October 2026

TO: The Honorable Luke E. Torian
Chair, House Appropriations Committee

The Honorable Paul E. Krizek
Chair, House General Laws Committee

The Honorable Patrick A. Hope
Chair, House Courts of Justice Committee

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee

The Honorable Jeremy S. McPike
Chair, Senate General Laws and Technology Committee

The Honorable Schuyler T. VanValkenburg
Chair, Senate Rehabilitation and Social Services Committee

The Honorable Scott A. Surovell
Chair, Senate Courts of Justice Committee

FROM: Stanley M. Meador, Secretary of Public Safety and Homeland Security
Marvin B. Figueroa, Secretary of Health and Human Resources

RE: Chapter 1016, 2026 Virginia Acts of Assembly (SB543)

Chapter 1016 of the 2026 Virginia Acts of Assembly (SB543) directs the Secretary of Public Safety and the Secretary of Health and Human Resources to convene a work group to analyze current efforts in the Commonwealth to combat the sale of illicit cannabis products and develop recommendations to enhance such efforts with a focus on protecting consumers and children:

> *That the Secretary of Public Safety and Homeland Security and the Secretary of Health and Human Resources shall convene a work group to analyze the current efforts in the Commonwealth to combat the sale of illicit cannabis products and develop recommendations to enhance such enforcement efforts with a focus on protecting consumers and children from harmful, untested, and unregulated cannabis products. The work group shall include among its members the Chief Executive Officer of the Virginia Cannabis Control Authority or his designee, a representative from the Office of the Attorney General, the Commissioner of Agriculture and Consumer Services or his designee, a representative from the Virginia State Police, a representative from a local law-enforcement agency, an attorney for the Commonwealth, the Executive Director of Virginia NORML or his designee, a representative from a permitted pharmaceutical processor in the Commonwealth, a representative from the Virginia State Crime Commission, a member of the House of Delegates, a member of the Senate of Virginia, a forensic scientist with knowledge of or experience with testing cannabis products, and two health professionals. The work group shall complete its work and submit a report regarding its findings and recommendations to the Chairs of the House Committees on Appropriations, on General Laws, and for 18 of 19 Courts of Justice and the Senate Committees on Finance and Appropriations, on General Laws and Technology, on Rehabilitation and Social Services, and for Courts of Justice by October 1, 2026.*

In accordance with this item, please find enclosed the report of the SB543 Work Group on Efforts to Combat the Sale of Illicit Cannabis Products in the Commonwealth.

SB543 Work Group on Efforts to Combat the Sale of Illicit Cannabis Products in the Commonwealth

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Preface

Chapter 1016 of the 2026 Virginia Acts of Assembly (SB543) directs the Secretary of Public Safety and the Secretary of Health and Human Resources to convene a work group to analyze current efforts in the Commonwealth to combat the sale of illicit cannabis products and develop recommendations to enhance such efforts with a focus on protecting consumers and children:

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The work group met in person on August 10, 2026, and September 3, 2026, with additional research, discussions, and efforts contributed by members and staff throughout this process. Appreciation is extended to the following individuals who contributed their knowledge and expertise to the work group and in support of this report:

- Delegate Paul E. Krizek, Virginia House of Delegates
- Senator Lashrecse D. Aird, Senate of Virginia
- Jamie Patten, Acting Head and Chief Administrative Officer, Virginia Cannabis Control Authority
- Helen Hardiman, Deputy Attorney General for Public Advocacy, Virginia Office of the Attorney General
- Charles Green, Commissioner, Virginia Department of Agriculture and Consumer Services
- First Seargent Matt Hand, Virginia State Police
- Deputy Chief Sybil El-Amin Jones, Richmond Police Department
- Bryan L. Porter, Commonwealth's Attorney for the City of Alexandria
- JM Pedini, Executive Director, Virginia National Organization of the Reform of Marijuana Laws
- Ngiste Abebe, Founder, KND Group, Vice Chair of the Virginia Cannabis Public Health Advisory Council
- Kristin Howard, Executive Director, Virginia State Crime Commission
- John Przybylski, Central Controlled Substances Section Supervisor, Virginia Department of Forensic Science
- Jodi Manz, Author, National Academy for State Health Policy
- Dr. Bergen B. Nelson, Virginia Commonwealth University School of Medicine

Executive Summary

The 2026 General Assembly made several changes to Virginia's cannabis and hemp laws. Among other things, the Commonwealth will launch a regulated adult-use retail cannabis marketplace, transfer regulation of hemp-derived products from the Virginia Department of Agriculture and Consumer Services (VDACS) to the CCA, expand the CCA's enforcement authority, and implement several other cannabis-related laws. With the creation of a new retail cannabis market in Virginia, it is important to strengthen public safety, establish greater protections for youth, expand safeguards for consumers, and offer flexibility for small businesses while prioritizing responsible market development. This work group was directed by SB543 to analyze efforts in the Commonwealth to combat the sale of illicit cannabis products, with a focus on protecting consumers and youth. In doing so, the work group identified opportunities to improve these efforts in criminal and civil enforcement, public education and outreach, and interagency and state-local coordination, outlined in this report.

Background

In 2021, Virginia legalized the personal possession of up to one ounce of cannabis, limited home cultivation, and established the Virginia Cannabis Control Authority (CCA) to regulate cannabis in the Commonwealth. However, Virginia did not create a regulatory framework for a retail marketplace at that time, resulting in a legal and regulatory gray area around certain cannabis and hemp products which lasted for several years.

Action by the 2026 General Assembly and Governor Abigail Spanberger in House Bill 30 (HB30) brought several changes to Virginia's cannabis and hemp laws. Among other things, the Commonwealth will launch a regulated adult-use retail cannabis marketplace, transfer regulation of hemp-derived products from the Virginia Department of Agriculture and Consumer Services (VDACS) to the CCA, expand the CCA's enforcement authority, and implement several other cannabis-related laws.

Adult-Use Retail Cannabis Market

Virginia will launch regulated adult-use retail cannabis sales on July 1, 2027. Ahead of that date, the CCA will develop the regulations for a retail cannabis marketplace, including establishing a licensing process for businesses interested in participating the market. Information about licensing, including application timelines, eligibility requirements, and other implementation milestones will be posted on the CCA's website as it becomes available.

Hemp Regulation Changes

Following the passage of House Bill 30, the responsibilities for Commonwealth of Virginia's Hemp Enforcement Program has transferred from VDACS to the CCA. Current Hemp Product Retail Facility Registrations will remain valid until their expiration, and information about applying for or renewing this registration will be posted on CCA's website.

House Bill 30 also eliminated the "25:1 ratio" that allowed a hemp product to exceed two milligrams of total THC (tetrahydrocannabinol) if the product contained 25 parts CBD (cannabidiol) for every one part THC. Beginning Aug. 15, 2026, a product with more than two milligrams of total THC per package cannot be produced or sold as a hemp product in Virginia. Of note, this provision faces pending litigation, although on August 14, 2026 a judge for the U.S. District Court for the Western District of Virginia in Roanoke declined to overturn the new limit.

Expanded Enforcement Authority

To ensure safe and consistent regulation of the cannabis market, House Bill 30 gave the CCA new authority to enforce Virginia's cannabis laws, including authority to:

- Take enforcement action against unlicensed cannabis and hemp businesses; and
- Issue notices of violation, cease and desist orders, and civil penalties.

The CCA is also directed to create an official decal for licensed cannabis retailers to display in store. Additionally, a new tip line has been established to report suspected illegal activity to the CCA at 1-844-WEED-TIP (1-844-9333-847) or on the CCA's webpage.

Additional Laws Passed in the 2026 Legislative Session

Other cannabis-related bills also became law following the 2026 General Assembly session, including:

- House Bill 391: Medical Cannabis Operations
- House Bill 75: Medical Cannabis for Terminally Ill Patients
- Senate Bill 230: Expungement of Police and Court Records
- Senate Bill 543: Marijuana and Hemp Products; Enforcement
- House Bill 26 / Senate Bill 62: Modification of Marijuana-Related Sentences
- House Bill 942: Parental Rights and Legally Authorized Substances

Aim of this Work Group Report

With the creation of a new retail cannabis market in Virginia, it is important to strengthen public safety, establish greater protections for youth, expand safeguards for consumers, and offer flexibility for small businesses while prioritizing responsible market development. To that end, this work group report analyzes what is already being done to combat the sale of illicit cannabis products in the Commonwealth and considers what more can be done to enhance such enforcement efforts with a focus on protecting consumers and children from harmful, untested, and unregulated cannabis products.

Trends in Cannabis-Related Offenses and Compliance in the Commonwealth

Virginia has seen a declining trend in cannabis-related criminal charges in recent years. Data presented by the Virginia Criminal Sentencing Commission, seen below, showed declining charges and convictions of various cannabis-related crimes.

Figure 1: The Number of Marijuana (Distribution §18.2-248.1) Charges (FY2010 – FY2026)[1]

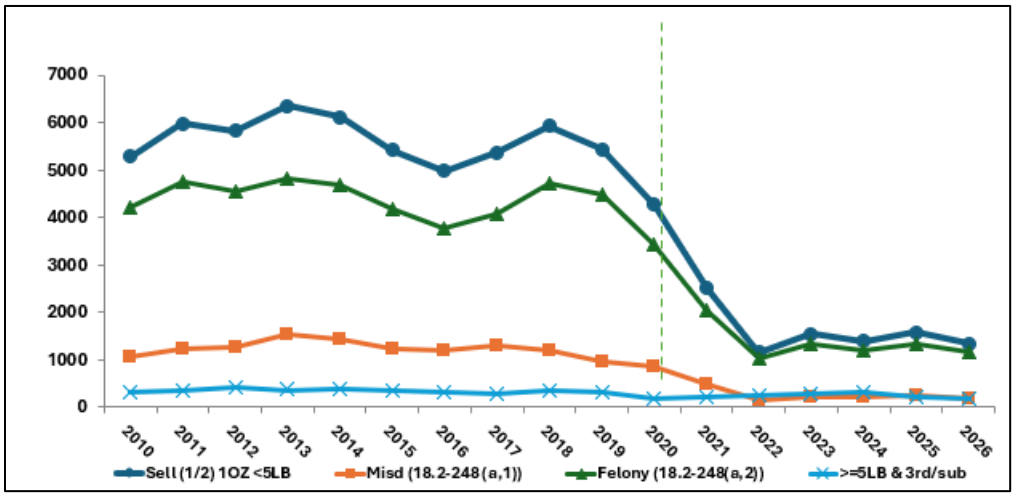
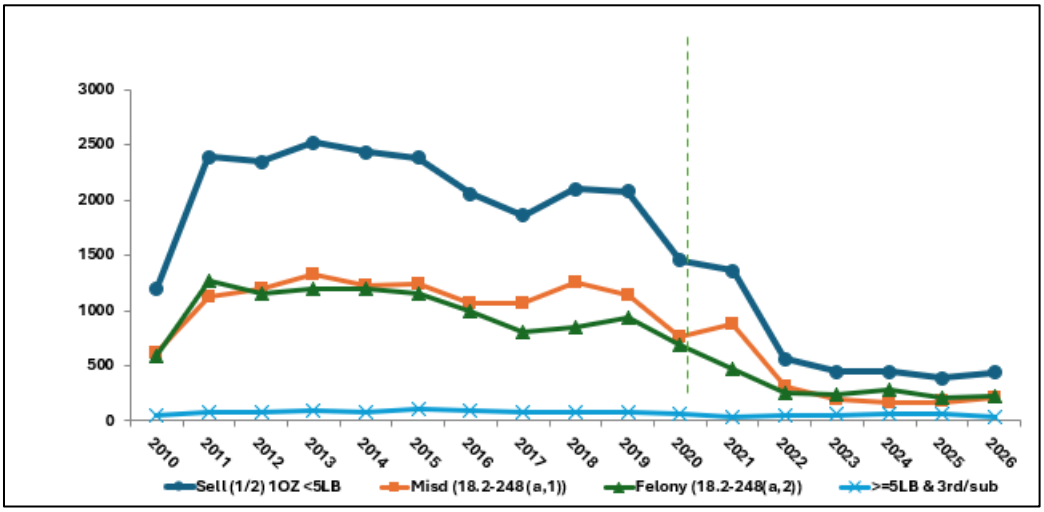


Figure 2: The Number of Marijuana (Distribution §18.2-248.1) Convictions (FY2010 – FY2026)[2]



Notably, the decline in charges and convictions began before the Commonwealth decriminalized simple possession of cannabis in 2020 and legalized personal possession and cultivation in 2021. This may reflect the broader shift in public opinion and public policy with respect to cannabis use and possession; some Commonwealth's Attorneys, for instance, adopted

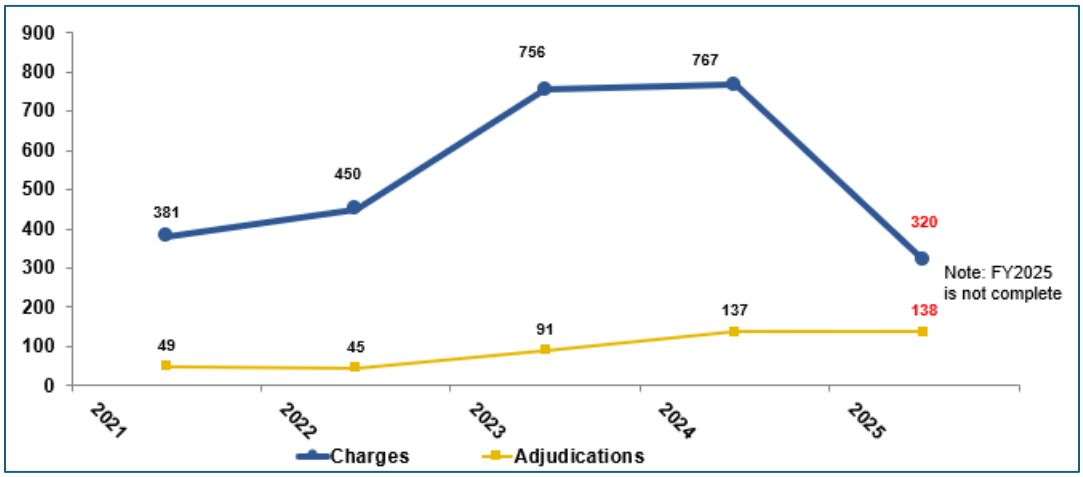
[1] Presented by the Virginia Criminal Sentencing Commission (Aug. 10, 2026).
Data Source: Court Case Management System (CMS) Data.

[2] Presented by the Virginia Criminal Sentencing Commission (Aug. 10, 2026).
Data Source: Court Case Management System (CMS) Data.

policies against prosecuting certain cannabis offenses prior to decriminalization/legalization taking effect in Virginia.[3]

For juveniles, there was an uptick in cannabis-related charges from 2021 to 2024, seen below, although the overall volume remains significantly lower than adult charges and convictions. Most of these charges were for underage possession or consumption (approx. 64.8 percent from FY2022-2025), followed by possession/consumption on school property or a school bus (approx. 33.8 percent from FY2022-2025). The number of convictions for juveniles has remained relatively low. Importantly, the available data for juveniles is more limited, however this still indicates a need to address juvenile cannabis use.

Figure 3: The Number of Marijuana Offenses (JDR Juvenile, FY2021 – FY2025)[4]



This trend for juvenile charges appears aligned with an uptick in cannabinoid vape products confiscated in Virginia schools, including among elementary school students. Survey data indicates that in most cases these products are acquired from a friend or peer, with the second most common acquisition means being that the juvenile purchased the product themselves – highlighting a problem around age-verification for certain products.

The Laboratory for Forensic Toxicology Research at Virginia Commonwealth University (VCU) partnered with the Virginia Foundation for Healthy Youth (VFHY) to analyze the chemical composition of vape products confiscated in Virginia schools.[5] The VFHY grant

[3] Jouvenal, J. & Weiner, R. (2020). Prosecutors won't pursue marijuana poss. charges in Fairfax/Arlington. *The Washington Post*. https://www.washingtonpost.com/local/public-safety/new-fairfax-county-prosecutor-says-office-wont-prosecute-marijuana-possession/2020/01/02/ab0363a4-2d76-11ea-9b60-817cc18cf173_story.html

[4] Presented by the Virginia Criminal Sentencing Commission (Aug. 10, 2026).
Data Source: Court Case Management System (CMS) Data.
Note: JDR Juvenile Data- from FY2021 to FY2025 (FY2025 is not complete).

[5] VFHY (2024). "VCU Researchers Look Beyond the Label to Uncover the Truth About E-Cigarettes." *Virginia Foundation for Healthy Youth*. https://vfhy.org/news/vcu-researchers-look-beyond-the-label-to-uncover-the-truth-about-e-cigarettes/

funding that research is scheduled to end June 30, 2027. VFHY noted that an anticipated reduction of Tobacco Master Settlement funds will impact their operations and grant availability and funding levels looking beyond FY27.

Table 1: Vapes Confiscated from Virginia Schools (Fall 2019-Fall 2023)[6]

	Fall 2019	**Spring 2020***	**Pre-Fall 2023**	**Fall 2023**
# Samples	75	75	107	259
# Analyzed to date	75	75	83	133
% Nicotine	100%	100%	86%	81%
% Cannabinoids	1%	0%	14%	19%
% Synthetic Cannabinoids	(0%)	(0%)	(7%)	(5%)

Table 2: Vape Acquisition in Virginia Schools (Survey, 2024-25) [7]

Acquisition	#
Friend or peer	110
Purchased themselves	60
Stole it	18
Found it	14
Other family member	11
Parent/guardian	7
Sibling	5

The work group's consensus is that juvenile use and possession of cannabis was likely driven by illicit cannabis products, including hemp-derived THC products, rather than medical dispensary operations. VDACS highlights a growing number of violations – as well as repeat violations – with respect to hemp product compliance, shown below. Notably, and in contrast to the violations reported for hemp products, there are no identified reported compliance violations for age-verification in Virginia's medical cannabis marketplace.

Table 3: VDACS Office of Hemp Enforcement Activity Report (FY2024-FY2025)[8]

Metric	**FY2024**		**FY2025**	
Inspections	424		1,040	
Violations	17,715		36,693	
Follow-up Inspections	18		105	
No Violations	5	27.8%	30	28.6%

[6] Presentation, CCA Board Meeting (Oct. 1, 2025), slides 22-23.
[7] Presentation, CCA Board Meeting (Oct. 1, 2025), slides 22-23.

[8] VDACS Presentation, CCA Board Meeting (Aug. 13, 2025), slides 12-13.

With Violations	13	72.2%	75	71.4%
Penalties Assessed	$10,784,750		$21,239,000	

Recommended Considerations in Addressing the Sale of Illicit Cannabis Products

Looking ahead to the implementation of Virginia's retail cannabis marketplace, it is important that the Commonwealth maintain and build on the successes seen in the medical program's compliance, address the apparent uptick in acquisition and consumption by youth, and get illicit products off of shelves while redirecting consumers to Virginia's legal, regulated, and safe adult-use cannabis marketplace. To that end, the work group identified areas for improvement in criminal and civil enforcement, education, and strengthening interagency and state-local coordination. Some key considerations are outlined in this report.

Enforcement

In the near-term, prior to July 1, 2027, the work group identified a need for enforcement action to get unlicensed products off of shelves and out of stores. Many of these products contain either hemp-derived THC or were imported from out-of-state markets. This requires both civil and criminal enforcement of cannabis laws and regulations. The work group also discussed how interagency and state-local coordination (discussed below, *infra*) can support enforcement efforts, as well as raised the consideration of scalable offenses and penalties.

The CCA is responsible for both cannabis and hemp products. Effective August 10, 2026, VDACS hemp enforcement authority was transferred to CCA, including the transfer of 15 VDACS hemp enforcement positions to CCA. Merging both cannabis and hemp enforcement under CCA should help streamline enforcement efforts, as well as consolidate expertise around these products under one primary authority, but with approximately 2,300 existing hemp retailers also significantly increases CCA's compliance and enforcement responsibilities.

In addition to the approximately 2,300 existing hemp retailers, CCA's compliance and enforcement team will be responsible for compliance oversight of an estimated 800 future retail cannabis market licensees of varying types. As of September 10, 2026, CCA has hired one Compliance and Enforcement Director, three Compliance and Enforcement Managers, and 13 Compliance and Enforcement Officers. Recruitment is in progress for additional Compliance and Enforcement Officers and a Compliance and Enforcement Manager. Each Compliance and Enforcement Officer will be responsible for approximately 155 retailers.

Additionally, CCA plans to hire a Special Investigations Director, 6 Financial Compliance Managers/Auditors, and 4 Special Agents, who in coordination with partner

agencies will handle more complex investigations around criminal cases involving illicit cannabis or licensee violations.

Criminal Enforcement

CCA has the authority to hire sworn officers with law enforcement capabilities and has been directed to enter a Memorandum of Understanding (MOU) with the Virginia Alcoholic Beverage Control Authority (ABC) on enforcement in the near term. There is also some overlap in CCA and ABC enforcement authority over vape shops, with the transfer of tobacco licensing authority from the Department of Taxation to ABC pursuant to HB308/SB620. CCA should prioritize building out its enforcement division leading up to the launch of the retail marketplace to ensure they are equipped to enforce applicable laws and regulations to maintain a well-regulated adult use cannabis marketplace.

The work group also considered scalable offenses. Rather than a one-size-fits-all approach to the enforcement of cannabis-related criminal offenses, having penalties which scale up by volume would enable law enforcement to better target and address more serious cases, provide Commonwealth's Attorneys with discretion in how best to prosecute such offenses, and signal that the Commonwealth is focused on eliminating remaining criminal enterprises in this space.

Particular consideration ought to be given to the penalty structure for criminal trafficking of cannabis products into the Commonwealth. The work group found that many of the illicit, unlicensed products being sold in Virginia come from out of state, rather than from Virginia's medical marketplace or permitted home cultivation. § 18.2-248.01 of the Virginia Code provides criminal penalties for transporting controlled substances into the Commonwealth.[9] Under HB30, cannabis is removed from § 18.2-248.01; instead, trafficking would be covered under the general possession and sale laws in § 4.1-1100[10] and 4.1-1103.[11]Although this structure allows for some flexibility in what charges law enforcement and Commonwealth's Attorneys can bring, the lack of a specific, heightened penalty for transporting cannabis products into Virginia might hinder efforts to address larger, complex trafficking operations.

Some members of the work group raised concerns about whether there might be an unintended consequence whereby illicit products might be pushed into the informal illicit market (i.e., person-to-person "street" sales) as unlicensed shops are shut down. Seizure of products

[9] § 18.2-248.01 previously imposed a felony punishable by between 5 and 40 years of imprisonment and a fine of up to $1 million (second/subsequent offenses faced a mandatory minimum term of 10 years) for bringing more than five pounds of cannabis into Virginia.

[10] § 4.1-1100 imposes a Class 3 misdemeanor (Class 2 for second/subsequent offenses) for possession of between four ounces and one pound, and a felony punishable by a term of imprisonment between one and ten years and a fine of up to $250,000 for possession of more than one pound.

[11] § 4.1-1103 imposes a Class 2 misdemeanor for first offenses, Class 1 misdemeanor for second offenses, and a Class 6 felony for third and subsequent offenses of unlicensed sale of cannabis products.

during enforcement actions against such operations will help prevent illicit cannabis products from moving from one illicit market to another. Additionally, illegal sale remains a part of broader enforcement actions (i.e., enforcing Virginia's criminal laws).

Civil Enforcement

On the civil front, the work group discussed balancing support for good actors who are attempting to comply with applicable laws and regulations with the need to push bad actors out of the market. Fines and other consequences for noncompliance should be imposed at a level that bad actors cannot simply internalize as a "cost of doing business," and ought to be able to elevate to license revocation for repeat and/or more serious noncompliance. At the same time, CCA should be able to provide education and support for good actors who are making a good faith effort to achieve and maintain compliance. This requires some flexibility and discretion in CCA's imposed penalties for noncompliance.

The work group also considered possible enforcement actions against commercial landlords who lease to bad actors (i.e., storefronts which sell illicit cannabis products). In New York, for example, there are mechanisms to order a landlord to pursue eviction action against a tenant violating cannabis laws, as well as steep fines and potential property liens against landlords who knowingly permit illegal operations on their property.[12] It was also noted that leases often include clauses permitting landlords to terminate the lease if a property is used for illegal activity, and that landlords may voluntarily take action if they are notified by enforcement authorities of such activity.

The work group also heard from ABC regarding its civil enforcement of alcohol and tobacco laws and regulations. ABC spoke of its "education-first" approach to enforcement wherein ABC first works toward voluntary compliance by businesses, escalating to penalties if noncompliance persists. ABC also highlighted that, among its mechanisms to achieve compliance, it can impose a restriction on licensing at a given location for a period of time in cases where there is a public safety concern. This authority incentivizes compliance by the licensee themselves, as well as action by landlords to ensure compliance (i.e., if a licensing restriction is imposed on their property, it will likely be more difficult to find a tenant). Such an approach might be broadened such that a restriction can be imposed for multiple license types (i.e., alcohol, tobacco, and cannabis) for repeat bad actors. Additionally, the work group considered how to attach a license restriction to business owners as individuals rather than to the business, so that bad actors cannot circumvent restrictions by, for example, simply starting and operating under a new LLC.

Education

[12] New York State Real Property Actions & Proceedings (RPA) CHAPTER 81, ARTICLE 7, § 715-a.

Looking ahead, there is a need for ongoing education around cannabis for key partners and the public. This includes education around what is and is not legal with the recent changes in Virginia cannabis law, as well as addressing the misconception of cannabis as harmless.[13] The CCA, as part of their powers and duties under Va. Code § 4.1-604, has already been engaged in public education and engagement efforts. However, in a 2025 survey of 341 stakeholders, only 21% reported having ever accessed a CCA educational or outreach resource. CCA's website and educational fact sheets were the most utilized, followed by CCA presentations/speaking events and safe driving campaign materials. After accessing CCA's resources, over 70% of stakeholders reported feeling moderately or very confident in applying the knowledge they learned. Additionally, the survey found that the most significant barrier to accessing CCA's resources was a lack of awareness that they existed.[14] So, although CCA has ample resources for public education and engagement, and these resources appear effective in educating stakeholders, there is a significant gap in public visibility for those materials. Additional resources may be necessary for CCA to extend the reach and visibility of their education and engagement materials. CCA also noted that there is an active Request for Proposal (RFP), in the evaluation phase, for a full public information campaign on cannabis issues.

The work group identified a need for a heightened focus on educating law enforcement officers and Commonwealths' Attorneys regarding the specifics of the new cannabis laws in Virginia to ensure fair and equitable enforcement of these policies. In addition to strengthening coordination (discussed below), it is important that the state educates law enforcement officials on these changes, including clarifying the line between civil and criminal enforcement and the responsibilities of different actors, as well as on how to identify illicit products. HB30 provided funding for three new positions at the Department of Criminal Justice Services (DCJS) that will be responsible for helping to train law enforcement officers on new cannabis laws, which help address this gap.

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[13] For instance, the work group acknowledged there is a growing body of literature indicating that cannabis use during adolescence, particularly high-THC products, may disrupt neurodevelopment and heighten the risk of developing a psychotic disorder as an adult.
See, e.g., Young-Wolff et al. (2026). "Adolescent Cannabis Use and Risk of Psychotic, Bipolar, Depressive, and Anxiety Disorders." JAMA Health Forum. DOI: 10.1001/jamahealthforum.2025.6839.

Cannabis use can also negatively impact brain health and cognitive functions, raise blood pressure, and damage lung tissue, as well as impairs driving by slowing reaction times and distorting perception.
CDC (2024). "Cannabis Health Effects." *Centers for Disease Control and Prevention*. https://www.cdc.gov/cannabis/health-effects/index.html

Cannabis use during pregnancy has also been associated with such adverse outcomes as spontaneous preterm birth, low birth weight, and developmental delay.
ACOG (2025). "Cannabis Use During Pregnancy and Lactation." *The American College of Obstetricians and Gynecologists*. https://www.acog.org/clinical/clinical-guidance/clinical-consensus/articles/2025/10/cannabis-use-during-pregnancy-and-lactation

[14] Presentation, CCA Board Meeting (Jan. 7, 2026), slides 5-15.

More broadly, there should be a focus on public health education for several key populations including youth, pregnant individuals, parents, pediatricians, educators, as well as drivers to reduce harm. For parents, pediatricians, and teachers, education on cannabis laws and regulations, identifying cannabis products, and cannabis-related health considerations is of heightened importance given the increased risk factors associated with youth consumption and apparent uptick in juvenile possession. Ongoing education about the risks of driving under the influence of cannabis should continue, building on the CCA's Safe Driving Campaign, among others. A targeted approach to extend the reach and visibility of CCA's outreach materials could help address gaps in education.

In discussing potential target audiences for public education and engagement efforts, the work group also noted the importance of tailoring the messaging to the intended audience. Behavioral science and similar forms of research, as well as ongoing feedback on the efficacy of existing programs (e.g., CCA's survey efforts on the reach and effectiveness of their programs) can help ensure that information is presented in a way that best reaches and is understood by the intended audience.

One specific item that the work group identified as needing additional public education and engagement was regarding the identification of illicit cannabis products. This is particularly important as the legal cannabis market expands from medical – for which products have a prescription label alongside the product label – to include adult-use. The CCA sets requirements for cannabis product labels via regulation. Similar or identical product labeling requirements[15] should be established for adult-use products as for medical products to promote consistency and avoid confusion in identifying whether a product is legal and licensed or not. The work group also considered the use of a standardized decal on all legal, licensed cannabis products. Requiring that a standardized decal be displayed on legal, licensed products could help facilitate identification of these products as legal or not. Educational materials on Virginia's labeling requirements should be published to help law enforcement and others identify illicit products. As CCA's website is currently their most-referenced educational/engagement resource, CCA might consider creating a webpage on labeling requirements (i.e., "What to look for to identify a licensed/unlicensed cannabis product").

Coordination and Collaboration

The success of Virginia's cannabis marketplace and associated enforcement activities will require effective interagency and state-local coordination. Complex trafficking cases, for instance, rarely involve just one locality; there is a need for regional coordination, local-state coordination (e.g., local law enforcement, CCA, and OAG), and at times interstate coordination. Some work group members also pointed to a regional "hydra" effect wherein illicit supply networks adapt to the closure of individual storefronts and shift locations to surrounding areas

[15] I.e., aligning the requirements for labels on the products themselves, not the Rx labels attached to medical products with the product label.

and/or to illicit delivery models, again highlighting a need for broader coordination. In addition to ensuring adequate resources are available to support enforcement efforts, it is essential that there is ongoing discussion and feedback to identify any other needs that law enforcement or other actors may become aware of during the implementation of the adult-use marketplace.

Placing CCA under some central authority (i.e., within a Secretariat) might improve coordination capacity and capabilities. The Governor's Office and Secretariats have substantial experience coordinating agencies and have the ability to convene diverse stakeholders, facilitating effective collaboration. The Governor's Office is also well positioned for interstate coordination. Additionally, although CCA's status as an independent authority helps shield it from some political whims, it also limits the degree to which the Executive Branch can quickly respond to immediate needs. For instance, the Executive Branch can recommend, but cannot direct, that CCA hire enforcement officers and task them with seizing illicit products from unlicensed storefronts. Although CCA presumably shares the goal of getting illicit products off shelves and out of stores, agency leadership could decline to take firm enforcement action.

Work group members also proposed the idea of a centralized, multi-agency task force to bring relevant enforcement authorities together and execute parallel civil and criminal enforcement tracks, taking a dual-impact model to target more complex, multi-jurisdictional supply networks. The task force could also establish standard operating procedures and protocols for interagency referrals and intelligence-sharing. Task forces could be independent entities or based under CCA or a Secretariat. A pilot program could be considered for such an initiative.

Conclusions/Next Steps

The SB543 Work Group on Efforts to Combat the Sale of Illicit Cannabis Products in the Commonwealth identified opportunities to improve Virginia's efforts to combat the sale of illicit cannabis products in three primary areas: (i) ensuring robust criminal and civil enforcement of cannabis laws and regulations, (ii) improving the reach and tailoring public education/outreach to key audiences and topics, and (iii) strengthening interagency and state-local coordination and collaboration on cannabis-related enforcement activities. These recommendations are outlined in this report, *supra*.

Tax revenue from cannabis sales could potentially be used to fund certain initiatives contemplated in this report, such as funding for enhanced public education or for task force initiatives. Any funds received from enforcement activities might also be considered for use for these and/or other related activities. Legislative action may be necessary for other items in this report, such as changes to enforcement authorities and/or penalties.

As Virginia works to implement its retail cannabis marketplace ahead of the July 1, 2027 launch, it is important that the Commonwealth prioritize public health and public safety, ensure protections for consumers and youth, and offer flexibility for small businesses while prioritizing

responsible market development. It is the hope of this work group that these efforts, along with those already ongoing, will support a successful rollout of Virginia's retail cannabis marketplace.