

Cannabis Control Authority

Board of Directors Meeting

September 9, 2021

1:30-4:30 PM

1111 E Broad St.

Richmond, VA

1. **Welcome** - Neil Amin, Chair, Cannabis Control Authority Board of Directors
2. **Approval of Agenda** - Neil Amin, Chair, Cannabis Control Authority Board of Directors
3. **Introduction** – Brian Moran, Secretary of Public Safety
4. **Freedom of Information Act Training** – James M. Flaherty, Assistant Attorney General, Office of the Attorney General
5. **Briefing on the Virginia Cannabis Control Act & the Cannabis Control Authority** - Jacquelyn Katuin, Assistant Secretary of Public Safety and Megan Field, Policy Advisor to the Governor
6. **Public Comment** – Neil Amin, Chair, Cannabis Control Authority Board of Directors

Virginia Cannabis Control Authority



Board Meeting

September 9, 2021

Agenda

- I. Virginia's Cannabis Control Act
- II. The Virginia Cannabis Control Authority (CCA)

I. Virginia's Cannabis Control Act



HB 2312 (Herring) / SB 1406 (Lucas; Ebbin)

Priorities: **Social Equity, Public Health, Public Safety**

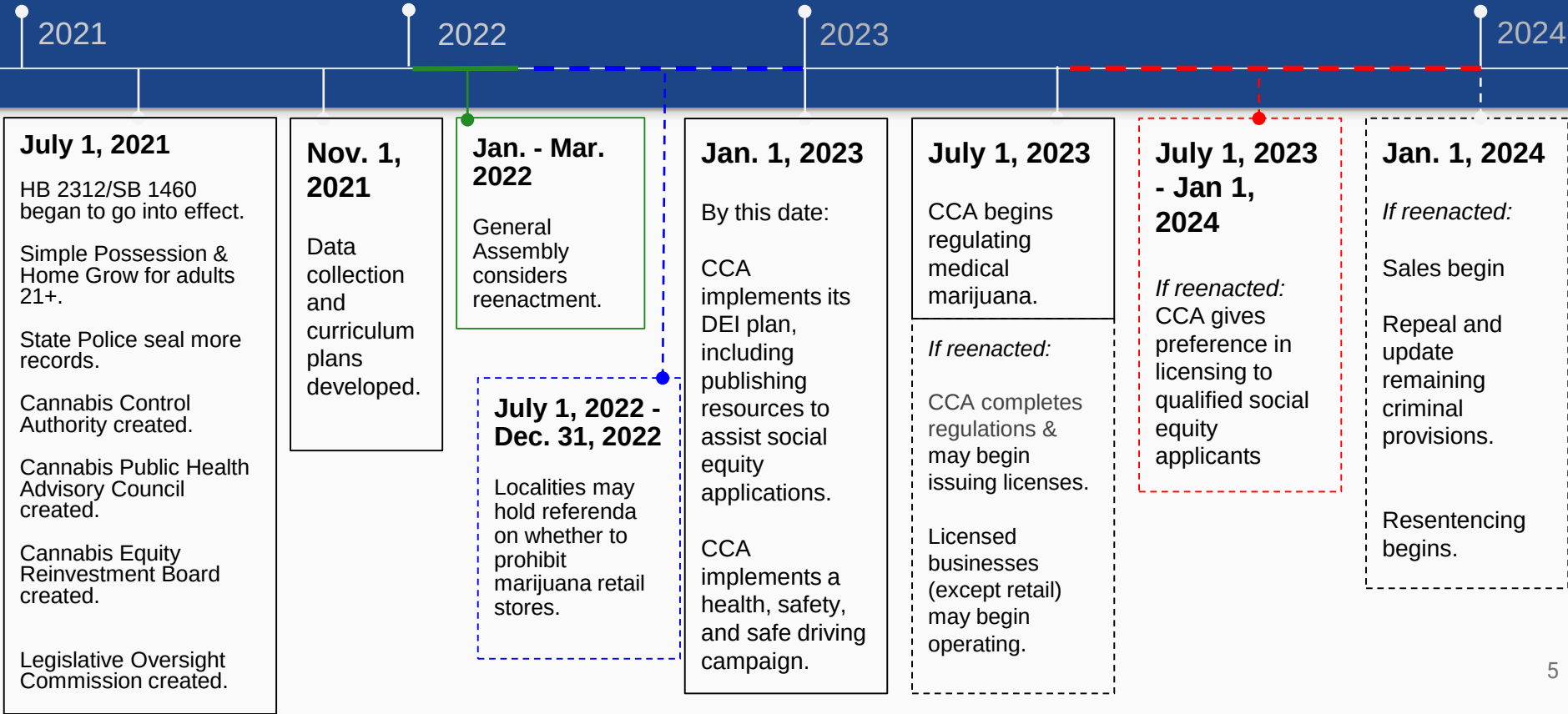
Steps taken in 2020

- Decriminalization of simple possession
- Sealing simple possession records in VA State Police's database
- Exexecutive Branch Marijuana Legalization Work Group Report
- JLARC Report on Marijuana Legalization

Supplemental actions

- Listening sessions with stakeholders
- Analysis of marijuana legalization in other states
- Detailed research into Virginia specifics

The First 2.5 Years of the Cannabis Control Act



“What became legal on July 1, 2021?”

Legal:

****for adults 21 years and older only****

- Possession of up to 1 oz of marijuana or “equivalent amount of marijuana product as determined by regulation” for personal use
- Cultivation of up to 4 plants per household (mandatory guidelines)
- “Adult sharing” - Transfer of one ounce or less of cannabis with no reciprocal transaction

Not Permitted:

- Possession of more than 1 oz of marijuana or marijuana product
- Purchase, possession, or consumption of any amount of cannabis by people under 21
- Sale and/or possession with intent to distribute of any amount
- Existing safety measures will remain in place, including prohibiting:
 - consumption while in a moving car or in public;
 - possession on school property on school grounds, while operating a school bus, in a motor vehicle transporting passengers for hire, or in a commercial vehicle.

Creation of a Legal Marketplace

HB2312/SB1406 . . .

- Created the Cannabis Control Authority (CCA) on July 1, 2021
- Laid the groundwork for legal sales
- But . . . require reenactment by the 2022 General Assembly

The Marketplace envisioned by HB2312/SB1406*

- Localities may opt-out of retail
- 5 license categories: cultivation, retail, processing, wholesale, & labs
 - Caps on # of businesses: 450 cultivators, 400 retail, 60 processors, 25 wholesalers
 - Retail must be geographically dispersed
 - Vertical integration generally prohibited
- Licenses can be awarded on July 1, 2023
 - Preference and support for “social equity” qualified applicants in first 6 months

Promoting Social Equity

From 2010–2019, the average arrest rate of Black Virginians for marijuana possession was 3.5 times higher than the arrest rate for white Virginians, despite similar usage rates.

1. Promoting diverse participation in the industry, among both owners and employees
2. Reinvesting in communities most harmed by marijuana prohibition
3. Clearing marijuana-related records and implementing other criminal justice reforms

Social Equity Qualified Licensees

66% ownership of a business by a Virginian(s) who:

- (i) – (ii) has themselves been convicted of or adjudicated delinquent for a misdemeanor marijuana offense, or who is the parent, child, sibling, or spouse of a person who has;
- (iii) resided for at least 3 of the past 5 years in a jurisdiction that is determined .to have been disproportionately policed for marijuana crimes
- (iv) resided for at least 3 of the last 5 years in a jurisdiction determined to be economically distressed; or
- (v) graduated from a Virginia HBCU

CCA determines specifics of criteria; provides assistance via Cannabis Business Equity Support Team; and awards licenses.

Protecting Public Health

- Cannabis Public Health Advisory Council
- Youth Prevention Measures
 - Strict advertising restrictions
 - School curricula and awareness campaigns
- Public Health Awareness Media Campaign
- Resources for Public Health Programs
 - 25% of tax revenue to substance abuse prevention and treatment programs
 - 5% to public health programs

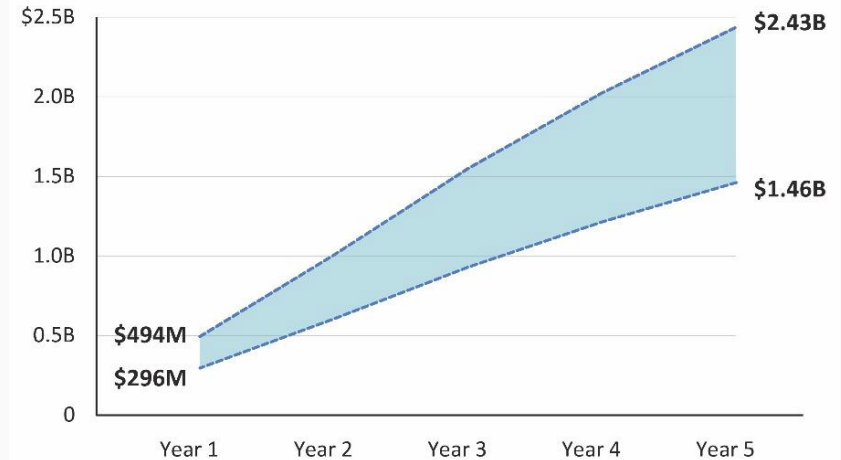
Protecting Public Safety

- DRE Training to respond to drugged driving
- Data collection plan due November 1, 2021
- Health, Safety, and Safe Driving Campaign by January 1, 2023
- Seed-to-sale tracking

Predicted Economic Impacts of Cannabis Legalization

- Economic Output
 - \$1.46-2.43 billion by Year 5
 - Additional \$1.40 generated for every \$1.00 spent directly on cannabis
- Estimated 11,000-18,400 jobs created
- Estimated taxes generated:
 - \$26-43 million in Year 1
 - \$128-213 million in Year 5
- Taxes go to support:
 - Pre-K for at-risk children(40%)
 - Cannabis Equity Reinvestment Fund (30%)
 - Substance abuse prevention and treatment (25%)
 - Public health programs (5%)

Projected economic activity



SOURCE: MPG Consulting, 2020. JLARC at 131.

I. The Cannabis Control Authority



VIRGINIA'S CANNABIS BOARDS AND COUNCILS

- CITIZENS APPOINTED BY THE GOVERNOR
- CITIZENS APPOINTED BY THE GENERAL ASSEMBLY
- GOVERNMENTAL EX OFFICIO MEMBERS

VIRGINIA CANNABIS



CONTROL AUTHORITY BOARD OF DIRECTORS



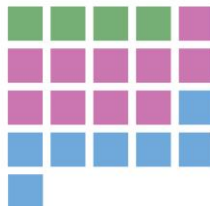
CEO

STAFF

VIRGINIA CANNABIS



PUBLIC HEALTH ADVISORY COUNCIL



VIRGINIA CANNABIS



EQUITY REINVESTMENT BOARD

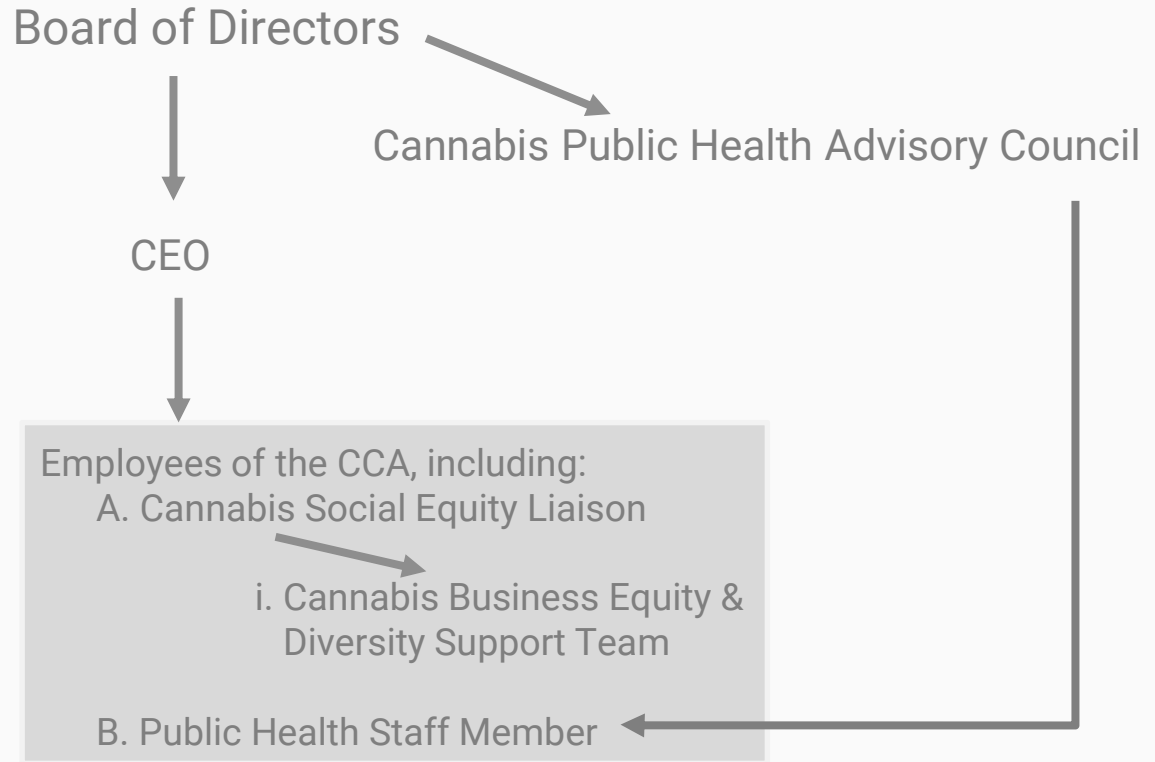


The CCA: Purpose

“To control the possession, sale, transportation, distribution, and delivery of retail marijuana and retail marijuana products in the Commonwealth,” in order to “promote the health, safety, welfare, convenience, and prosperity of the people of the Commonwealth.”

§ 4.1-601.

The CCA: Structure



The CCA Board: Powers & Duties

- Plenary power
- to prescribe and enforce regulations and conditions
- under which retail marijuana and retail marijuana products
- are possessed, sold, transported, distributed, and delivered,
- so as to prevent any corrupt, incompetent, dishonest, or unprincipled practices and to promote the health, safety, welfare, convenience, and prosperity of the people of the Commonwealth.

§ 4.1-601.

The CCA Board: Powers & Duties

- A. Oversight of CCA's Operations
- B. Regulation Setting & Enforcement

The CCA Board: Oversight of CCA's Operations

- Personnel
 - Involvement in hiring decisions at Board's discretion
 - Required to develop HR policies
- Procurement
 - May purchase/lease property
 - Required to develop procurement policies
- Operating Budget – Board approves
- Legislative Requests – Board approves
- Issuance/Management of Licenses – Board supervises
- Mandated Reports – Board approves

The CCA Board: Regulation Setting & Enforcement

CCA Required to set regulations to:

- Determine how licenses are awarded, suspended, and revoked;
- Establish criteria to evaluate social equity applicants;
- Promote diversity within the industry;
- Govern how marijuana is grown, transported, tested, and sold;
- Create seed-to-sale tracking system;
- Set limits on locations of retail stores;
- Determine rules around marijuana product containers & labels;
- Set a maximum THC level;
- Establish advertising restrictions;
- Establish training requirements for retail employees;
- Publish public health & safety guidance on its website;
- Collect taxes from licensees.

The CCA: Board Logistics

- Must meet once every 60 days
- 3 members = a quorum
- Adopt bylaws
- May create committees; advisory councils
- Delegate duties and tasks

The CCA Board: 2021 Statutory Obligations

- Board must meet at least 3 times
- Board shall make the following reports:
 - Annual report on the CCA's activities (Dec. 15)
 - Annual financial report of activities in the previous year ending June 30 (Dec. 15)*
 - Annual report on Virginia Cannabis Equity Business Loan Fund (Dec. 1)*
- Board must approve:
 - Any legislation the CCA proposes for the 2022 General Assembly Session

*None this year because the CCA was founded on July 1, 2021.

Questions?

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