



VIRGINIA
Cannabis
Control
Authority

ANNUAL REPORT

For Fiscal Year Ended June 30, 2023

2023



CHAIR'S MESSAGE



FISCAL YEAR 2023 was a banner year for the Virginia Cannabis Control Authority (“CCA” or “Authority”). It featured tremendous growth and production. Having laid a strong foundation last year, the CCA intensified work this year on building the Authority from the ground up.

Highlights for the CCA start with the growth in the size of its team and duties.

Staff more than doubled, which enabled expansion of the Authority’s regulatory, legislative, administrative, and analytics capabilities.

The CCA’s responsibilities grew this year, too. Policymakers entrusted the CCA with oversight of the medical cannabis program (beginning January 1, 2024) and regulation of cannabis advertising. They also tasked the CCA with analyzing whether the medical cannabis program should be expanded and identifying additional policy tools Virginia might deploy to address the public health and safety challenges caused by the proliferation of consumable hemp products.

The Authority’s lean, yet creative and industrious, team produced at an impressive level. They published 16 educational documents providing practical information on various public safety and public health issues related to cannabis, held seven town halls throughout Virginia, made more than a dozen other public presentations, launched an informative and popular website, initiated a social media presence across multiple platforms, rolled out a safe driving campaign highlighting the dangers and costs of cannabis-impaired driving, and advised lawmakers on dozens of legislative measures. And that’s only a partial accounting! These accomplishments are not abstract achievements. Rather, they all serve to make Virginians safer and healthier.

The CCA has no plans to rest on its laurels. The momentum established last year has carried over to the current fiscal year, as this report makes clear. Important work is underway, including preparations to assume oversight of the medical cannabis program, stepping up the safe driving campaign to produce positive behavioral change, publishing additional educational resources that are responsive to community needs, and planning for the next legislative session.

The CCA’s work is consequential and energizing, and its dedicated staff is focused on promoting public safety and health in the Commonwealth. As eventful and successful as this past year was, the CCA’s most important work lies ahead. I am confident we are up to the task and could not be more proud to be part of the CCA team.

Virginia CCA Chair John F. Keohane
Police Chief – Retired

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As Virginia government's cannabis experts, we are focused on public health and safety.

VISION, MISSION, AND VALUES

After strategic planning sessions at the end of the fiscal year, the Authority updated its mission and vision statements to reflect its upcoming role – beginning January 2, 2024 – as the regulator of Virginia's medical cannabis program.



Vision

We use our cannabis expertise and regulatory authority to make Virginians safer and healthier.

Mission

As an independent apolitical subdivision of the Commonwealth, the CCA promotes Virginia's public safety, advances public health, and protects communities through effective medical cannabis oversight and balanced and inclusive cannabis regulation, policy, and education.

Values

Four foundational values currently drive the CCA team and its work:

- Service
- Integrity
- Collaboration
- Tenacity

As detailed below, the CCA is growing rapidly, continuing to build its capabilities to carry out its legislative mandates. In the next fiscal year, the Authority will reassess its values to ensure they fully reflect the CCA's further development and work.



ORGANIZATIONAL STRUCTURE

Effective July 1, 2023, the Board consists of the following members.

Board

A five-member Board of Directors governs the Cannabis Control Authority (CCA).

Mr. Amin, Ms. Brand, and Mr. Massie have served on the Board since its inception in July 2021. Governor Youngkin announced the appointment of Mr. Keohane as the Board's new chair in July 2022. Mr. Williams joined the Board in July 2023 upon his appointment by Governor Youngkin.

The Board met eight times in fiscal year 2023. More information about these meetings can be found on the CCA website.

[link: https://cca.virginia.gov/news_events/past_meetings]

Staff

The CCA began fiscal year 2023 with five employees and ended the fiscal year with 11. The Authority's staff enables the CCA to accomplish its administrative, legislative, regulatory, public affairs, data analysis, and medical cannabis mandates and priorities. The Authority continues to fill vacant positions and is on track to become fully staffed by the end of fiscal year 2024 with roughly 30 employees.



John F. Keohane
Chair



Neil Amin
Vice Chair



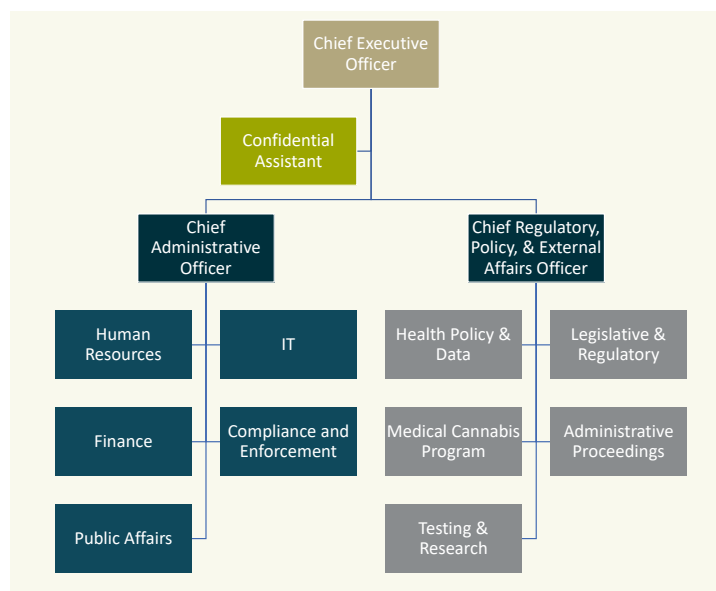
Bette Brand



Michael Jerome Massie



Anthony D. Williams





LEGISLATIVE SYNOPSIS

In the 2023 General Assembly session, lawmakers, the administration, and other stakeholders frequently called upon the CCA to provide technical advice on cannabis-related legislation, including its potential effects, financial impact, feasibility, and legal vulnerability. The high volume of this work reflected recognition of the Authority's expertise on cannabis matters. It also reflected awareness of CCA's ability to provide practical advice, including input based on the practices and policies of other states. The expectation is that the CCA's policy advisory role on legislation will expand further in the General Assembly's 2024 session.

The CCA advised lawmakers extensively on legislation.



New cannabis-related laws adopted in the 2023 General Assembly session include:

Medical Cannabis Program

Senate Bill 788 and House Bill 1598 provide that, beginning January 1, 2024, oversight and administration of Virginia's medical cannabis program will transfer from the Board of Pharmacy to the CCA. At that time, all relevant statutory provisions implementing the medical cannabis program will move to the Cannabis Control Act.

Senate Bill 1533 empowers the Authority's board to allow pharmaceutical processors one additional medical cannabis cultivation location.

House Bill 2368 creates requirements for labeling and no- or low-THC inventories in the medical cannabis program.

Senate Bill 1337 and House Bill 1846 eliminate practitioner registration requirements and modify other parts of the medical cannabis program, including product registration and expiration dates, allowable deviations in test results, dispensing, packaging, and advertising.

Cannabis Advertising Restrictions

Senate Bill 1233 and House Bill 2428 establish numerous restrictions on advertising marijuana, marijuana products, or any substance containing synthetic THC, or synthetic derivative of THC, including provisions that prohibit advertisements from:

- Targeting minors
- Being misleading, deceptive, or false
- Displaying at a sporting event, on a billboard, or near certain locations such as schools, playgrounds, and places of worship
- Referencing the intoxicating effects of marijuana
- Promoting overconsumption or consumption by minors

As of July 1, 2023, it is a Class 1 misdemeanor to engage in advertising of marijuana, marijuana products, or any substance containing synthetic THC, or synthetic derivative of THC, except for products legally sold through the medical cannabis program. Any future advertisements for such products legally sold under the Cannabis Control Act must comply with provisions of the Act, including distance and zoning restrictions and any regulations of the CCA Board.



Consumable Hemp Products

Senate Bill 903 and House Bill 2294 grant the Virginia Department of Agriculture and Consumer Safety (VDACS) authority to issue regulated hemp product retail facility registrations. The legislation also:

- Caps the total THC in hemp-derived products to a concentration of no more than 0.3 percent and no more than two milligrams of total THC per package, unless the package contains a CBD to THC ratio of 25:1; and
- Establishes product packaging, labeling, and testing requirements.

Senate Bill 903 and House Bill 2294 also task the CCA with conducting a study focused on other states' approaches to regulating edible hemp products or hemp products intended for smoking and the implications of pending federal legislation.

Further, the legislation provides that CCA shall, upon the referral or request of the Attorney General or VDACS, have the power to inquire into possible violations of the Consumer Protection Act related to consumable hemp products and, if necessary, to request, but not require, an appropriate legal official to bring an action to enjoin such violation.



MEDICAL CANNABIS PROGRAM

The CCA will assume regulatory oversight of Virginia’s medical cannabis program effective January 1, 2024.

Program Structure

The medical cannabis program divides the state into five health service areas. Only one pharmaceutical processor—a vertically integrated entity that cultivates, processes, and dispenses medical cannabis—can operate in each health service area. Each pharmaceutical processor runs a central site where it co-locates cultivation and processing along with a dispensary. Each pharmaceutical processor can apply for additional permits to operate up to five medical cannabis dispensary locations separate from the processor’s primary location. At the conclusion of fiscal year 2023, there were four pharmaceutical processors and 16 cannabis dispensing facilities operating in the Commonwealth.

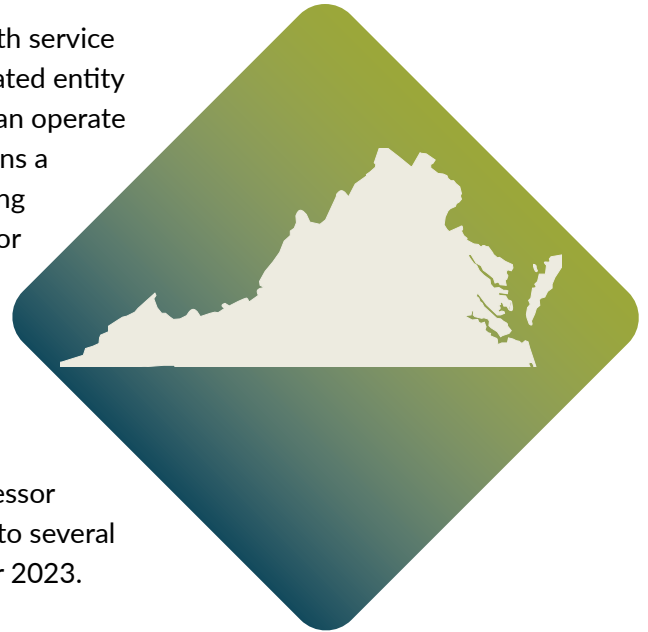
Health service area 1 remains without a pharmaceutical processor or medical cannabis dispensing facility within its borders due to several years of litigation, which concluded near the end of fiscal year 2023.

Preparing for Regulatory Oversight

Over the course of fiscal year 2023, CCA staff established strong working relationships with the staff supporting the Board of Pharmacy, the current regulator of the medical cannabis program. The CCA and Board of Pharmacy staff held regular meetings covering all facets of the medical cannabis program, including software systems, operational processes, regulations, and guidance documents.

In fiscal year 2023, the CCA began developing regulations to govern the medical cannabis program. As mandated by the transition legislation, the CCA’s regulations will model the Board of Pharmacy’s existing regulations to the greatest extent practicable.

The CCA also began developing contractual relationships with outside vendors to provide support for licensing processes, patient certifications, and product approvals. The Board will approve the regulations, before the CCA staff publishes them in the Register of Regulations, with a planned effective date of January 1, 2024.



Looking Ahead

In response to a request from the Chair of the House Health, Welfare, and Institutions Committee at the end of fiscal year 2023, the CCA partnered with a consulting company specializing in cannabis policy and analytics during the first half of fiscal year 2024 to produce a data-driven study of Virginia's medical cannabis program that will:

- 1) Assess the current and projected supply and demand of medical cannabis in Virginia;
- 2) Evaluate product types currently available in dispensaries and patient usage or consumption patterns to determine whether there are any gaps in supply of what patients need to address their medical conditions;
- 3) Determine how accessible medical cannabis is to patients in Virginia and identify any barriers that exist in accessing medical cannabis;
- 4) Benchmark the medical cannabis market structure and practices in other states and determine whether adoption of any of those structures or practices would enhance the patient-centered nature and medical orientation of Virginia's medical cannabis program; and
- 5) Assess whether any identified gaps in supply, product types, and/or patient accessibility can be addressed by modifying Virginia's vertical integration requirement for participation in the program to allow the licensing of non-vertically integrated participants.

The study will use several approaches to address these objectives, including: a medical cannabis population survey, a supply and demand assessment, benchmarking of other states' programs and policies, and simulating interventions. The Chair's request asked the CCA to provide a summary of results and any recommendations to the Secretary of Public Safety, the Secretary of Health and Human Resources, the Chair of the Senate Committee on Education and Health, and the Chair of the House Health, Welfare, and Institutions Committee by November 30, 2023.

One of the CCA's highest priorities once it assumes regulatory oversight of the medical cannabis program in January of 2024 is to select a pharmaceutical processor to operate in health service area 1. The CCA will issue a request for applications as soon as possible. The CCA also anticipates issuing a request for proposals to implement a statewide seed-to-sale tracking system that will enhance data collection in Virginia's medical cannabis program, as well as further advance security and consumer protection in the program.

As an independent apolitical subdivision of the Commonwealth, the Cannabis Control Authority promotes public safety, advances public health, and protects communities through effective medical cannabis oversight for balanced and inclusive cannabis regulation, policy, and education.

SAFE DRIVING CAMPAIGN



The CCA launched a safe driving campaign in fiscal year 2023. The campaign, mandated by the General Assembly, warns citizens of the dangers of cannabis-impaired driving. With the assistance of an outside public affairs consultant, the CCA initially surveyed a demographically representative group of Virginia drivers and used the survey results to prepare messaging disseminated through digital, billboard, television, and radio media.

Safe Driving Survey

The CCA's safe driving survey gauged the attitudes of Virginians towards various dangerous driving activities, including driving after using cannabis.

Among other things, the survey found respondents discounted the risks of driving while under the influence of cannabis, including when they compared it to the dangers of other hazardous driving behaviors. The chart below illustrates how respondents minimized the relative risks of cannabis-impaired driving:

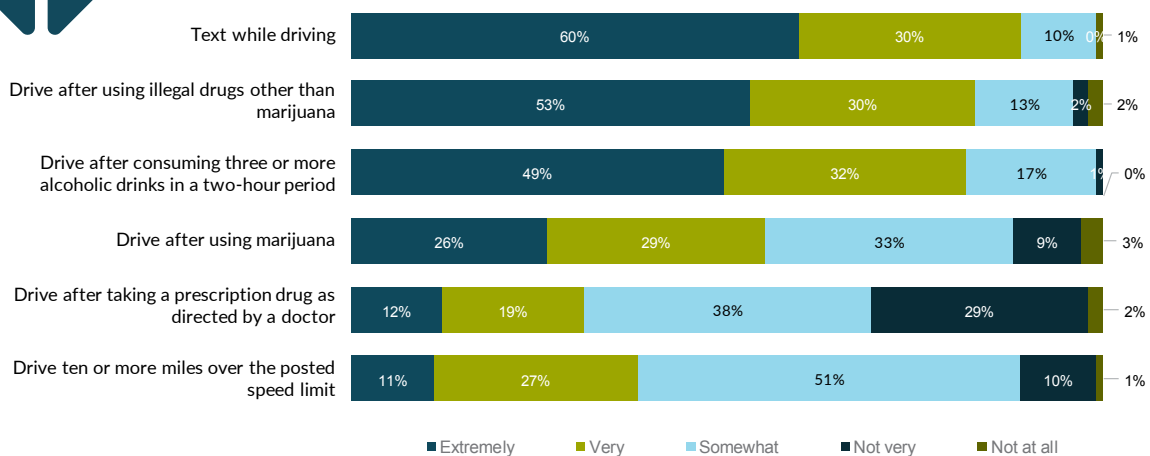
The survey revealed other alarming behaviors. For example:

- 47% of cannabis users did not make plans for a sober drive home; and
- 30% of survey respondents believed cannabis made them a safer driver

The CCA used the survey findings to inform messaging for its safe driving campaign, which began in January 2023, with a series of messages and advertisements displayed online and on billboards throughout Virginia. The messages focused on fostering greater awareness of the dangers of cannabis-impaired driving and encouraging safer driving behavior.



Perceived Danger Levels of Various Behaviors and Driving



Online Digital Ad Campaign

The online digital ad campaign ran from January to March 2023 and included ads in both English and Spanish. During the campaign period the digital ads delivered more than 15 million impressions – more than two times the CCA’s goal. More than 12,000 people clicked on the ads, which directed them to a safe driving landing page on the CCA website. The page provided additional information reinforcing the campaign’s messaging. The ads performed best in the following markets:

- Northern Virginia
- Richmond
- Tidewater
- Roanoke



15.47 million impressions



12,079 ad clicks



Top performing markets:
Northern Virginia
Richmond
Tidewater
Roanoke

Billboard Ad Campaign

The CCA’s billboard campaign ran from January 2023 through the end of April. The campaign displayed six different messages on 28 different billboards across Virginia. The billboards had approximately 30.5 million impressions.

Two of the billboards featured these messages:



Looking Ahead

In April 2023, CCA contracted with a consultant to help the CCA expand its safe driving messages to other media, including radio and television. Collaborative work subsequently began to develop new messaging concepts. Radio public service announcements (PSAs) began running across Virginia on September 4, 2023, and television PSAs began running September 28, 2023. The PSAs will run across multiple Virginia television and radio stations for a year. Additional elements of the campaign include YouTube videos, social media posts, and Google search ads.

In addition to reaching target audiences directly with television, radio, and digital ads, the CCA plans to leverage its relationships with trusted organizations and businesses to amplify the impact of the campaign's messages. The CCA's partners will include:

- Government agencies
- Safe driving organizations
- Prevention groups
- Colleges and universities
- Restaurants and bars

These partners will be able to access a digital toolkit that includes:

- Social media copy and graphics
- Web banners
- Flyers
- Posters

These items will also be available on the CCA's website and to our partners and the public to use throughout the year.

Behavioral modification typically takes time, occurring only after consistent efforts aimed at producing a change in behavior. For example, the "designated driver" concept took hold among drivers as a means to mitigate drunk driving only after years of messaging. Budget permitting, the CCA intends to run its safe driving campaign until it detects, through additional surveys, meaningful changes in attitudes toward cannabis-impaired driving.

Behavioral modification typically takes time, occurring only after consistent efforts aimed at producing a change in behavior.

OUTREACH EFFORTS



In fiscal year 2023, the CCA ramped up its public outreach efforts on multiple fronts, including town halls, presentations, participation in workgroups, the CCA website, and social media. These efforts introduced the Authority to communities throughout the Commonwealth, reinforced its role as an expert educator on the public health and public safety aspects of cannabis, and provided the CCA an opportunity to listen and learn from Virginia citizens.

Town Halls

In March 2023, the CCA held its first of seven public town halls. Between March and July 2023, the CCA held town halls in locations in each of the five health service areas (as defined by the Virginia Department of Health) including Virginia Beach, Roanoke, Abingdon, Fairfax, Chester, Weyers Cave, and Falls Church.

The town halls provided the public with the chance to learn about the CCA's mission, roles, and priorities. They also featured discussion of current cannabis laws in Virginia and gave the public a chance to share its perspectives and ask questions about cannabis.

In total, nearly 300 people attended the seven town halls in person or virtually, and more than 60 attendees shared their perspectives or asked questions during the events. The CCA conducted satisfaction surveys after each event to learn more about the audience's areas of interest and gain insight into how the Authority could improve the presentation. The overall satisfaction rating exceeded four points out of a possible five.



Nearly 300 people attended the seven town halls in person or virtually.

Presentations

In addition to town hall events, the CCA presented as a guest at 16 other commission meetings and public outreach events for various organizations during fiscal year 2023:

- Cannabis Oversight Commission
- Cannabis Public Health Advisory Council
- Virginia Municipal League
- Tobacco Free Tuesdays
- Virginia Community Action Re-entry System (CARES)
- Virginia Beach City Council
- Virginia Cannabis Association
- Virginia Crime Commission
- Virginia Office of Substance Abuse Prevention
- Cannabis Business Association of Virginia
- Virginia Minority Cannabis Coalition
- 2023 Virginia Cannabis Conference
- Virginia Beach Cannabis Task Force
- Virginia Higher Education Substance Use Advisory Committee
- Cannabis Regulators Association (CANNRA)
- Virginia Chapter of the National Organization for the Reform of Marijuana Laws (Virginia NORML)

As part of its outreach work, CCA team members regularly met with stakeholders in fiscal year 2023, including medical cannabis practitioners and patients, youth substance prevention groups, and pharmaceutical processors.





Workgroups

The CCA believes in leveraging partnerships to amplify its educational work, advance its public safety and public health mission, and learn from others working on cannabis-related matters. To that end, CCA is an active member of the following workgroups:

- Virginia Higher Education Substance Use Advisory Committee
- Virginia Office for Substance Abuse Prevention
- Virginia State Epidemiological Outcomes Workgroup
- Virginia Youth Cannabis Advisory Workgroup
- Virginia Perinatal Cannabis Workgroup

CCA Website

The CCA launched its website December 2, 2022. It serves as a valuable tool for visitors looking for information about the CCA, its mission, roles, and educational resources on cannabis. When the website first launched, it contained six educational resources on various public health and public safety topics. The CCA published on the website ten additional educational fact sheets in fiscal year 2023.

The CCA began recording data on website users and visits in March 2023. From March to June 2023, nearly 46,000 people visited the website, totaling more than 90,000 views.

Social Media

The CCA established its social media presence on Facebook, Instagram, X (Twitter), and LinkedIn in October 2022.

Social media messages highlight the CCA's work on:

1. Regulation
2. Policy advising
3. Education (including public health and public safety topics)
4. Medical cannabis program
5. Agency announcements

The CCA has four main goals for its social media program:

1. Increase CCA brand awareness among Virginians, particularly about the CCA's mission, roles, and priorities;
2. Enhance knowledge of CCA's contributions to Virginia's public safety and public health among cannabis stakeholders and policymakers;
3. Market the CCA as the objective, expert authority promoting effective medical cannabis oversight and balanced and inclusive cannabis regulation, policy, and education; and
4. Increase the number of followers across all social media channels.

Between October 2022 and June 2023, the CCA grew its followers across all social media channels each month. At the end of fiscal year 2023, the CCA had followers totaling:

- Facebook: 215
- Instagram: 110
- X (Twitter): 95
- LinkedIn: 335

Looking Ahead

CCA's outreach efforts continue into fiscal year 2024. The CCA plans to hold additional town halls and roundtables that will be open to the public. The CCA will also continue to participate actively in workgroups and to present at other external meetings and events.

The CCA's webpage is constantly evolving, and new content is added on a regular basis. Work is underway to build a medical cannabis program webpage that will go live shortly before CCA begins regulation of the medical cannabis program on January 1, 2024. The CCA also continues to develop new educational resources to add to the website.

The CCA's social media presence continues to grow – with steady gains in followers, likes, reach, and impressions. Regularly scheduled posts will continue in fiscal year 2024 with the goal of gaining more followers and increasing visits to the webpage for information on the CCA's mission, roles, and educational materials.



CCA's social media presence continues to grow with steady gains in followers, likes, reach, and impressions.



EDUCATIONAL RESOURCES

Resource Library

The CCA developed a library of guidance documents, informational materials, and fact sheets. These one-to-two-page resources deliver targeted information on a single topic to stakeholders and policymakers. Each resource is available for download on the CCA's website. Guidance documents, informational materials, and fact sheets published in fiscal year 2023 address:

- Health Risks of Cannabis Consumption
- Responsible Adult Cannabis Consumption
- Ancillary Effects of Cannabis Use
- Home Cultivation
- Cannabis Mail and Travel Laws
- CBD vs THC – What's the Difference?
- Hemp vs Marijuana – What's the Difference?
- Do's and Don'ts of Medical Cannabis
- How to Become a Virginia Medical Cannabis Patient
- Cannabis Laws in Virginia (See Figure 1.)
- Secondhand Smoke Exposure
- Pesticide Use on Cannabis Plants
- Risks and Consequences of Driving Under the Influence of Cannabis
- Safe Driving Survey Summary
- Adult Sharing vs. Illegal Exchanges – What's the Difference?
- Pop-Up Shops

Needs Assessment

At the end of fiscal year 2023, the Authority conducted a statewide needs assessment survey to gain insight on the current use of the CCA's educational resources and to identify gaps in content. The online survey collected approximately 170 responses from diverse stakeholders, including public health, public safety, and educational groups, as well as cannabis businesses and associations. Results showed stakeholders use CCA educational resources for personal education, as supplemental materials in communities or schools, and as informational materials for employees. Overall, most survey participants indicated it is easy to (1) use the Authority's website navigation to find educational resources and (2) understand the content of the educational resources. When asked about topics stakeholders would like to see addressed in future educational materials, survey participants suggested the CCA develop resources on youth cannabis prevention, safe driving, dosing/potency of THC, and more (See Figure 2.). The CCA plans to use the results from the needs assessment survey to help improve current resources and develop future materials.



Figure 1: Cannabis Laws in Virginia

Looking Ahead

In response to results from the needs assessment survey and other common questions and concerns raised by the public and the Board, the CCA has several additional educational resources under development for completion in the next fiscal year. Topics for future educational resources include:

- Information for Parents
- Youth Prevention
- High Potency THC
- Employment Laws
- Cannabis Use Disorder
- Safe and Compliant Storage and Disposal Methods for Medical Cannabis

The CCA will also consider diversifying the types of educational resources it produces to include toolkits, brochures, social media materials, and more. This will facilitate regular and sustained connection with and education of stakeholders using various informational formats.



Diversifying the types of educational resources to include toolkits, brochures, social media materials will facilitate regular and sustained connection.

DATA ANALYTICS

Data analytics will ensure the CCA is operating efficiently.

The CCA seeks to have data drive its internal operations as well as its regulatory, policy, and education work. To further that objective, the CCA created a data analytics team in fiscal year 2023. The team focuses on generating three categories of data.

The first data category pertains to the medical cannabis program. The Authority is creating a system for data collection and output that will inform the CCA and its stakeholders about the medical cannabis program's status, successes, and shortcomings.

The second data category addresses public health and safety. Efforts in this category aim to close gaps in data collection and provide public health and safety data to inform the CCA's work. The CCA will share this data to inform the work of other public health and safety-oriented stakeholders, including interagency groups focused on substance abuse and misuse with whom the CCA collaborates.

The final data category covers the CCA's internal operations. This information will account for key performance indicators and other data points that measure the successes and areas for improvement at the CCA. Among other things, this data will ensure the CCA is operating efficiently, including being as transparent and responsive as possible to its stakeholders and government partners.





FINANCIAL REPORT

In its 2022 and 2023 sessions, the General Assembly did not reenact legislation creating an adult-use retail market for cannabis. As a result, there are no revenues related to the implementation, administration, or enforcement of such a market. The Authority, moreover, does not begin oversight of the medical cannabis program until January 1, 2024. The absence of a retail market and the Authority's current lack of oversight of the medical cannabis program make it infeasible for the CCA to prepare and submit the detailed six-year plan for retail operations called for in Virginia Code section 4.1-613. The CCA also has not been audited, so it has no audited financial statement to include in this report.

The Authority maintained an \$8.2 million budget for fiscal year 2023. The budget supported legislatively required Authority operations. These expenses include, but are not limited to:

- Personnel services
- Board meeting costs
- Office space lease
- Supplies
- IT equipment and professional services
- Consulting services
- Media services

The Authority ended fiscal year 2023 with \$1.9 million in expenditures. Expenditures ran at a significantly reduced pace due to several factors, including hiring freezes, which slowed full implementation of CCA programs and buildout of infrastructure and administrative capabilities.

The CCA anticipates that expenditures will continue to accelerate as the Authority fills positions, expands its capabilities, and fully assumes its mandated roles. Significant expenditures are expected for software solutions, including for seed-to-sale tracking, that are necessary to effectively manage the medical cannabis program.

During the 2023 Special Session, the General Assembly made substantial cuts to CCA's appropriation for fiscal year 2024, reducing it from \$11.2 million to \$5.3 million. \$3 million of the \$5.9 million reduction was for money originally earmarked for the Cannabis Equity Business Loan Fund.¹ These funds were never used because an adult-use market for cannabis was never created.

Notably, the General Assembly also authorized the Department of Planning and Budget to transfer up to \$2.5 million left over from previously appropriated funds in fiscal year 2022 to cover one-time costs of a seed-to-sale tracking system.

¹ The 2021 Cannabis Control Act created the Virginia Cannabis Equity Business Loan Fund ("Fund"). See Virginia Code § 4.1-1501. Money in the Fund is to be "used solely for the purposes of providing low-interest and zero-interest loans to social equity qualified cannabis licensees in order to foster business ownership and economic growth within communities that have been the most disproportionately impacted by the former prohibition of cannabis." The Act also directed the CCA to report annually on matters it "may deem appropriate, including the amount of funding committed to projects from the Fund." See Virginia Code § 4.1-1503.



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