

**REPORT OF THE**

**Joint Commission to Oversee  
the Transition of the  
Commonwealth into a Cannabis  
Retail Market (HJR 497, 2025)**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 4**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2026**





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## Joint Commission to Oversee the Transition of the Commonwealth into a Cannabis Retail Market

Executive Summary of 2025 Interim Activity

<https://studies.viriniageneralassembly.gov/studies/774>

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Pursuant to the powers and duties authorized under HJR 497 (Krizek, 2025), the Joint Commission to Oversee the Transition of the Commonwealth into a Cannabis Retail Market (the Joint Commission) held four meetings during the 2025 interim with Delegate Paul E. Krizek, chair, and Senator Lashrecse D. Aird, vice-chair, presiding. Materials presented at the meetings are accessible through the [\*Joint Commission's meetings webpage\*](#).

The Joint Commission's 2025 interim meetings occurred on July 9, August 20, October 6, and December 2.

### Joint Commission Members

Senator Lashrecse D. Aird, Vice-Chair	Delegate Paul E. Krizek, Chair
Senator Adam P. Ebbin	Delegate Marcia "Cia" S. Price
Senator Christie New Craig	Delegate Katrina E. Callsen
Senator Saddam Azlan Salim	Delegate Rae C. Cousins
	Delegate James W. (Will) Morefield
	Delegate Hyland F. (Buddy) Fowler, Jr.

### July 9, 2025 Meeting

The Joint Commission to Oversee the Transition of the Commonwealth into a Cannabis Retail Market (the Joint Commission) met in Richmond on July 9, 2025. Delegate Paul E. Krizek was elected as chair, and Senator Lashrecse D. Aird was elected as vice-chair.<sup>1</sup> The meeting began with opening remarks from the chair and the adoption of a virtual meeting policy, followed by presentations and discussion. Materials presented at the meeting are accessible through the [\*Joint Commission's meetings webpage\*](#).

### Virtual Meeting Policy

*Stephen Kindermann, Lead Senior Attorney, Division of Legislative Services*

Mr. Kindermann provided an overview of the proposed virtual meeting policy for the Joint Commission to adopt. He explained the options available to the Joint Subcommittee and how the policy encompasses all of the allowable provisions under the Virginia Freedom of Information Act (FOIA) as well as House and Senate Rules for virtual voting. The Joint Commission unanimously voted to adopt the policy.

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<sup>1</sup> **Members Present:** Delegate Paul E. Krizek (chair), Senator Lashrecse D. Aird (vice-chair), Senator Adam P. Ebbin, Senator Christie New Craig, Senator Saddam Azlan Salim, Delegate Marcia "Cia" S. Price, Delegate Katrina E. Callsen, Delegate Rae C. Cousins, Delegate James W. (Will) Morefield, Delegate Hyland F. (Buddy) Fowler, Jr.

**Members Absent:** None

## **Overview of HJR 497 (Krizek, 2025)**

*Troy Hatcher, Staff Attorney, Division of Legislative Services*

Mr. Hatcher provided a brief overview of HJR 497 (Krizek, 2025), which established the Joint Commission. The joint resolution directs the Joint Commission to (i) oversee the administration of responsibilities assigned to the Virginia Cannabis Control Authority under the Cannabis Control Act (§ 4.1-600 et seq. of the Code of Virginia); (ii) oversee the implementation and enforcement of cannabis-related laws and regulations; (iii) monitor issues, trends, and impacts related to cannabis; and (iv) examine, in consultation with the Virginia Cannabis Control Authority, necessary legislative changes to the medical cannabis program that would make the program more competitive, accessible, and economically inclusive. The joint resolution also states that the Joint Commission will expire on July 1, 2028.

## **Presentation: Cannabis in the Commonwealth: An Overview of the Background and Current Status of Marijuana Legalization in Virginia**

*Troy Hatcher, Staff Attorney; Taylor Mey, Senior Attorney; Stephen Kindermann, Lead Senior Attorney, Division of Legislative Services*

Mr. Hatcher began the presentation with a legislative history of bills related to cannabis that have been introduced since 2015. The legislative history consisted of bills related to medical cannabis, hemp products, and adult use and possession of recreational cannabis. Mr. Hatcher highlighted that medical cannabis (i) was authorized in 2015, (ii) has had numerous changes over the years, (iii) can be prescribed for any diagnosed condition or disease from a practitioner, and (iv) has undergone a shift in oversight from the Board of Pharmacy to the Cannabis Control Authority. Next, Mr. Hatcher explained how HB 1839 (Marshall, 2019 Regular) conformed Virginia law for hemp products to match the provisions of the federal 2018 Farm Bill, which authorized the sale of such products in Virginia, and how HB 2294 (Kilgore, 2023 Regular) and SB 903 (Hanger, 2023 Regular) amended Virginia law to provide stricter rules than in federal law by limiting the amount of total tetrahydrocannabinol (THC) that can be included in a hemp product or industrial hemp extract to 0.3 percent and either two milligrams of total THC per package or an amount of cannabidiol (CBD) that is at least 25 times greater than the total THC per package. Then, Mr. Hatcher briefly explained the changes in the law since 2020 that resulted in the decriminalization and ultimate legalization of recreational cannabis and provided an overview of a JLARC study conducted in 2020 that highlighted factors to consider if the Commonwealth was going to create a retail cannabis marketplace. Lastly, Mr. Hatcher explained the current law related to medical cannabis and the sale and possession of hemp products.

Ms. Mey continued the presentation, explaining adult use and possession of recreational cannabis. She also explained three bills that passed the General Assembly during the 2025 Session but were vetoed by the Governor: HB 1989 (Askew), HB 2485 (Krizek), and SB 970 (Rouse). HB 1989 would have amended provisions of law related to medical cannabis, while HB 2485 and SB 970 would have established a retail marketplace for cannabis in the Commonwealth. Ms. Mey explained the retail marketplace bills in detail, noting (a) the powers and duties of the Cannabis Control Authority; (b) changes to criminal penalties; (c) testing, labeling, and packing requirements; and (d) the licensing structure and requirements.

Mr. Kindermann finished the presentation by explaining the taxation and revenue provisions of HB 2485 and SB 970. He also explained local authority, highlighting that the bills allow any



locality to hold a referendum on whether retail marijuana stores should be prohibited in such locality in a certain amount of time.

### **Presentation: Overview of Virginia Cannabis Control Authority and Medical Cannabis Program**

*Jake Shuford, Legislative and Regulatory Manager, Virginia Cannabis Control Authority*

Mr. Shuford began his presentation by explaining the history of the Cannabis Control Authority (CCA) and its roles as a regulatory and policy advisor and educator. He then provided a brief overview of what is legal in the Commonwealth related to cannabis - medical cannabis, limited home cultivation, limited possession, and limited adult sharing - and explained the limitations on home cultivation, possession, and adult sharing. Next, he explained that medical cannabis is exempt from sales and use tax, but noted the taxes on retail sales of cannabis provided for in HB 2485 and SB 970. He continued the presentation by explaining relevant hemp law and what is currently illegal in the Commonwealth related to cannabis use.

Mr. Shuford then provided an overview of the medical cannabis program, patient requirements, and how the program services all of the Commonwealth. Mr. Shuford noted that seed-to-sale tracking went live on July 1, 2025, which will help increase public health and safety by ensuring that no products are diverted to the illicit market and that no illicit products enter the regulated market.

Lastly, Mr. Shuford discussed various data and educational initiatives gathered and conducted by the CCA, including data collection, educational resources, a Safe Driving Campaign, and partnerships and outreach. The educational resources provided by the CCA inform the public on cannabis law in the Commonwealth, health risks associated with cannabis use, and how to use cannabis responsibly. Mr. Shuford explained an impaired driving survey that was conducted in 2024, which found that 30 percent of Virginia drivers believe those who consume marijuana are usually safer drivers. He also described the CCA's Safe Driving Campaign, which ran from 2022 to 2024 and was conducted on social media, television and radio, and billboards. A new campaign for 2025 is in development.

### **August 20, 2025 Meeting**

The Joint Commission met in Richmond with Delegate Paul E. Krizek, chair, presiding.<sup>2</sup> The meeting began with opening remarks from the chair and vice-chair, Senator Lashrecse D. Aird, followed by presentations and discussion. Materials presented at the meeting are accessible through the [\*Joint Commission's meetings webpage\*](#).

### **Presentation: Marijuana Taxation and Distribution**

*Andrea Jimenez, Policy Specialist, Fiscal Affairs Program, National Conference of State Legislatures*

Ms. Jimenez began her presentation with a map of marijuana legalization across the 50 states, the District of Columbia, and other U.S. territories that depicted the states and territories that have (i) not legalized marijuana, (ii) legalized medical marijuana, (iii) legalized both recreational and

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<sup>2</sup> **Members Present:** Delegate Paul E. Krizek (chair), Senator Lashrecse D. Aird (vice-chair), Senator Adam P. Ebbin, Senator Saddam Azlan Salim, Delegate Katrina Callsen, Delegate Rae Cousins, Delegate Hyland F. "Buddy" Fowler, Jr., Delegate James W. Morefield, Delegate Marcia S. "Cia" Price.

**Members Absent:** Senator Christie New Craig



medical marijuana, and (iv) legalized possession of marijuana but not the sale of marijuana. She noted that only Virginia and the District of Columbia (D.C.) fall into the last category.

Ms. Jimenez also provided examples of three different tax structures used in locations that have legalized the sale of recreational marijuana, including (i) a percentage of price model, in which the tax is levied as a percentage of the sales price (e.g. excise tax, state sales tax, local tax); (ii) a weight-based model, in which the tax is levied based on weight of the marijuana or unit-based; and (iii) a THC content (or potency) model, in which the tax is levied based on the percentage of THC content in cannabis. She also provided information on the cannabis taxes and revenue distributions for Virginia's neighbors, Maryland and D.C., as well as several other states. Ms. Jimenez ended her presentation by explaining that most revenue from taxation of marijuana sales goes into six different areas: rainy day funds; treatment, prevention, and public health; law enforcement; localities; education and schools; and the state general fund.

### **Presentation: Use of Revenue: How We Legalize It Right**

*Chelsea Higgs Wise, Executive Director, Marijuana Justice*

Ms. Higgs Wise began her presentation with a background on Marijuana Justice as an organization and various pieces of legislation with which the organization has assisted. She noted that in 2021 the General Assembly promised pathways for support to those disproportionately impacted by marijuana prohibition by establishing the Cannabis Equity Reinvestment Fund and Business Loan Fund. However, Ms. Higgs Wise also highlighted the following problems facing the legal marijuana industry: (i) rigid regulations, (ii) no regulation of size and location, (iii) oversupply caused by rush to revenue, (iv) litigation, (v) lack of competition, (vi) poor price management, (vii) need for capital, (viii) federal classification of marijuana as a Schedule 1 drug, (ix) delay in acquiring property, (x) local zoning, (xi) interstate commerce, and (xii) access to banking. However, she stated that an adequate investment and a strategic rollout that considers such issues would give the Commonwealth its best chance for a successful long-term marketplace.

Ms. Higgs Wise presented a proposed marijuana revenue distribution as follows: (a) a 2.5 percent local marijuana tax, distributed based on local sales tax and excluding those localities that voted to opt out of the marketplace; (b) a 1.115 percent sales tax, with one percent going to public school age and 0.115 percent going to Public Education Standards of Quality; and (c) an eight percent marijuana tax to go to the Cannabis Control Authority, with up to \$2.5 million in a reserve fund and the other funds going to administration of the Authority. She also provided a breakdown of how the eight percent of funds from the marijuana tax should be divided, with (1) five percent going to public health programs; (2) 10 percent going to pre-kindergarten programs; (3) 25 percent going to the Department of Behavioral Health and Developmental Services; and (4) 60 percent going to the Cannabis Equity Reinvestment Fund (CERF), which would be distributed to scholarships for those in foster care and families impacted by substance abuse, the Cannabis Equity Business Loan Fund, indigent defense for those disproportionately affected by drug enforcement, and grant programs in impacted communities.

### **Presentation: Retail Cannabis Legalization: Revenue Considerations and Equity Analysis**

*Rodrigo Soto, Legislative and Campaigns Director, The Commonwealth Institute for Fiscal*



## *Analysis*

Mr. Soto presented on The Commonwealth Institute's (TCI) analysis of four revenue options for the Commonwealth to consider in 2026: establish new income tax brackets, revise sales taxes, revise corporate and other taxes, and create a retail cannabis market.

Mr. Soto explained that establishing two new income tax brackets, one on taxable income between \$100,000 and \$1 million with a six percent tax rate and one on income above \$1 million with a 6.75 percent rate, could generate \$434 million annually. Another suggestion is to establish a fair share tax, with a new state income tax bracket of 10 percent only on annual taxable income that exceeds \$1 million, which could generate \$1.4 billion in fiscal year 2027. Other options include expanding the state sales tax base to include digital personal property and new economy services to generate \$1.03 billion or increasing the watercraft sales tax rate and eliminating the \$2,000 cap to generate \$6.6 million. Further, TCI's analysis explained that reestablishing the state estate tax could generate about \$60 million annually.

Mr. Soto then presented on potential cannabis retail market revenues, which could be determined by the rate of taxation for marijuana at the point of retail sale, the sales and use tax, and additional taxing authority for local governments. He explained that the 2025 legislation (HB 2485 and SB 970) contained different taxation rates than those on which the 2020 JLARC report's revenue projections were based. Lastly, Mr. Soto explained that the choice to invest in equity funds varies from state to state, and he offered several examples.

## **Presentation: Empowering Virginia Small Businesses in the Cannabis Industry**

*Barbara Biddle, Co-Founder, Cannabis Small Business Association; CEO & Founder, District Hemp Botanicals*

*Eric Spanbauer, Co-Founder, Cannabis Small Business Association; Founder, East Coast Collective*

*Graham Redfern, Co-Founder, Cannabis Small Business Association; Owner & Farmer, Redfern Hemp*

*LaTonya Warren, President, Cannabis Small Business Association*

This presentation began with personal anecdotes from members of the Cannabis Small Business Association on how the current status of cannabis and hemp legislation has impacted their businesses. Ms. Warren then presented a background of the Cannabis Small Business Association. She continued by explaining that in 2022 and 2023, the General Assembly amended state laws related to hemp, lowering allowable THC levels below the federal standards. She explained that the law also added new criminal penalties for certain federal legal hemp-derived products; imposed expensive labeling and testing requirements; created regulatory uncertainty for farmers, processors, and retailers; and disrupted established supply chains overnight. She provided an economic analysis related to these changes, noting that in Virginia the number of licensed hemp processors fell from 191 to 39 and licensed growers fell from over 1200 to under 200.

Ms. Warren went on to explain that 65.3 percent of U.S. small businesses are profitable, but only 27 percent of U.S. marijuana businesses are profitable. Additionally, cannabis businesses that are profitable face an effective federal tax rate of 52.5 percent, and capital scarcity and the inability to declare bankruptcy add to cannabis small business failure. She ended the presentation by advocating for small business protections to avoid large entities from dominating the retail





market and provided the following recommendations: protect the hemp industry and its definition; increase the marijuana license caps and outdoor canopy limits; guarantee low licensing fees, capital requirements, and fair taxes for small businesses; and establish a small business start-up fund.

### **October 6, 2025 Meeting**

The Joint Commission to Oversee the Transition of the Commonwealth into a Cannabis Retail Market (the Joint Commission) met in Richmond with Delegate Paul E. Krizek, chair, presiding.<sup>3</sup> The meeting began with opening remarks followed by presentations and discussion. Materials presented at the meeting are accessible through the [\*Joint Commission's meetings webpage\*](#).

### **Presentation: Virginia Medical Cannabis Program Overview & Opportunities**

*JM Pedini, Executive Director, Virginia NORML*

JM Pedini provided an overview of legislation related to and the implementation of the medical marijuana program in the Commonwealth, highlighting (i) the creation of an affirmative defense to prosecution in 2015; (ii) the regulated program in 2016; (iii) updated and new conditions in 2018; (iv) the first dispensary sales in 2020; and (v) legalization of adult-use marijuana in 2021. They continued by explaining the medical marijuana pharmaceutical processors in the Commonwealth, highlighting the number of cannabis dispensing facilities around the state and explaining how medical cannabis products are regulated by the Virginia Cannabis Control Authority. JM continued their presentation by showing locations around the Commonwealth where consumers can purchase medical marijuana products. They also provided pictures of what these facilities look like on the inside and outside. They ended the presentation by explaining how to expand the medical marijuana program and noted that the Governor vetoed the legislation to update the program this year for the first time.

### **Presentation: The National Landscape on Transitioning from Medical Cannabis to Adult Use**

*Ngiste Abebe, Founder, KND Group*

Ms. Abebe presented on transitioning from medical cannabis to adult use, including policy choices and case studies of Maryland and New York, and highlighting (i) public safety, (ii) patient access, (iii) fair markets, and (iv) generation of revenue. Noting that illicit sales of cannabis have thrived without a regulated market, Ms. Abebe recommended updating the proposed legislation to create the adult-use marketplace while also noting that the medical cannabis program would remain necessary and highlighting patient protections in the proposed legislation, such as colocation of adult-use with medical cannabis, tax collection at the point of sale, and patient priority plans as a part of the conversion process.

Next, Ms. Abebe focused on fair market consideration, noting that the single greatest competition for legal operators is the illicit cannabis market, which is estimated to be \$2-3 billion

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<sup>3</sup> **Members Present:** Delegate Paul E. Krizek (chair), Senator Lashrecse D. Aird (vice-chair), Senator Christie New Craig, Senator Adam P. Ebbin, Senator Saddam Azlan Salim, Delegate Katrina E. Callsen, Delegate Rae C. Cousins, Delegate Hyland F. (Buddy) Fowler, Jr., Delegate James W. (Will) Morefield, Delegate Marcia "Cia" S. Price

**Members Absent:** None





in annual sales in Virginia. Ms. Abebe explained how litigation resistant legislation promotes fair competition, and how litigation negatively impacted Illinois and New York.

Lastly, Ms. Abebe presented on generating revenue and showed how medical inclusion generates revenue without impacting fair markets, using data from multiple states on their first year tax revenue. She included data on how medical inclusion stabilizes transitional markets and supports competition.

### **Presentation: Preventing Market Capture in Virginia: An Evidence-Based Risk Assessment**

*Max Jackson, Founder, Cannabis Wise Guys*

Mr. Jackson presented on how to minimize the risk of implementing an adult-use cannabis marketplace in Virginia with a limited-license marketing structure using examples from Florida, Pennsylvania, and Arizona. He then explained that a measured and phased market launch would be beneficial to Virginia, including strong guardrails to prevent market capture by large, multi-state operators. He also stated that limited-license markets fail to compete with the illicit market on price or access, undermining public safety and guaranteeing failure of social equity programs.

### **Presentation: Building a Fair and Competitive Cannabis Market for Virginia**

*Damian Fagon, Director, Bronx Cannabis Hub*

Mr. Fagon presented on how to build a fair and competitive cannabis market in Virginia. He explained how equity fails without fair markets and advocated for a two-tier cannabis market where producers sell directly to retailers or work with independent distributors to keep the retail tier independent and accountable only to consumers. He highlighted the need to establish strict firewalls between different license types so that monopolies are prevented and explained how tiered licenses let farmers start small and grow.

### **Presentation: Enforcement of Illicit Products and Overview of the Difference in Potency Across Cannabis Products**

*Dr. Michelle Peace, Forensic Toxicologist, Professor of Forensic Science, Virginia Commonwealth University*

Dr. Peace presented on her research laboratory's findings on vaping and cannabis products in the Commonwealth, showing how many products (i) lacked labeled ingredients and/or THC concentration; (ii) mislabeled such concentrations; and (iii) contained contaminants such as mold, yeast, and fecal matter. She also presented on vapes confiscated from Virginia schools, with data showing an increase in confiscation from elementary school (K-5) students from Fall 2019 to Fall 2023, and made recommendations relating to these issues.

### **December 2, 2025 Meeting**

The Joint Commission met on December 2, 2025 with Delegate Paul E. Krizek, chair, presiding.<sup>4</sup> The meeting began with opening remarks from the chair and vice-chair, Senator Lashrecse D.

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<sup>4</sup> **Members Present:** Delegate Paul E. Krizek (chair), Senator Lashrecse D. Aird (vice-chair), Senator Adam P. Ebbin, Delegate Katrina E. Callsen, Delegate Rae C. Cousins, Delegate Hyland F. (Buddy) Fowler, Jr., Delegate James W. (Will) Morefield [virtual], Delegate Marcia "Cia" S. Price

**Members Absent:** Senator Christie New Craig, Senator Saddam Azlan Salim



Aird, followed by a presentation and discussion. Materials presented at the meeting are accessible through the [\*Joint Commission's meetings webpage\*](#).

### **Presentation: Proposed Legislative Amendments for the 2026 Cannabis Retail Market Bill**

*Taylor Mey, Senior Attorney; Stephen Kindermann, Lead Senior Attorney; Troy Hatcher, Staff Attorney, Division of Legislative Services*

The Division of Legislative Services staff compiled a matrix that consisted of 53 items that would be updated or affected in the 2026 bill to establish a Cannabis Retail Market in the Commonwealth. Ms. Mey presented on each topic, explaining Code sections that would be affected, what the proposed change would be, and how the change differed from the 2025 bill. Members of the Commission asked for clarification on some items and also voiced concern or opposition to some of the proposed changes.

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For more information, see the [\*Joint Commission's website\*](#) or contact the Division of Legislative Services staff:

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