

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: HB176

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Marshall

3. Committee: Committee Referral Pending

4. Title: Cannabis Control Authority social equity applicants

5. Summary: The proposed bill requires the Board of Directors of the Virginia Cannabis Control Authority (“CCA”) to promulgate regulations that include the requirement that in order to qualify as a social equity applicant, an applicant must have lived or been domiciled for at least 12 months in the Commonwealth and whose principal place of business is, and was prior to July 1, 2021, located in a jurisdiction determined by the Board to be economically distressed.

The bill also provides that notwithstanding any other provision of law, if an act of assembly is passed by the 2022 Session of the General Assembly that creates licenses to allow for the cultivation, manufacture, wholesale, retail sale, and testing of retail marijuana and retail marijuana products in the Commonwealth, any industrial hemp processor that (i) is registered with the Commissioner of Agriculture and Consumer Services and completed such registration prior to July 1, 2021, and (ii) either (a) has a farmer agronomy program and participates in a revenue risk-sharing program with at least 35 farmers or (b) has processed prior to July 1, 2021, at least 50,000 pounds of industrial hemp in the Commonwealth will be permitted to possess one or any combination of the following licenses:

- marijuana cultivation facility license,
- marijuana manufacturing facility license,
- marijuana wholesaler license,
- or retail marijuana store license.

However, no industrial hemp processor that has been issued a marijuana cultivation facility license, marijuana manufacturing facility license, marijuana wholesaler license, or retail marijuana store license will be issued a marijuana testing facility license or have any interest in a marijuana testing facility licensee.

Any industrial hemp processor who wishes to possess a license in more than one license category pursuant to this act must (a) pay a \$1 million fee to the Board of Directors of the Virginia Cannabis Control Authority (the Board) and (b) submit a diversity, equity, and inclusion plan to the Cannabis Business Equity and Diversity Support Team (the Support Team) for approval and, upon approval, implement such plan in accordance with the requirements set by the Support Team.

All fees collected by the Board pursuant to this act must be allocated to the Virginia Cannabis Equity Loan Fund, the Virginia Cannabis Equity Reinvestment Fund, or a program, as determined by the Board that provides job training services to persons recently incarcerated.

- 6. Budget Amendment Necessary:** Indeterminate
- 7. Fiscal Impact Estimates:** Indeterminate (see Item #8)
- 8. Fiscal Implications:** The proposed bill amends § 4.1-606 (Regulations of the Board) to add an additional criteria for the Board to consider when promulgating regulations. The bill amends the criteria used to evaluate social equity applicants to include a requirement that applicants live or been domiciled for at least 12 months in the Commonwealth or that applicants whose principal place of business is, and was prior to July 1, 2021, located in a jurisdiction determined by the Board after utilizing census tract data made available by the United States Census Bureau to be economically distressed. This additional criterion could expand the number of social equity license applicants. However, it cannot be determined whether this impact would have fiscal implications on the CCA and the revenue it would collect.
- 9. Specific Agency or Political Subdivisions Affected:** Cannabis Control Authority
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** None