4.1-805 that ensure~~
456 ~~all licensees have an equal and meaningful opportunity to participate in the market. Such regulations may~~
457 ~~limit the amount of products cultivated or manufactured by the pharmaceutical processor or industrial~~
458 ~~hemp processor that such processor may offer for sale in its retail marijuana stores;~~

459 18. Establish requirements for routine inspections of all marijuana establishments, which shall
460 occur no less than once per year;

461 19. Establish minimum equipment and resource requirements for marijuana establishments;

462 20. Establish processes to ensure the safe and secure dispensing of marijuana and marijuana
463 products;

464 21. Establish processes to ensure the safe wholesale distribution and transfer of marijuana and
465 marijuana products;

466 22. Establish requirements regarding the sale of devices by licensees for administration of
467 marijuana and marijuana products;

468 23. Establish a process for certain licensees to acquire from a registered industrial hemp dealer or
469 processor industrial hemp extracts grown and processed in the Commonwealth in compliance with state
470 and federal law and a process for licensees to formulate such extracts into marijuana products;

471 24. Establish (i) the maximum amount of marijuana or marijuana products that a licensee may sell
472 to a single purchaser during a period of time established by the Board and (ii) a retail sales monitoring
473 program to ensure compliance with Board requirements regarding sales to a single purchaser;

474 25. Ensure that all marijuana establishments are in compliance with applicable zoning and land
475 use restrictions and that no retail marijuana store is located within one-quarter of a mile of another retail
476 marijuana store;

477 ~~C. The Board may promulgate regulations that:~~

478 ~~1-26. Limit the number of licenses issued by type or class to operate a marijuana establishment in~~
479 ~~accordance with § 4.1-700; however, the number of licenses issued shall not exceed the following limits:~~

480 ~~a. Retail marijuana stores, 400;~~

481 ~~b. Marijuana wholesalers, 25;~~

482 ~~c. Marijuana manufacturing facilities, 60; and~~

483 ~~d. Marijuana cultivation facilities, 450.~~

484 ~~In determining the number of licenses issued pursuant to this subdivision, the Board shall not~~
485 ~~consider any license granted pursuant to subsection C of § 4.1-805 to (i) a pharmaceutical processor that~~
486 ~~has been issued a permit by the Board of Pharmacy pursuant to Article 4.2 (§ 54.1-3442.5 et seq.) of the~~
487 ~~Drug Control Act or (ii) an industrial hemp processor registered with the Commissioner of Agriculture~~
488 ~~and Consumer Services pursuant to Chapter 41.1 (§ 3.2-4112 et seq.) of Title 3.2.~~

489 ~~2-27. Prescribe any requirements deemed appropriate for the administration of taxes under §§ 4.1-~~
490 ~~1003 and 4.1-1004, including method of filing a return, information required on a return, and form of~~
491 ~~payment;~~

492 ~~3-28. Limit the allowable square footage of a retail marijuana store, which shall not exceed 1,500~~
493 ~~square feet; unless the retail marijuana store is located on the premises of a pharmaceutical processor or~~
494 ~~cannabis dispensing facility that holds a valid permit issued by the Board pursuant to Chapter 16 (§ 4.1-~~
495 ~~1600 et seq.) prior to July 1, 2024, and the retail portion of such premises has not been expanded after~~
496 ~~such date;~~

497 ~~4-29. Allow certain persons to be granted or have interest in a license in more than one of the~~
498 ~~following license categories: marijuana cultivation facility license, marijuana manufacturing facility~~
499 ~~license, marijuana wholesaler license, or retail marijuana store license. Such regulations shall be drawn~~
500 ~~narrowly to limit vertical integration to small businesses and ensure that all licensees have an equal and~~

501 ~~meaningful opportunity to participate in the market~~ However, no person shall be granted or hold interest
502 in more than six total licenses;

503 30. Allow micro business licensees to (i) enter into cooperative agreements with other micro
504 business licensees and (ii) lease space and equipment and cultivate, manufacture, and sell marijuana and
505 marijuana products on the premises of another licensee;

506 31. Limit the canopy of marijuana cultivation facilities to 150,000 square feet. However, marijuana
507 cultivation facilities that are located on the premises of a micro business licensee shall be limited to a
508 canopy of 10,000 square feet; and

509 32. Limit (i) micro businesses that hold a marijuana manufacturing facility license to
510 manufacturing a maximum of 1,000 pounds of marijuana or marijuana products per year and (ii) micro
511 businesses that hold a marijuana wholesale license to wholesaling a maximum of \$500,000 of marijuana
512 or marijuana products per year.

513 ~~D.C.~~ Board regulations shall be (i) uniform in their application, except those relating to hours of
514 sale for licensees (ii) commercially reasonable, and (iii) consistent with generally accepted cannabis
515 industry standards in states with regulated cannabis markets.

516 ~~E.D.~~ Courts shall take judicial notice of Board regulations.

517 ~~F.~~ The Board shall consult with the Cannabis Public Health Advisory Council in promulgating any
518 ~~regulations relating to public health, including regulations promulgated pursuant to subdivision B 3, 4, 6,~~
519 ~~7, 10, or 16, and shall not promulgate any such regulation that has not been approved by a majority of the~~
520 ~~members of the Cannabis Public Health Advisory Council.~~

521 ~~G.E.~~ With regard to regulations governing licensees that have been issued a permit by the Board
522 ~~of Pharmacy to operate as a pharmaceutical processor or cannabis dispensing facility pursuant to Article~~
523 ~~4.2 (§ 54.1-3442.5 et seq.) of the Drug Control Act Chapter 16 (§ 4.1-1600 et seq.), the Board shall make~~
524 ~~reasonable efforts (i) to align such regulations with any applicable regulations promulgated by the Board~~
525 ~~of Pharmacy that establish health, safety, and security requirements for pharmaceutical processors and~~
526 ~~cannabis dispensing facilities and (ii) to deem in compliance with applicable regulations promulgated~~
527 ~~pursuant to this subtitle such pharmaceutical processors and cannabis dispensing facilities that have been~~

528 found to be in compliance with regulations promulgated by the Board of Pharmacy pursuant to Chapter
 529 16 that mirror or are more extensive in scope than similar regulations promulgated pursuant to ~~this~~ other
 530 provisions of this subtitle.

531 ~~H.F.~~ The Board's power to regulate shall be broadly construed.

532 **§ 4.1-610. Financial interests of Board, employees, and family members prohibited.**

533 No Board member or employee of the Authority shall (i) be a principal stockholder or (ii) otherwise
 534 have any financial interest, direct or indirect, in any licensee subject to the provisions of this subtitle or in
 535 any entity that has submitted an application for a license ~~under Chapter 8 (§ 4.1-800 et seq.)~~. No Board
 536 member and no spouse or immediate family member of a Board member shall make any contribution to a
 537 candidate for office or officeholder at the local or state level or cause such a contribution to be made on
 538 his behalf.

539 **§ 4.1-611. Seed-to-sale tracking system.**

540 To ensure that no ~~retail~~ marijuana or ~~retail~~ marijuana products grown or processed by a marijuana
 541 establishment are sold or otherwise transferred except as authorized by law, the Board shall develop and
 542 maintain a seed-to-sale tracking system that tracks ~~retail~~ marijuana from either the seed or immature plant
 543 stage until the ~~retail~~ marijuana or ~~retail~~ marijuana product is sold to a customer at a retail marijuana store.

544 **§ 4.1-619. Certified mail; subsequent mail or notices may be sent by regular mail; electronic**
 545 **communications as alternative to regular mail; limitation.**

546 A. Whenever in this subtitle the Board is required to send any mail or notice by certified mail and
 547 such mail or notice is sent certified mail, return receipt requested, then any subsequent, identical mail or
 548 notice that is sent by the Board may be sent by regular mail.

549 B. Except as provided in subsection C, whenever in this subtitle the Board is required or permitted
 550 to send any mail, notice, or other official communication by regular mail to ~~persons licensed under Chapter~~
 551 ~~8 (§ 4.1-800 et seq.)~~ a licensee, upon the request of a licensee, the Board may instead send such mail,
 552 notice, or official communication by email, text message, or other electronic means to the email address,
 553 telephone number, or other contact information provided to the Board by the licensee, provided that the

554 Board retains sufficient proof of the electronic delivery, which may be an electronic receipt of delivery or
555 a certificate of service prepared by the Board confirming the electronic delivery.

556 C. No notice ~~required by § 4.1-903~~ to a licensee of a hearing that may result in the suspension or
557 revocation of his license or the imposition of a civil penalty shall be sent by the Board by email, text
558 message, or other electronic means, nor shall any decision by the Board to suspend or revoke a license or
559 impose a civil penalty be sent by the Board by email, text message, or other electronic means.

560 **§ 4.1-621. Certain information not to be made public.**

561 Neither the Board nor its employees shall divulge any information regarding (i) financial reports
562 or records required pursuant to this subtitle; (ii) the purchase orders and invoices for ~~retail~~ marijuana or
563 ~~retail~~ marijuana products filed with the Board by marijuana wholesaler licensees; (iii) taxes collected from,
564 refunded to, or adjusted for any person; or (iv) information contained in the seed-to-sale tracking system
565 maintained by the Board pursuant to § 4.1-611. The provisions of § 58.1-3 shall apply, mutatis mutandis,
566 to taxes collected pursuant to this subtitle and to purchase orders and invoices for ~~retail~~ marijuana or ~~retail~~
567 marijuana products filed with the Board by marijuana wholesaler licensees.

568 Nothing contained in this section shall prohibit the use or release of such information or documents
569 by the Board to any governmental or law-enforcement agency, or when considering the granting, denial,
570 revocation, or suspension of a license or permit, or the assessment of any penalty against a licensee or
571 permittee, nor shall this section prohibit the Board or its employees from compiling and disseminating to
572 any member of the public aggregate statistical information pertaining to (a) tax collection, as long as such
573 information does not reveal or disclose tax collection from any identified licensee; (b) the total amount of
574 ~~retail~~ marijuana or ~~retail~~ marijuana products sales in the Commonwealth by marijuana wholesaler
575 licensees collectively; or (c) the total amount of purchases or sales submitted by licensees, provided that
576 such information does not identify the licensee.

577 **§ 4.1-629. Local referendum on prohibition of marijuana establishments.**

578 A. The governing body of a locality may, by resolution, petition the circuit court for the locality
579 for a referendum on the question of whether marijuana establishments shall be prohibited in the locality.

580 Upon the filing of a petition, the circuit court shall order the election officials to conduct a
581 referendum on the question on the date fixed in the order. The date set by the order shall comply with the
582 provisions of § 24.2-682, but in no event shall such date be more than 90 days from the date the order is
583 issued. The clerk of the circuit court shall publish notice of the referendum in a newspaper of general
584 circulation in the locality once a week for three consecutive weeks prior to the referendum.

585 The question on the ballot shall be:

586 "Shall the operation of marijuana establishments be prohibited in _____ (name of county,
587 city, or town)?"

588 The referendum shall be held and the results certified as provided in § 24.2-684. In addition to the
589 certifications required by such section, the secretary of the local electoral board shall certify the results of
590 the referendum to the Board and to the governing body of the locality.

591 B. If a majority of the qualified voters voting in such referendum vote "No" on the question of
592 whether marijuana establishments shall be prohibited in the locality, marijuana establishments shall be
593 permitted to operate or continue operations within the locality subject to the provisions of this subtitle and
594 Board regulations and no subsequent referendum may be held pursuant to this section within such locality.

595 If a majority of the qualified voters voting in such referendum vote "Yes" on the question of
596 whether marijuana establishments shall be prohibited in the locality, marijuana establishments shall be
597 prohibited in the locality effective January 1 of the year immediately following the referendum. A
598 referendum on the same question may be held subsequent to a vote to prohibit marijuana establishments
599 but not earlier than the fourth November following the date of the previous referendum. Any subsequent
600 referendum shall be held pursuant to the provisions of this section.

601 C. When any referendum is held pursuant to this section in a town, separate and apart from the
602 county in which such town or a part thereof is located, such town shall be treated as being separate and
603 apart from such county. When any referendum is held pursuant to this section in a county, any town
604 located within such county shall be treated as being separate and apart from such county.

605 D. The legality of any referendum held pursuant to this section shall be subject to the inquiry,
606 determination, and judgment of the circuit court that ordered the referendum. The court shall proceed upon

607 the complaint of 15 or more qualified voters of the county, city, or town, filed within 30 days after the
608 date the results of the referendum are certified and setting out fully the grounds of contest. The complaint
609 and the proceedings shall conform as nearly as practicable to the provisions of § 15.2-1654, and the
610 judgment of the court entered of record shall be a final determination of the legality of the referendum.

611 E. Referendums held pursuant to this section shall not apply to or prohibit the licensure and
612 operation of a marijuana establishment by and on the premises of a pharmaceutical processor or cannabis
613 dispensing facility that holds a valid permit issued by the Board pursuant to Chapter 16 (§ 4.1-1600 et
614 seq.) prior to July 1, 2024.

615 **§ 4.1-700. License requirement; background checks; expiration.**

616 A. The Board shall grant the following licenses, provided that a sufficient number of applications
617 are received and that marijuana establishments are permitted in a sufficient number of localities:

618 1. Marijuana cultivation facility licenses, at least five in each state senatorial district, three of which
619 shall be issued to micro businesses;

620 2. Marijuana manufacturing facility licenses, at least five in each state senatorial district, three of
621 which shall be issued to micro businesses;

622 3. Marijuana wholesale licenses, at least five in each state senatorial district, three of which shall
623 be issued to micro businesses; and

624 4. Retail marijuana store licenses, at least eight in each state senatorial district, three of which shall
625 be issued to micro businesses.

626 In determining the number of licenses issued pursuant to this subsection, the Board shall not
627 consider any license granted to a pharmaceutical processor or cannabis dispensing facility that holds a
628 valid permit issued by the Board pursuant to Chapter 16 (§ 4.1-1600 et seq.) prior to July 1, 2024.

629 B. No person shall operate a marijuana establishment or exercise the privileges of any license set
630 forth in subsection A without first obtaining a license from the Board.

631 C. Applications for a license shall be submitted on a form provided by the Board. The Board shall
632 require that all applications include the name and signature of the applicant's compliance officer. The
633 Board shall establish an application fee and any other requirements for such applications.

634 D. License applicants, including all material owners of any applicant, shall submit to fingerprinting
635 and provide personal descriptive information to be forwarded along with the fingerprints through the
636 Central Criminal Records Exchange to the Federal Bureau of Investigation for the purpose of obtaining
637 criminal history record information. The cost of fingerprinting and the criminal history record search shall
638 be paid by the applicant. The Central Criminal Records Exchange shall forward the results of the criminal
639 history record search to the Board or its designee, which shall be a governmental entity.

640 E. A license shall not be issued to any person who has been convicted of a felony under the laws
641 of the Commonwealth or another jurisdiction within the last three years.

642 F. Each license shall expire annually on a date determined by the Board.

643 G. All licenses shall be displayed in a conspicuous place on the licensed premises.

644 **§ 4.1-701. Exemptions from licensure.**

645 The licensure requirements set forth in § 4.1-700 shall not apply to (i) a pharmaceutical processor
646 or cannabis dispensing facility that holds a valid permit issued by the Board prior to February 1, 2024,
647 pursuant to Chapter 16 (§ 4.1-1600 et seq.) and is operating in accordance with the provisions of such
648 chapter; (ii) a dealer, grower, or processor of industrial hemp that registered with the Commissioner of
649 Agriculture and Consumer Services prior to January 1, 2024, pursuant to Chapter 41.1 (§ 3.2-4112 et seq.)
650 of Title 3.2 and is operating in accordance with the provisions of such chapter; (iii) a manufacturer of
651 industrial hemp extract or food containing an industrial hemp extract operating in accordance with Article
652 5 (§ 3.2-5145.1 et seq.) of Chapter 51 of Title 3.2; or (iv) a person who cultivates marijuana at home for
653 personal use pursuant to § 4.1-1101. Nothing in this subtitle shall be construed to (a) prevent such persons
654 from obtaining a license pursuant to this subtitle, provided such person satisfies applicable licensing
655 requirements; (b) prevent a licensee from acquiring hemp products from an industrial hemp processor in
656 accordance with the provisions of Chapter 41.1 of Title 3.2; or (c) prevent a cultivation, manufacturing,
657 wholesale, or retail licensee from operating on the licensed premises of a pharmaceutical processing
658 facility or a cannabis dispensing facility in accordance with Chapter 16 or an industrial hemp processing
659 facility in accordance with Chapter 41.1 of Title 3.2.

660 **§ 4.1-702. Dispensing requirements and limitations; records.**

661 A. A licensee shall dispense marijuana and marijuana products only in person and to persons to
662 whom marijuana and marijuana products may be lawfully sold.

663 B. Prior to the dispensing of marijuana or marijuana products, the licensee shall require the
664 purchaser to present bona fide evidence of legal age indicating that the purchaser is 21 years of age or
665 older.

666 C. Each licensee shall maintain, on site or remotely by electronic means, for two years a paper or
667 electronic copy of all transactions.

668 D. A licensee may only sell and dispense marijuana and marijuana products that have been
669 registered by the Board.

670 **§ 4.1-703. Employees; background checks; qualifications.**

671 A. Each licensee shall maintain criminal history record information for all employees and agents
672 of the licensee in accordance with Board regulations. Criminal history record checks of employees and
673 agents may be conducted by any service sufficient to disclose any federal and state criminal convictions.

674 B. No person who has been convicted of a felony under the laws of the Commonwealth or another
675 jurisdiction within the last three years shall be employed by or act as an agent of a licensee.

676 C. Each licensee shall adopt policies for pre-employment drug screenings and regular, ongoing
677 random drug screenings of all employees.

678 D. In addition to other employees authorized by the Board, a licensee may employ individuals who
679 have less than two years of relevant experience to (i) perform cultivation-related duties under the
680 supervision of an individual who has received a degree in a field related to the cultivation of plants or a
681 Board-recognized certification or who has at least two years of experience cultivating plants and (ii)
682 perform extraction-related duties under the supervision of an individual who has a degree in chemistry or
683 pharmacology or at least two years of experience extracting chemicals from plants.

684 **§ 4.1-704. Compliance officers.**

685 A. Every licensee that is authorized to cultivate, manufacture, or dispense marijuana or marijuana
686 products shall designate one or more compliance officers. Compliance officers shall (i) personally
687 supervise the licensee's cultivation, manufacturing, and dispensing areas, as applicable; (ii) ensure that

688 security measures are adequate to protect the marijuana or marijuana products from diversion at all times;
689 and (iii) determine the number of employees that can be safely and competently supervised at one time.
690 However, no compliance officer shall supervise more than six persons performing the dispensing duties
691 at one time.

692 B. The Board shall establish criteria for determining whether a person is qualified and fit to serve
693 as a compliance officer.

694 C. The Board shall direct all communications related to enforcement of requirements related to the
695 cultivation, manufacturing, and dispensing of marijuana and marijuana products by the licensee to the
696 licensee's compliance officer.

697 **§ 4.1-1003. Marijuana tax; exceptions.**

698 A. A tax of four and one-half percent is levied on the sale in the Commonwealth of any marijuana,
699 marijuana products, and marijuana paraphernalia sold by a retail marijuana store, including non-retail
700 marijuana and non-retail marijuana products. The tax shall be in lieu of any tax imposed under Chapter 6
701 (§ 58.1-600 et seq.) of Title 58.1 of the Code of Virginia.

702 B. The tax shall not apply to any sale:

703 1. From a marijuana establishment to another marijuana establishment;

704 2. Of a cannabis product for treatment under Chapter 16 (§ 4.1-1600 et seq.);

705 3. Of industrial hemp by a grower, processor, or dealer under the provisions of Chapter 41.1 (§
706 3.2-4112 et seq.) of Title 3.2; or

707 4. Of a hemp product or regulated hemp product.

708 C. All revenues remitted to the Authority under this section shall be disposed of as provided in §
709 4.1-614.

710 **§ 4.1-1004. Optional local marijuana tax.**

711 A. Any locality may by ordinance levy a four and one-half percent tax on any sale taxable under
712 § 4.1-1003. The tax shall be in lieu of any local sales tax imposed under the Virginia Retail Sales and Use
713 Tax Act (§ 58.1-600 et seq.) and in addition to any food and beverage tax imposed under Article 7.1 (§
714 58.1-3833 et seq.) of Chapter 38 of Title 58.1 and any excise tax imposed on meals under § 58.1-3840.

715 Other than the taxes authorized and identified in this subsection, a locality shall not impose any other tax
716 on a sale taxable under § 4.1-1003.

717 B. If a town imposes a tax under this section, any tax imposed by its surrounding county under this
718 section shall not apply within the limits of the town.

719 C. Nothing in this section shall be construed to prohibit a locality from imposing any tax authorized
720 by law on a person or property regulated under this subtitle. Nothing in this section shall be construed to
721 limit the authority of any locality to impose a license or privilege tax or fee on a business engaged in
722 whole or in part in sales taxable under § 4.1-1003 if such tax or fee is (i) based on an annual or per-event
723 flat fee authorized by law or (ii) is an annual license or privilege tax authorized by law, and such tax
724 includes sales or receipts taxable under § 4.1-1003 in its taxable measure.

725 D. Any locality that enacts an ordinance pursuant to subsection A shall, within 30 days, notify the
726 Authority and any retail marijuana store in such locality of the ordinance's enactment. The ordinance shall
727 take effect on the first day of the second month following its enactment.

728 E. Any tax levied under this section shall be administered and collected by the Authority in the
729 same manner as provided for the tax imposed under § 4.1-1003.

730 F. All revenues remitted to the Authority under this section shall be disposed of as provided in §
731 4.1-614.

732 G. All localities that levy a tax pursuant to this section shall use at least 50 percent of the revenues
733 generated from such tax for one or more of the following: (i) school construction or modernization; (ii)
734 salary increases for teachers; (iii) supporting persons and families in historically economically
735 disadvantaged communities; (iv) providing scholarship opportunities and educational and vocational
736 resources for persons who (a) are or were in foster care, (b) reside in a historically economically
737 disadvantaged community, or (c) have been adversely impacted by substance use; (v) awarding grants to
738 support workforce development initiatives, mentoring programs, job training and placement services,
739 apprenticeships, or reentry programs that serve persons in historically economically disadvantaged
740 communities; or (vi) contributing to the Virginia Indigent Defense Commission established pursuant to §
741 19.2-163.01.

742 **§ 4.1-1005. Tax returns and payments; commissions; interest.**

743 A. For any sale taxable under §§ 4.1-1003 or 4.1-1004, the seller shall be liable for collecting any
744 taxes due. All taxes collected by a seller shall be deemed to be held in trust for the Commonwealth. The
745 buyer shall not be liable for collecting or remitting the taxes or filing a return.

746 B. On or before the tenth day of each month, any person liable for a tax due under § 4.1-1003 or
747 4.1-1004 shall file a return under oath with the Authority and pay any taxes due. Upon written application
748 by a person filing a return, the Authority may, if it determines good cause exists, grant an extension to the
749 end of the calendar month in which the tax is due, or for a period not exceeding 30 days. Any extension
750 shall toll the accrual of any interest or penalties under § 4.1-1007.

751 C. The Authority may accept payment by any commercially acceptable means, including cash,
752 checks, credit cards, debit cards, and electronic funds transfers, for any taxes, interest, or penalties due
753 under this subtitle. The Board may assess a service charge for the use of a credit or debit card.

754 D. Upon request, the Authority may collect and maintain a record of a person's credit card, debit
755 card, or automated clearinghouse transfer information and use such information for future payments of
756 taxes, interest, or penalties due under this subtitle. The Authority may assess a service charge for any
757 payments made under this subsection. The Authority may procure the services of a third-party vendor for
758 the secure storage of information collected pursuant to this subsection.

759 E. If any person liable for tax under §§ 4.1-1003 or 4.1-1004 sells out his business or stock of
760 goods or quits the business, such person shall make a final return and payment within 15 days after the
761 date of selling or quitting the business. Such person's successors or assigns, if any, shall withhold sufficient
762 of the purchase money to cover the amount of such taxes, interest, and penalties due and unpaid until such
763 former owner produces a receipt from the Authority showing payment or a certificate stating that no taxes,
764 penalties, or interest are due. If the buyer of a business or stock of goods fails to withhold the purchase
765 money as provided in this subsection, such buyer shall be liable for the payment of the taxes, interest, and
766 penalties due and unpaid on account of the operation of the business by any former owner.

767 F. When any person fails to timely pay the full amount of tax due under § 4.1-1003 or 4.1-1004,
768 interest at a rate determined in accordance with § 58.1-15 shall accrue on the tax until it is paid. Any taxes

769 due under §§ 4.1-1003 or 4.1-1004 shall, if applicable, be subject to penalties as provided in §§ 4.1-1206
770 and 4.1-1207.

771 **§ 4.1-1006. Bonds.**

772 The Authority may, when deemed necessary and advisable to do so in order to secure the collection
773 of the taxes levied under §§ 4.1-1003 or 4.1-1004, require any person subject to such tax to file a bond,
774 with such surety as it determines is necessary to secure the payment of any tax, penalty, or interest due or
775 that may become due from such person. In lieu of such bond, securities approved by the Authority may
776 be deposited with the State Treasurer, which securities shall be kept in the custody of the State Treasurer,
777 and shall be sold by the State Treasurer at the request of the Authority at public or private sale if it becomes
778 necessary to do so in order to recover any tax, interest, or penalty due the Commonwealth. Upon any such
779 sale, the surplus, if any, above the amounts due shall be returned to the person who deposited the securities.

780 **§ 4.1-1007. Statute of limitations; civil remedies for collecting past-due taxes, interest, and**
781 **penalties; appeals; penalty.**

782 A. The taxes imposed under §§ 4.1-1003 and 4.1-1004 shall be assessed within three years from
783 the date on which such taxes became due and payable. In the case of a false or fraudulent return with intent
784 to defraud the Commonwealth, or a failure to file a return, the taxes may be assessed, or a proceeding in
785 court for the collection of such taxes may be begun without assessment, at any time within six years from
786 such date. The Authority shall not examine any person's records beyond the three-year period of
787 limitations unless it has reasonable evidence of fraud or reasonable cause to believe that such person was
788 required by law to file a return and failed to do so.

789 B. If any person fails to file a return as required by this chapter, or files a return that is false or
790 fraudulent, the Authority may make an estimate for the taxable period of the taxable sales of such person
791 and assess the tax, plus any applicable interest and penalties. The Authority shall give such person 10
792 days' notice requiring such person to provide any records as it may require relating to the business of such
793 person for the taxable period. The Authority may require such person or the agents and employees of such
794 person to give testimony or to answer interrogatories under oath administered by the Authority respecting
795 taxable sales, the filing of the return, and any other relevant information. If any person fails to file a

796 required return, refuses to provide required records, or refuses to answer interrogatories from the
797 Authority, the Authority may make an estimated assessment based upon the information available to it
798 and issue a memorandum of lien under subsection C for the collection of any taxes, interest, or penalties.
799 The estimated assessment shall be deemed prima facie correct.

800 C. 1. If the Authority assesses taxes, interest, or penalties on a person and such person does not
801 pay within 30 days after the due date, taking into account any extensions granted by the Authority, the
802 Authority may file a memorandum of lien in the circuit court clerk's office of the county or city in which
803 the person's place of business is located or in which the person resides. If the person has no place of
804 business or residence within the Commonwealth, the memorandum may be filed in the Circuit Court of
805 the City of Richmond. A copy of the memorandum may also be filed in the clerk's office of all counties
806 and cities in which the person owns real estate. Such memorandum shall be recorded in the judgment
807 docket book and shall have the effect of a judgment in favor of the Commonwealth, to be enforced as
808 provided in Article 19 (§ 8.01-196 et seq.) of Chapter 3 of Title 8.01, except that a writ of fieri facias may
809 issue at any time after the memorandum is filed. The lien on real estate shall become effective at the time
810 the memorandum is filed in the jurisdiction in which the real estate is located. No memorandum of lien
811 shall be filed unless the person is first given 10 or more days' prior notice of intent to file a lien; however,
812 in those instances where the Authority determines that the collection of any tax, penalties, or interest
813 required to be paid pursuant to law will be jeopardized by the provision of such notice, notification may
814 be provided to the person concurrent with the filing of the memorandum of lien. Such notice shall be given
815 to the person at his last known address.

816 2. Recordation of a memorandum of lien under this subsection shall not affect a person's right to
817 appeal under subsection D.

818 3. If after filing a memorandum of lien the Authority determines that it is in the best interest of the
819 Commonwealth, it may place padlocks on the doors of any business enterprise that is delinquent in filing
820 or paying any tax owed to the Commonwealth. The Authority shall also post notices of distraint on each
821 of the doors so padlocked. If, after three business days, the tax deficiency has not been satisfied or
822 satisfactory arrangements for payment made, the Authority may cause a writ of fieri facias to be issued. It

823 shall be a Class 1 misdemeanor for anyone to enter the padlocked premises without prior approval of the
824 Authority. In the event that the person against whom the distraint has been applied subsequently appeals
825 under subsection D, the person shall have the right to post bond equaling the amount of liability in lieu of
826 payment until the appeal is resolved.

827 4. A person may petition the Authority after a memorandum of lien has been filed under this
828 subsection if the person alleges an error in the filing of the lien. The Authority shall make a determination
829 on such petition within 14 days. If the Authority determines that the filing was erroneous, it shall issue a
830 certificate of release of the lien within seven days after such determination is made.

831 D. Any tax imposed under § 4.1-1003 or 4.1-1004, any interest imposed under this section, and
832 any penalty imposed under § 4.1-1206 or 4.1-1207 shall be subject to appeal and review under the
833 Administrative Process Act (§ 2.2-4000 et seq.). Such review shall extend to the entire evidential record
834 of the proceedings provided by the Authority in accordance with the Administrative Process Act. An
835 appeal shall lie to the Court of Appeals from any order of a circuit court. Notwithstanding § 8.01-676.1,
836 the final judgment or order of a circuit court shall not be suspended, stayed, or modified by such circuit
837 court pending appeal to the Court of Appeals. Neither mandamus nor injunction shall lie in any such case.

838 **§ 4.1-1104. Persons to whom marijuana or marijuana products may not be sold; proof of**
839 **legal age; penalties.**

840 A. No person shall sell, give, or distribute any marijuana or marijuana products to any individual
841 when at the time of such sale he knows or has reason to believe that the individual to whom the sale is
842 made is (i) younger than 21 years of age or (ii) intoxicated. Any person convicted of a violation of this
843 subsection is guilty of a Class 1 misdemeanor.

844 B. It is unlawful for any person 21 years of age or older to sell or distribute, or possess with the
845 intent to sell or distribute, marijuana paraphernalia to any person younger than 21 years of age. Any person
846 who violates this subsection is guilty of a Class 1 misdemeanor.

847 C. It is unlawful for any person 21 years of age or older to place in any newspaper, magazine,
848 handbill, or other publication any advertisement, knowing or under circumstances where one reasonably
849 should know, that the purpose of the advertisement, in whole or in part, is to promote the sale of marijuana

850 paraphernalia to persons younger than 21 years of age. Any person who violates this subsection is guilty
851 of a Class 1 misdemeanor.

852 D. Any person who sells marijuana or marijuana products to an individual who is younger than 21
853 years of age and at the time of the sale does not require the individual to present bona fide evidence of
854 legal age indicating that the individual is 21 years of age or older is guilty of a violation of this subsection.
855 Bona fide evidence of legal age is limited to any evidence that is or reasonably appears to be an unexpired
856 driver's license issued by any state of the United States or the District of Columbia, military identification
857 card, United States passport or foreign government visa, unexpired special identification card issued by
858 the Department of Motor Vehicles, or any other valid government-issued identification card bearing the
859 individual's photograph, signature, height, weight, and date of birth, or which bears a photograph that
860 reasonably appears to match the appearance of the purchaser. A student identification card shall not
861 constitute bona fide evidence of legal age for purposes of this subsection. Any person convicted of a
862 violation of this subsection is guilty of a Class 3 misdemeanor. The Board shall not take administrative
863 action against a licensee for the conduct of his employee who violates this subsection.

864 E. No person shall be convicted of both subsections A and D for the same sale.

865 **§ 4.1-1105.1. Possession of marijuana or marijuana products unlawful in certain cases;**
866 **venue; exceptions; penalties; treatment and education programs and services.**

867 A. No person younger than 21 years of age shall consume or possess, or attempt to consume or
868 possess, any marijuana or marijuana products, except by any federal, state, or local law-enforcement
869 officer or his agent when possession of marijuana or marijuana products is necessary in the performance
870 of his duties. Such person may be prosecuted either in the county or city in which the marijuana or
871 marijuana products were possessed or consumed or in the county or city in which the person exhibits
872 evidence of physical indicia of consumption of marijuana or marijuana products.

873 B. Any person 18 years of age or older who violates subsection A is subject to a civil penalty of
874 no more than \$25 and shall be ordered to enter a substance abuse treatment or education program or both,
875 if available, that in the opinion of the court best suits the needs of the accused.

876 C. Any juvenile who violates subsection A is subject to a civil penalty of no more than \$25 and
877 the court shall require the accused to enter a substance abuse treatment or education program or both, if
878 available, that in the opinion of the court best suits the needs of the accused. For purposes of §§ 16.1-266,
879 16.1-273, 16.1-278.8, 16.1-278.8:01, and 16.1-278.9, the court shall treat the child as delinquent.

880 D. Any such substance abuse treatment or education program to which a person is ordered pursuant
881 to this section shall be provided by (i) a program licensed by the Department of Behavioral Health and
882 Developmental Services or (ii) a program or services made available through a community-based
883 probation services agency established pursuant to Article 9 (§ 9.1-173 et seq.) of Chapter 1 of Title 9.1, if
884 one has been established for the locality. When an offender is ordered to a local community-based
885 probation services agency, the local community-based probation services agency shall be responsible for
886 providing for services or referring the offender to education or treatment services as a condition of
887 probation.

888 E. No person younger than 21 years of age shall use or attempt to use any (i) altered, fictitious,
889 facsimile, or simulated license to operate a motor vehicle; (ii) altered, fictitious, facsimile, or simulated
890 document, including but not limited to a birth certificate or student identification card; or (iii) motor
891 vehicle driver's license or other document issued under Chapter 3 (§ 46.2-300 et seq.) of Title 46.2 or the
892 comparable law of another jurisdiction, birth certificate, or student identification card of another person
893 in order to establish a false identification or false age for himself to consume, purchase, or attempt to
894 consume or purchase marijuana or marijuana products. Any person convicted of a violation of this
895 subsection is guilty of a Class 1 misdemeanor.

896 F. Any civil penalties collected pursuant to this section shall be deposited into the Drug Offender
897 Assessment and Treatment Fund established pursuant to § 18.2-251.02.

898 **§ 4.1-1106. Purchasing marijuana or marijuana products for one to whom they may not be**
899 **sold; forfeiture; penalties.**

900 A. Any person who purchases marijuana or marijuana products for another person and at the time
901 of such purchase knows or has reason to believe that the person for whom the marijuana or marijuana
902 products were purchased was intoxicated is guilty of a Class 1 misdemeanor.

903 B. Any person who purchases for, or otherwise gives, provides, or assists in the provision of
904 marijuana or marijuana products to another person when he knows or has reason to know that such person
905 is younger than 21 years of age, except by any federal, state, or local law-enforcement officer when
906 possession of marijuana or marijuana products is necessary in the performance of his duties, is guilty of a
907 Class 1 misdemeanor.

908 C. Any marijuana or marijuana products purchased in violation of this section shall be deemed
909 contraband and forfeited to the Commonwealth.

910 **§ 4.1-1122. Criminal immunity.**

911 No person shall be subject to arrest or prosecution for the purchase, possession, cultivation,
912 manufacture, sale, or distribution of marijuana under Article 1 (§ 18.2-247 et seq.) or 1.1 (§ 18.2-265.1 et
913 seq.) of Chapter 7 of Title 18.2 if such person is engaging in activities permitted under this subtitle and
914 Board regulations.

915 **§ 4.1-1200. Illegal cultivation, etc., of marijuana or marijuana products by licensees; penalty.**

916 A. No licensee or any agent or employee of such licensee shall:

917 1. Cultivate, manufacture, transport, sell, or test any marijuana or marijuana products of a kind
918 other than that which such license or this subtitle authorizes him to cultivate, manufacture, transport, sell,
919 or test;

920 2. Sell marijuana or marijuana products to any person other than a person to whom such license or
921 this subtitle authorizes him to sell;

922 3. Cultivate, manufacture, transport, sell, or test marijuana or marijuana products in any place or
923 manner other than those authorized by such license or this subtitle.

924 4. Cultivate, manufacture, transport, sell, or test any marijuana or marijuana products when
925 forbidden by this subtitle;

926 5. Keep or allow to be kept, other than in his residence and for his personal use, any marijuana or
927 marijuana products other than that which he is authorized to cultivate, manufacture, transport, sell, or test
928 by such license or by this subtitle;

929 6. Keep any marijuana or marijuana product other than in the container in which it was purchased
930 by him;

931 7. Use or consume marijuana or marijuana products on the licensed premises; or

932 8. Allow a person younger than 21 years of age to be employed by or volunteer for such licensee
933 at a retail marijuana store.

934 B. Any person convicted of a violation of this section is guilty of a Class 1 misdemeanor.

935 **§ 4.1-1202. Sale of or purchase for resale marijuana etc., from a person without a license**
936 **prohibited; penalty.**

937 A. No retail marijuana store licensee shall purchase for resale or sell any marijuana, marijuana
938 products, immature marijuana plants, or marijuana seeds purchased from anyone other than a marijuana
939 cultivation facility, marijuana manufacturing facility, or marijuana wholesaler licensee.

940 B. Any person convicted of a violation of this section is guilty of a Class 1 misdemeanor.

941 **§ 4.1-1206. Failure of licensee to pay tax or to deliver, keep, and preserve records and**
942 **accounts or to allow examination and inspection; penalty.**

943 A. No licensee shall fail or refuse to (i) pay any tax provided for in § 4.1-1003 or 4.1-1004; (ii)
944 deliver, keep, and preserve such records, invoices, and accounts as are required by Board regulation; or
945 (iii) allow such records, invoices, and accounts or his place of business to be examined and inspected in
946 accordance with Board regulations. Any person convicted of a violation of this subsection is guilty of a
947 Class 1 misdemeanor.

948 B. After reasonable notice to a licensee that failed to file a tax return or pay taxes due, the Authority
949 may suspend or revoke any license of such licensee that was issued by the Authority.

950 **§ 4.1-1207. Nonpayment of marijuana tax; penalties.**

951 A. No person shall make a sale taxable under § 4.1-1003 or 4.1-1004 without paying all applicable
952 taxes due under §§ 4.1-1003 and 4.1-1004. No retail marijuana store licensee shall purchase, receive,
953 transport, store, or sell any marijuana or marijuana products on which such retailer has reason to know
954 such tax has not been paid and may not be paid. Any person convicted of a violation of this subsection is
955 guilty of a Class 1 misdemeanor.

956 B. Any person that fails to file a return required for a tax due under § 4.1-1003 or 4.1-1004 is
957 subject to a civil penalty to be added to the tax in the amount of five percent of the proper tax due if the
958 failure is for not more than 30 days, with an additional five percent for each additional 30 days, or fraction
959 thereof, during which the failure continues. Such civil penalty shall not exceed 25 percent in the aggregate.

960 C. In the case of a false or fraudulent return, where willful intent exists to defraud the
961 Commonwealth of any tax due on marijuana or marijuana products, a civil penalty of 50 percent of the
962 amount of the proper tax due shall be assessed. Such penalty shall be in addition to any penalty imposed
963 under subsection B. It shall be prima facie evidence of willful intent to defraud the Commonwealth when
964 any person reports its taxable sales to the Authority at 50 percent or less of the actual amount.

965 D. If any check tendered for any amount due under § 4.1-1003 or 4.1-1004 or this section is not
966 paid by the bank on which it is drawn, and the person that tendered the check fails to pay the Authority
967 the amount due within five days after the Authority gives it notice that such check was returned unpaid,
968 the person that tendered the check is guilty of a violation of § 18.2-182.1.

969 E. All penalties shall be payable to the Authority and if not so paid shall be collectible in the same
970 manner as if they were a part of the tax imposed.

971 **§ 4.1-1307. Punishment for violations of subtitle or regulations; bond.**

972 A. Any person convicted of a misdemeanor under the provisions of this subtitle without
973 specification as to the class of offense or penalty, or convicted of violating any other provision thereof, or
974 convicted of violating any Board regulation is guilty of a Class 1 misdemeanor.

975 B. In addition to the penalties imposed by this subtitle for violations, any court before whom any
976 person is convicted of a violation of any provision of this subtitle may require such defendant to execute
977 bond based upon his ability to pay, with approved security, in the penalty of not more than \$1,000, with
978 the condition that the defendant will not violate any of the provisions of this subtitle for the term of one
979 year. If any such bond is required and is not given, the defendant shall be committed to jail until it is given,
980 or until he is discharged by the court, provided that he shall not be confined for a period longer than six
981 months. If any such bond required by a court is not given during the term of the court by which conviction
982 is had, it may be given before any judge or before the clerk of such court.

983 C. The provisions of this subtitle shall not prevent the Board from suspending, revoking, or
984 refusing to continue the license of any person convicted of a violation of any provision of this subtitle.

985 D. No court shall hear such a case unless the respective attorney for the Commonwealth or his
986 assistant has been notified that such a case is pending.

987 **§ 4.1-1403. Testing; registered products.**

988 A. The Board shall require licensees, prior to selling or offering for sale any marijuana or marijuana
989 products, to provide a sample from each batch for testing by an independent laboratory. In the case of
990 marijuana products, such testing shall be conducted after any manufacturing of the product is complete.

991 B. A valid sample size for testing shall be determined by the testing laboratory and may vary due
992 to sample matrix, analytical method, and laboratory-specific procedures. In the case of marijuana products,
993 no sample shall constitute less than 0.5 percent of the individual units to be dispensed from each
994 homogenized batch. In the case of marijuana, the Board may limit testing to the following: cannabidiol,
995 tetrahydrocannabinol, terpenes, pesticide chemical residue, heavy metals, mycotoxins, moisture, and
996 microbiological contaminants.

997 C. Testing thresholds shall be consistent with generally accepted cannabis industry thresholds.
998 Licensees may remediate marijuana or marijuana products that fail any quality testing standard except
999 pesticides. Following remediation, all remediated marijuana or marijuana products shall be subject to
1000 laboratory testing, which shall be no more stringent than the initial testing conducted prior to remediation.
1001 Remediated marijuana or marijuana products that pass such quality testing may be packaged and labeled.
1002 If a batch of marijuana fails a retest after remediation, it may be processed into a marijuana product.

1003 D. The Board may require stability testing of marijuana and marijuana products. However, stability
1004 testing shall not be required for any marijuana or marijuana products that have an expiration date of no
1005 more than six months from the date of registration approval. Stability testing of marijuana or marijuana
1006 products with an expiration date that is longer than six months shall be limited to microbial testing on a
1007 pass/fail basis and potency testing with a 15 percent deviation allowance. The concentration of
1008 tetrahydrocannabinol in any marijuana or marijuana product offered for sale may be up to 15 percent
1009 greater or less than the level of total tetrahydrocannabinol listed in the approved marijuana or marijuana

1010 product registration. Licensees shall ensure that such tetrahydrocannabinol concentration is within such
1011 range. Licensees shall establish a stability testing schedule for marijuana and marijuana products that have
1012 an expiration date longer than six months in accordance with Board regulations. No marijuana or
1013 marijuana product shall have an expiration date longer than six months from the date of its registration
1014 approval unless supported by stability testing.

1015 E. Any laboratory that tests samples for a licensee shall (i) be registered with and approved by the
1016 Board, (ii) be located in the Commonwealth, (iii) have no ownership interest in a licensed marijuana
1017 establishment, (iv) hold a controlled substances registration certificate pursuant to § 54.1-3423, and (v)
1018 comply with quality and other standards established by Board regulations.

1019 **§ 4.1-1404. Packaging and labeling; corrections; records.**

1020 A. Licensees shall comply with all packaging and labeling requirements set forth in this subtitle
1021 and Board regulations.

1022 B. No marijuana or marijuana product shall be packaged in a container or wrapper that bears or is
1023 otherwise labeled to bear the trademark, trade name, famous mark as defined in 15 U.S.C. § 1125, or other
1024 identifying mark, imprint, or device, or any likeness thereof, of a manufacturer, processor, packer, or
1025 distributor of a product intended for human consumption other than the manufacturer, processor, packer,
1026 or distributor that did in fact so manufacture, process, pack, or distribute such marijuana or marijuana
1027 product.

1028 C. Licensees may correct typographical errors made on marijuana or marijuana product labels and
1029 any documents generated as the result of a wholesale transaction.

1030 **§ 4.1-1405. Product registration; approval, deviation, and modification.**

1031 A. Each licensee shall register with the Board all marijuana or marijuana products it cultivates,
1032 manufactures, or otherwise produces. Applications for registration shall be submitted to the Board on a
1033 form prescribed by the Board.

1034 B. An application for registration shall include:

1035 1. The total tetrahydrocannabinol and total cannabidiol, based on laboratory testing results for the
1036 marijuana or marijuana product formulation;

- 1037 2. A product name;
- 1038 3. A proposed product package; and
- 1039 4. A proposed product label, which shall not be required to contain an expiration date at the time
- 1040 of application.

1041 C. The Board shall register all marijuana and marijuana products that meet testing, labeling, and

1042 packaging standards after an application for registration is submitted. If the marijuana or marijuana

1043 product fails to meet such standards or the application was deficient, the Board shall notify the applicant

1044 of the specific reasons for such failure or deficiency.

1045 D. The following deviations from an approved marijuana or marijuana product registration shall

1046 be permitted without any requirement for a new registration or notice to the Board:

1047 1. A deviation in the concentration of total tetrahydrocannabinol or total cannabidiol of up to 15

1048 percent greater than or less than the concentration of total tetrahydrocannabinol or total cannabidiol, either

1049 or both, listed in the approved registration; however, for a marijuana product with five milligrams or less

1050 of total tetrahydrocannabinol or total cannabidiol per dose, the total tetrahydrocannabinol or total

1051 cannabidiol concentration shall be within 0.5 milligrams of the single-serving total tetrahydrocannabinol

1052 or total cannabidiol concentrations approved for that marijuana product;

1053 2. A variation in packaging, provided that the packaging is substantially similar to the approved

1054 packaging and otherwise complies with applicable packaging requirements;

1055 3. A deviation in labeling that reflects allowable deviations in total tetrahydrocannabinol or total

1056 cannabidiol or that makes a minor text, font, design, or similar modification, provided that the labeling is

1057 substantially similar to the approved labeling and otherwise complies with applicable labeling

1058 requirements; and

1059 4. Any other insignificant changes.

1060 E. A licensee may submit a request to modify an existing registration in the event of a deviation

1061 that is not set forth in subsection D. Upon receipt, the Board shall respond to such request. The Board may

1062 grant or deny the request, propose a reasonable revision, or require the licensee to provide additional

1063 information.

1064 **§ 4.1-1602. Permit to operate pharmaceutical processor or cannabis dispensing facility.**

1065 A. No person shall operate a pharmaceutical processor or a cannabis dispensing facility without
1066 first obtaining a permit from the Board. The application for such permit shall be made on a form provided
1067 by the Authority and signed by a pharmacist who will be in full and actual charge of the pharmaceutical
1068 processor's dispensing area or cannabis dispensing facility. The Board shall establish an application fee
1069 and other general requirements for such application.

1070 B. Each permit shall expire annually on a date determined by the Board in regulation. The number
1071 of permits that the Board may issue or renew in any year is limited to one pharmaceutical processor and
1072 up to five cannabis dispensing facilities for each health service area established by the Board of Health.
1073 No pharmaceutical processor, or any general partner, any member, any limited partner of 10 percent or
1074 more with voting rights, any officer, director, or shareholder owning 10 percent or more of its capital
1075 stock, or any member-manager or member owning 10 percent or more of the membership interest shall
1076 hold more than one permit. Permits shall be displayed in a conspicuous place on the premises of the
1077 pharmaceutical processor and cannabis dispensing facility.

1078 C. The Board shall adopt regulations establishing health, safety, and security requirements for
1079 pharmaceutical processors and cannabis dispensing facilities. Such regulations shall include requirements
1080 for (i) physical standards; (ii) location restrictions; (iii) security systems and controls; (iv) minimum
1081 equipment and resources; (v) recordkeeping; (vi) labeling and packaging; (vii) routine inspections no more
1082 frequently than once annually; (viii) processes for safely and securely dispensing and delivering in person
1083 cannabis products to a patient, his registered agent, or, if such patient is a minor or a vulnerable adult as
1084 defined in § 18.2-369, such patient's parent or legal guardian; (ix) dosage limitations for cannabis products
1085 that provide that each dispensed dose of a cannabis product not exceed 10 milligrams of total
1086 tetrahydrocannabinol, except as permitted under § 4.1-1603.2; (x) a process for the wholesale distribution
1087 of and the transfer of usable cannabis, botanical cannabis, cannabis oil, and cannabis products between
1088 pharmaceutical processors, between a pharmaceutical processor and a cannabis dispensing facility, and
1089 between cannabis dispensing facilities; (xi) an allowance for the sale of devices for administration of
1090 dispensed cannabis products and hemp-based CBD products that meet the applicable standards set forth

1091 in state and federal law, including the laboratory testing standards set forth in subsection N; (xii) an
1092 allowance for the use and distribution of inert product samples containing no cannabinoids for patient
1093 demonstration exclusively at the pharmaceutical processor or cannabis dispensing facility, and not for
1094 further distribution or sale, without the need for a written certification; (xiii) a process for acquiring
1095 industrial hemp extracts and formulating such extracts into cannabis products; and (xiv) an allowance for
1096 the advertising and promotion of the pharmaceutical processor's products and operations, which shall not
1097 limit the pharmaceutical processor from the provision of educational material to practitioners who issue
1098 written certifications and patients. The Board shall also adopt regulations for pharmaceutical processors
1099 that include requirements for (a) processes for safely and securely cultivating cannabis plants intended for
1100 producing cannabis products, (b) the disposal of agricultural waste, and (c) a process for registering
1101 cannabis products.

1102 D. The Board shall require pharmaceutical processors, after processing and before dispensing any
1103 cannabis products, to make a sample available from each batch of cannabis product for testing by an
1104 independent laboratory that is located in Commonwealth and meets Board requirements. A valid sample
1105 size for testing shall be determined by each laboratory and may vary due to sample matrix, analytical
1106 method, and laboratory-specific procedures. A minimum sample size of 0.5 percent of individual units for
1107 dispensing or distribution from each homogenized batch of cannabis oil is required to achieve a
1108 representative cannabis oil sample for analysis. A minimum sample size, to be determined by the certified
1109 testing laboratory, from each batch of botanical cannabis is required to achieve a representative botanical
1110 cannabis sample for analysis. Botanical cannabis products shall only be tested for the following: total
1111 cannabidiol (CBD), total tetrahydrocannabinol (THC), terpenes, pesticide chemical residue, heavy metals,
1112 mycotoxins, moisture, and microbiological contaminants. Testing thresholds shall be consistent with
1113 generally accepted cannabis industry thresholds. The pharmaceutical processor may remediate botanical
1114 cannabis or cannabis oil that fails any quality testing standard except pesticides. Following remediation,
1115 all remediated botanical cannabis or cannabis oil shall be subject to laboratory testing which shall not be
1116 more stringent than initial testing prior to remediation. Remediated botanical cannabis or cannabis oil that
1117 passes such quality testing may be packaged and labeled. If a batch of botanical cannabis fails retesting

1118 after remediation, it shall be considered usable cannabis and may be processed into cannabis oil. Stability
1119 testing shall not be required for any cannabis product with an expiration date assigned by the
1120 pharmaceutical processor of six months or less from the date of the cannabis product registration approval.
1121 Stability testing required for assignment of an expiration date longer than six months shall be limited to
1122 microbial testing, on a pass/fail basis, and potency testing, on a 15 percent deviation basis, of total THC
1123 and total CBD. No cannabis product shall have an expiration date longer than six months from the date of
1124 the cannabis product registration approval unless supported by stability testing.

1125 E. A laboratory testing samples for a pharmaceutical processor shall obtain a controlled substances
1126 registration certificate pursuant to § 54.1-3423 and shall comply with quality standards established by the
1127 Board of Pharmacy in regulation.

1128 F. Every pharmaceutical processor's dispensing area or cannabis dispensing facility shall be under
1129 the personal supervision of a licensed pharmacist on the premises of the pharmaceutical processor or
1130 cannabis dispensing facility unless all cannabis products are contained in a vault or other similar container
1131 to which only the pharmacist has access controls. The pharmaceutical processor shall ensure that security
1132 measures are adequate to protect the cannabis from diversion at all times, and the pharmacist-in-charge
1133 shall have concurrent responsibility for preventing diversion from the dispensing area.

1134 Every pharmaceutical processor shall designate a person who shall have oversight of the
1135 cultivation and production areas of the pharmaceutical processor and shall provide such information to
1136 the Board. The Board shall direct all communications related to enforcement of requirements related to
1137 cultivation and production of cannabis and cannabis products by the pharmaceutical processor to such
1138 designated person.

1139 G. The Board shall require the material owners of an applicant for a pharmaceutical processor or
1140 cannabis dispensing facility permit to submit to fingerprinting and provide personal descriptive
1141 information to be forwarded along with his fingerprints through the Central Criminal Records Exchange
1142 to the Federal Bureau of Investigation for the purpose of obtaining criminal history record information
1143 regarding the applicant's material owners. The cost of fingerprinting and the criminal history record search

1144 shall be paid by the applicant. The Central Criminal Records Exchange shall forward the results of the
1145 criminal history background check to the Board or its designee, which shall be a governmental entity.

1146 H. A pharmaceutical processor shall maintain evidence of criminal background checks for all
1147 employees and delivery agents of the pharmaceutical processor. Criminal background checks of
1148 employees and delivery agents may be conducted by any service sufficient to disclose any federal and
1149 state criminal convictions.

1150 I. In addition to other employees authorized by the Board, a pharmaceutical processor may employ
1151 individuals who may have less than two years of experience (i) to perform cultivation-related duties under
1152 the supervision of an individual who has received a degree in a field related to the cultivation of plants or
1153 a certification recognized by the Board or who has at least two years of experience cultivating plants, (ii)
1154 to perform extraction-related duties under the supervision of an individual who has a degree in chemistry
1155 or pharmacology or at least two years of experience extracting chemicals from plants, and (iii) to perform
1156 duties at the pharmaceutical processor and cannabis dispensing facility upon certification as a pharmacy
1157 technician.

1158 J. A pharmaceutical processor to whom a permit has been issued by the Board may (i) establish
1159 up to five cannabis dispensing facilities, subject to the permit requirement set forth in subsection B, for
1160 the dispensing of cannabis products that have been cultivated and produced on the premises of a
1161 pharmaceutical processor permitted by the Board and (ii) establish, if authorized by the Board, one
1162 additional location at which the pharmaceutical processor may cultivate cannabis plants. Each cannabis
1163 dispensing facility and the additional cultivation location shall be located within the same health service
1164 area as the pharmaceutical processor.

1165 K. No person who has been convicted of a felony under the laws of the Commonwealth or another
1166 jurisdiction within the last five years shall be employed by or act as an agent of a pharmaceutical processor
1167 or cannabis dispensing facility.

1168 L. Every pharmaceutical processor or cannabis dispensing facility shall adopt policies for pre-
1169 employment drug screening and regular, ongoing, random drug screening of employees.

1170 M. A pharmacist at the pharmaceutical processor's dispensing area and the cannabis dispensing
1171 facility shall determine the number of pharmacy interns, pharmacy technicians, and pharmacy technician
1172 trainees who can be safely and competently supervised at one time; however, no pharmacist shall supervise
1173 more than six persons performing the duties of a pharmacy technician at one time in the pharmaceutical
1174 processor's dispensing area or cannabis dispensing facility.

1175 N. A pharmaceutical processor may acquire from a registered industrial hemp handler or processor
1176 industrial hemp extracts that (i) are grown and processed in Virginia, and (ii) notwithstanding the
1177 tetrahydrocannabinol limits set forth in the definition of "industrial hemp extract" in § 3.2-5145.1, contain
1178 a total tetrahydrocannabinol concentration of no greater than 0.3 percent. A pharmaceutical processor may
1179 process and formulate such extracts into an allowable dosage of cannabis product. Industrial hemp extracts
1180 acquired and formulated by a pharmaceutical processor are subject to the same third-party testing
1181 requirements that may apply to cannabis plant extract. Testing shall be performed by a laboratory located
1182 in Virginia and in compliance with state law governing the testing of cannabis products. The industrial
1183 hemp handler or processor shall provide such third-party testing results to the pharmaceutical processor
1184 before industrial hemp extracts may be acquired.

1185 O. Product labels for all cannabis products and botanical cannabis shall be complete, accurate,
1186 easily discernable, and uniform among different products and brands. Pharmaceutical processors shall
1187 affix to all cannabis products and botanical cannabis a label, which shall also be accessible on the
1188 pharmaceutical processor's website, that includes:

- 1189 1. The product name;
- 1190 2. All active and inactive ingredients, including cannabinoids, terpenes, additives, preservatives,
1191 flavorings, sweeteners, and carrier oils;
- 1192 3. The total percentage and milligrams of tetrahydrocannabinol and cannabidiol included in the
1193 product and the number of milligrams of tetrahydrocannabinol and cannabidiol in each serving;
- 1194 4. The amount of product that constitutes a single serving and the amount recommended for use
1195 by the practitioner or dispensing pharmacist;
- 1196 5. Information regarding the product's purpose and detailed usage directions;

1197 6. Child and safety warnings in a conspicuous font; and

1198 7. Such other information required by the Board.

1199 P. A pharmaceutical processor or cannabis dispensing facility shall maintain an adequate supply
1200 of cannabis products that (i) contain cannabidiol as their primary cannabinoid and (ii) have low levels of
1201 or no tetrahydrocannabinol.

1202 Q. With the exception of § 2.2-4031, neither the provisions of the Administrative Process Act (§
1203 2.2-4000 et seq.) nor public participation guidelines adopted pursuant thereto shall apply to the adoption
1204 of any regulation pursuant to this section. Prior to adopting any regulation pursuant to this section, the
1205 Board shall publish a notice of opportunity to comment in the Virginia Register of Regulations and post
1206 the action on the Virginia Regulatory Town Hall. Such notice of opportunity to comment shall contain (i)
1207 a summary of the proposed regulation; (ii) the text of the proposed regulation; and (iii) the name, address,
1208 and telephone number of the agency contact person responsible for receiving public comments. Such
1209 notice shall be made at least 60 days in advance of the last date prescribed in such notice for submittals of
1210 public comment. The legislative review provisions of subsections A and B of § 2.2-4014 shall apply to
1211 the promulgation or final adoption process for regulations pursuant to this section. The Board shall
1212 consider and keep on file all public comments received for any regulation adopted pursuant to this section.

1213 **§ 6.2-108. Financial services for licensed marijuana establishments.**

1214 A. As used in this section, "licensed" and "marijuana establishment" have the same meaning as
1215 provided in § 4.1-600.

1216 B. A bank or credit union that provides a financial service to a licensed marijuana establishment,
1217 and the officers, directors, and employees of such bank or credit union, shall not be held liable pursuant
1218 to any state law or regulation solely for providing such a financial service or for further investing any
1219 income derived from such a financial service.

1220 C. Nothing in this section shall require a bank or credit union to provide financial services to a
1221 licensed marijuana establishment.

1222 **2. That the Board of Directors (the Board) of the Virginia Cannabis Control Authority shall**
1223 **promulgate regulations to implement the provisions of this act by November 1, 2024. With the**

1224 exception of § 2.2-4031 of the Code of Virginia, neither the provisions of the Administrative Process
1225 Act (§ 2.2-4000 et seq. of the Code of Virginia) nor public participation guidelines adopted pursuant
1226 thereto shall apply to the Board's initial adoption of regulations to implement the provisions of this
1227 act. However, prior to adopting any regulation, the Board shall publish a notice of opportunity to
1228 comment in the Virginia Register of Regulations and post the action on the Virginia Regulatory
1229 Town Hall. Such notice of opportunity to comment shall contain (i) a summary of the proposed
1230 regulation; (ii) the text of the proposed regulation; and (iii) the name, address, and telephone
1231 number of the agency contact person responsible for receiving public comments. Such notice shall
1232 be made at least 60 days in advance of the last date prescribed in such notice for the submission of
1233 public comment. The legislative review provisions of subsections A and B of § 2.2-4014 of the Code
1234 of Virginia shall apply to the promulgation or final adoption process for regulations pursuant to
1235 this enactment. The Board shall consider and keep on file all public comments received for any
1236 regulation adopted pursuant to this act.

1237 3. That, except as otherwise provided in the fifth and sixth enactments of this act, the Board of
1238 Directors of the Virginia Cannabis Control Authority shall not issue any license pursuant to the
1239 provisions of this act prior to July 1, 2025.

1240 4. That the Board of Directors of the Virginia Cannabis Control Authority shall create a streamlined
1241 process for persons holding a regulated hemp product retail facility registration issued by the
1242 Virginia Department of Agriculture and Consumer Services pursuant to Article 4 (§ 3.2-4122 et
1243 seq.) of Chapter 41.1 of Title 3.2 of the Code of Virginia prior to January 1, 2024, to apply for a
1244 retail marijuana store license. Such process shall ensure that retail marijuana store license
1245 applications submitted by such persons are given expedited consideration.

1246 5. That the Board of Directors (the Board) of the Virginia Cannabis Control Authority (the
1247 Authority) shall create a streamlined selection process for no more than five industrial hemp
1248 processors to apply for and, upon satisfaction of applicable eligibility requirements, be granted a
1249 retail marijuana store license, marijuana manufacturing facility license, marijuana cultivation
1250 facility license, and marijuana wholesale license and to begin operations and sales on January 1,

1251 2025, or the date on which the Board provides notice to the Division of Legislative Services that it is
1252 prepared to provide oversight of such operations and sales, whichever is later. Such selection
1253 process may be competitive and shall ensure that all applicants comply with all regulations and
1254 standards governing pharmaceutical processors and cannabis dispensing facilities set forth in the
1255 sixth enactment of this act and all applicable provisions of Subtitle II (§ 4.1-600 et seq.) of Title 4.1
1256 of the Code of Virginia. No industrial hemp processor shall be granted a license pursuant to this
1257 enactment unless such processor (i) was registered with the Commissioner of Agriculture and
1258 Consumer Services pursuant to Chapter 41.1 (§ 3.2-4112 et seq.) of Title 3.2 of the Code of Virginia
1259 prior to January 1, 2020; (ii) satisfied all background check and other security clearance
1260 requirements of the Department of Agriculture and Consumer Services prior to December 31, 2022;
1261 (iii) has at least \$1 million in liquid or non-liquid assets; (iv) has submitted planting and propagation
1262 reports for 5,000 square feet or more of hemp cultivation or processed an equivalent amount of
1263 hemp as determined by the Board; and (v) has paid a \$500,000 transitional sales fee to the Authority.

1264 6. § 1. That, notwithstanding any other provision of law, the Board of Directors (the Board) of the
1265 Virginia Cannabis Control Authority (the Authority) shall allow, on and after January 1, 2025, any
1266 pharmaceutical processor or cannabis dispensing facility that holds a permit pursuant to Chapter
1267 16 (§ 4.1-1600 et seq.) of Title 4.1 of the Code of Virginia to sell cannabis products, as defined in §
1268 4.1-1600 of the Code of Virginia, to persons who are 21 years of age or older without the need for a
1269 written certification. All sales and related activities conducted pursuant to this enactment shall be
1270 subject to regulations adopted by the Board pursuant to Chapter 16 of Title 4.1 of the Code of
1271 Virginia, subject to the following exceptions and requirements:

1272 1. Any regulation adopted by the Board that was located in Part II (18VAC110-60-30 et seq.)
1273 of 18VAC110-60 or 18VAC110-60-310 of the Virginia Administrative Code prior to January 1,
1274 2024, shall not apply;

1275 2. Pharmaceutical processors and cannabis dispensing facilities engaging in sales pursuant
1276 to the provisions of this enactment shall:

- 1277 a. Sell cannabis products only in opaque, child-resistant, tamper-evident, and resealable
1278 packaging;
- 1279 b. Report quarterly to the Board data regarding all sales conducted pursuant to this
1280 enactment, including information regarding violations, errors, and omissions;
- 1281 c. Be permitted to cultivate the number of cannabis plants, as determined by the
1282 pharmaceutical processor, necessary to serve the demand for sales created by this enactment;
- 1283 d. Dedicate a sufficient number of registers at each facility to registered patient sales and
1284 maintain sufficient inventory of cannabis products to satisfy the demands of such patients;
- 1285 e. Submit to the Board and, upon approval by the Board after an opportunity has been given
1286 for public comment, comply with a micro business accelerator plan describing how the
1287 pharmaceutical processor will, in its health service area, mentor six independent cannabis micro
1288 businesses for no less than 12 months and up to 18 months. The pharmaceutical processor shall
1289 begin implementation of the micro business accelerator plan on July 1, 2024, or as soon as possible
1290 thereafter and shall provide an opportunity for public comment prior to selecting its micro business
1291 accelerator plan participants. The micro business accelerator plan shall, with the goal of such micro
1292 businesses beginning operations as soon as practicable, (i) give preference to businesses that meet
1293 the qualifications set forth in subdivision B 13 of § 4.1-606 of the Code of Virginia, as amended by
1294 this act, and (ii) detail efforts the pharmaceutical processor will make to provide expertise,
1295 education, and training to the micro businesses in general business practices, financial management,
1296 regulatory compliance, administrative and business law, manufacturing, and agriculture. The
1297 Board may issue one retail marijuana store license and one marijuana cultivation facility license to
1298 each such micro business, as well as 30 additional micro businesses that meet the qualifications set
1299 forth in subdivision B 13 of § 4.1-606 of the Code of Virginia, as amended by this act, on or after
1300 July 1, 2024, provided that (a) the proposed location of the retail marijuana store and marijuana
1301 cultivation facility is in the same health service area of the pharmaceutical processor that supports
1302 the micro business and (b) the 60 additional licenses are allocated evenly among all health service
1303 areas. The Board shall provide ongoing oversight of the pharmaceutical processor's implementation

1304 of the micro business accelerator plan and issue findings regarding the processor's adherence to
1305 such plan. Prior to July 1, 2025, no pharmaceutical processor shall be permitted to wholesale any
1306 product to a micro business for an amount in excess of the pharmaceutical processor's actual cost.
1307 Notwithstanding the provisions of this enactment, (1) no micro business may begin operations prior
1308 to July 1, 2024, or the date on which the Board provides notice to the Division of Legislative Services
1309 that it is prepared to provide oversight of such operations, whichever is later; (2) no micro business
1310 may engage in retail sales pursuant to the provisions of this enactment prior to January 1, 2025, or
1311 the date on which the Board provides notice to the Division of Legislative Services that it is prepared
1312 to provide oversight of such sales, whichever is later; and (3) no pharmaceutical processor may
1313 begin operations or engage in retail sales pursuant to the provisions of this enactment prior to
1314 January 1, 2025, or the date on which the Board provides notice to the Division of Legislative
1315 Services that it is prepared to provide oversight of such sales, whichever is later; and

1316 f. Prior to engaging in sales pursuant to this enactment, pay a one-time fee of \$1,200,000.
1317 Such fee shall be allocated as follows: under the Board's oversight, \$200,000 shall be provided by
1318 the pharmaceutical processor directly to each participant in its micro business accelerator plan in
1319 the form of an unrestricted grant. The Board shall ensure that such grants are provided in an
1320 expeditious and transparent manner;

1321 3. Pharmaceutical processors and cannabis dispensing facilities engaging in sales pursuant
1322 to the provisions of this enactment shall not:

1323 a. Deliver cannabis products or sell cannabis products at any location other than the
1324 pharmaceutical processor or cannabis dispensing facilities for which the pharmaceutical processor
1325 or cannabis dispensing facility holds a permit pursuant to Chapter 16 (§ 4.1-1600 et seq.) of Title
1326 4.1 of the Code of Virginia; however, the provisions of this subdivision shall not prohibit a
1327 pharmaceutical processor or cannabis dispensing facility from delivering a wholesale order to a
1328 person licensed pursuant to the provisions of this act;

1329 b. Advertise cannabis products to persons younger than 21 years of age;

1330 c. Sell to a person in a single transaction more than (i) one ounce of botanical cannabis
1331 products, (ii) five grams of cannabis concentrate products, or (iii) a quantity of infused cannabis
1332 products that contains more than 500 milligrams of tetrahydrocannabinol;

1333 d. Sell any nonbotanical cannabis product with an individual unit dose containing more than
1334 10 milligrams of tetrahydrocannabinol;

1335 e. Be required to comply with any Board regulation, requirement, or restriction not
1336 referenced in this enactment or any amendments or additions to the regulations referenced in this
1337 enactment unless such regulation, requirement, restriction, amendment, or addition is adopted by
1338 the General Assembly; or

1339 f. Be subject to administrative action, liability, or other penalty based on the acts or omissions
1340 of any micro business; and

1341 4. Persons without a written certificate shall be permitted to access pharmaceutical processor
1342 and dispensing facilities for the purpose of purchasing cannabis products in accordance with the
1343 provisions of this enactment.

1344 § 2. That micro businesses operating pursuant to the provisions of this enactment shall
1345 comply with all applicable requirements imposed on pharmaceutical processors and the Board may
1346 suspend the privileges of a pharmaceutical processor, cannabis dispensing facility, or micro business
1347 to operate or engage in sales under this enactment for substantial and repeated violations of the
1348 provisions of this enactment.

1349 § 3. That a tax of nine percent shall be levied on the sale of cannabis products pursuant to
1350 this enactment, which shall be in lieu of any tax imposed under Chapter 6 (§ 58.1-600 et seq.) of
1351 Title 58.1 of the Code of Virginia. Pharmaceutical processors shall remit such tax to the Department
1352 of Taxation. The Department of Taxation shall deposit tax revenues from the nine percent excise
1353 tax into the account of the Authority. The Authority shall use such funds expeditiously and only for
1354 the purpose of supporting micro businesses engaging in sales pursuant to the provisions of this
1355 enactment.

1356 § 4. That the Board and the Department of Taxation may assess and collect fees from each
1357 pharmaceutical processor that sells cannabis products pursuant to this enactment in an amount
1358 sufficient to recover the costs associated with the implementation of the provisions of this enactment.

1359 § 5. That the provisions of this enactment shall not apply to or otherwise affect the sale of
1360 cannabis products to patients with written certifications by pharmaceutical processors pursuant to
1361 Chapter 16 (§ 4.1-1600 et seq.) of Title 4.1 of the Code of Virginia.

1362 § 6. That no agent or employee of a pharmaceutical processor or cannabis dispensing facility
1363 shall be subject to any disciplinary action by a professional licensing board for (i) possessing or
1364 manufacturing cannabis for the purposes of producing cannabis products in accordance with the
1365 provisions of this enactment or (ii) possessing, manufacturing, or distributing cannabis products
1366 that are consistent with generally accepted cannabis industry standards in accordance with the
1367 provisions of this enactment.

1368 § 7. That the provisions of this enactment shall expire when pharmaceutical processors and
1369 cannabis dispensing facilities engaging in the cultivation, manufacture, or sale of cannabis products
1370 pursuant to the provisions of this enactment are authorized by the Board to apply for and be granted
1371 licenses to cultivate, manufacture, wholesale, and sell at retail to consumers 21 years of age or older
1372 marijuana and marijuana products at the facilities for which the pharmaceutical processor holds a
1373 permit as set forth in this enactment.

1374 7. That the Board of Directors of the Virginia Cannabis Control Authority (the Board) shall convene
1375 a work group to determine whether (i) customer transaction limits should be revised; (ii) additional
1376 labeling and advertising restrictions are necessary; (iii) product literature should be provided to
1377 consumers at the point of sale; (iv) customer educational initiatives should be undertaken; (v)
1378 licensees should publicly report sales figures; and (vi) sales restrictions used in other states should
1379 be adopted in the Commonwealth. The Board shall report the findings and recommendations of the
1380 work group to the Chairmen of the Senate Committee on Rehabilitation and Social Services and the
1381 House Committee on General Laws by October 1, 2025.

1382 8. That the Board of Directors of the Virginia Cannabis Control Authority (the Board) shall convene
1383 a work group to (i) determine whether the license caps in § 4.1-700 of the Code of Virginia, as
1384 created by this act, should be amended; (ii) determine whether additional license designations
1385 should be created; (iii) analyze the propriety and logistics of requiring licensees to enter into labor
1386 peace agreements; and (iv) analyze the creation of a special events license. The Board shall report
1387 the findings and recommendations of the work group to the Chairmen of the Senate Committee on
1388 Rehabilitation and Social Services and the House Committee on General Laws by October 1, 2026.

1389 9. That the initial referendum authorized by § 4.1-629 of the Code of Virginia, as created by this
1390 act, on the question of whether the operation of retail marijuana stores shall be prohibited in a
1391 particular locality shall be held and results certified by December 31, 2024. A referendum on such
1392 question shall not be permitted in a locality after January 1, 2025, unless such referendum follows
1393 a referendum held prior to December 31, 2024, and any subsequent referendum, in which a majority
1394 of the qualified voters voting in such referendum voted "Yes" to prohibit the operation of retail
1395 marijuana stores.

1396 10. That the provisions of subsection B of § 4.1-1602 of the Code of Virginia, as amended by this act,
1397 that prohibit pharmaceutical processors and certain other persons from holding more than one
1398 permit shall not prohibit a pharmaceutical processor or any other such person from holding more
1399 than one permit if the processor or person held more than one permit prior to July 1, 2024; however,
1400 the provisions of this enactment shall not be construed to allow any such pharmaceutical processor
1401 or person to acquire additional permits on or after July 1, 2024.

1402 11. That the provisions of this act may result in a net increase in periods of imprisonment or
1403 commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary
1404 appropriation is _____ for periods of imprisonment in state adult correctional facilities;
1405 therefore, Chapter 1 of the Acts of Assembly of 2023, Special Session I, requires the Virginia
1406 Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-
1407 19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation is _____ for
1408 periods of commitment to the custody of the Department of Juvenile Justice.

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