Use of Revenue

How We Legalize It Right

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(BY: MARIJUANA JUSTICE)

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About Marijuana Justice

Established in 2019 to educate Virginia on the benefits of ending the prohibition of marijuana that centers repair, reinvestment and access to ownership.

Our Wins

- 2020 HJ130/SJ67 JLARC Study
- 2021 HB2312/ SB1406
- 2024 SB448/HB698 Retail Sales
- 2024 SB696 Resentecing
- 2025 HB2555 Resentecing
- 2025 HB2613 Parental Rights
- 2024 HB33/SB115 Parental Rights
- 2025 SB970/ HB2485 Retail Sales
- 2025 HJ497 Cannabis Commission

The Past

A 2020 JLARC reports stated that despite similar use, Black Virginians were arrested ***3.5x more than whites*** and convicted at a rate of ***3.9x its white counterparts.***

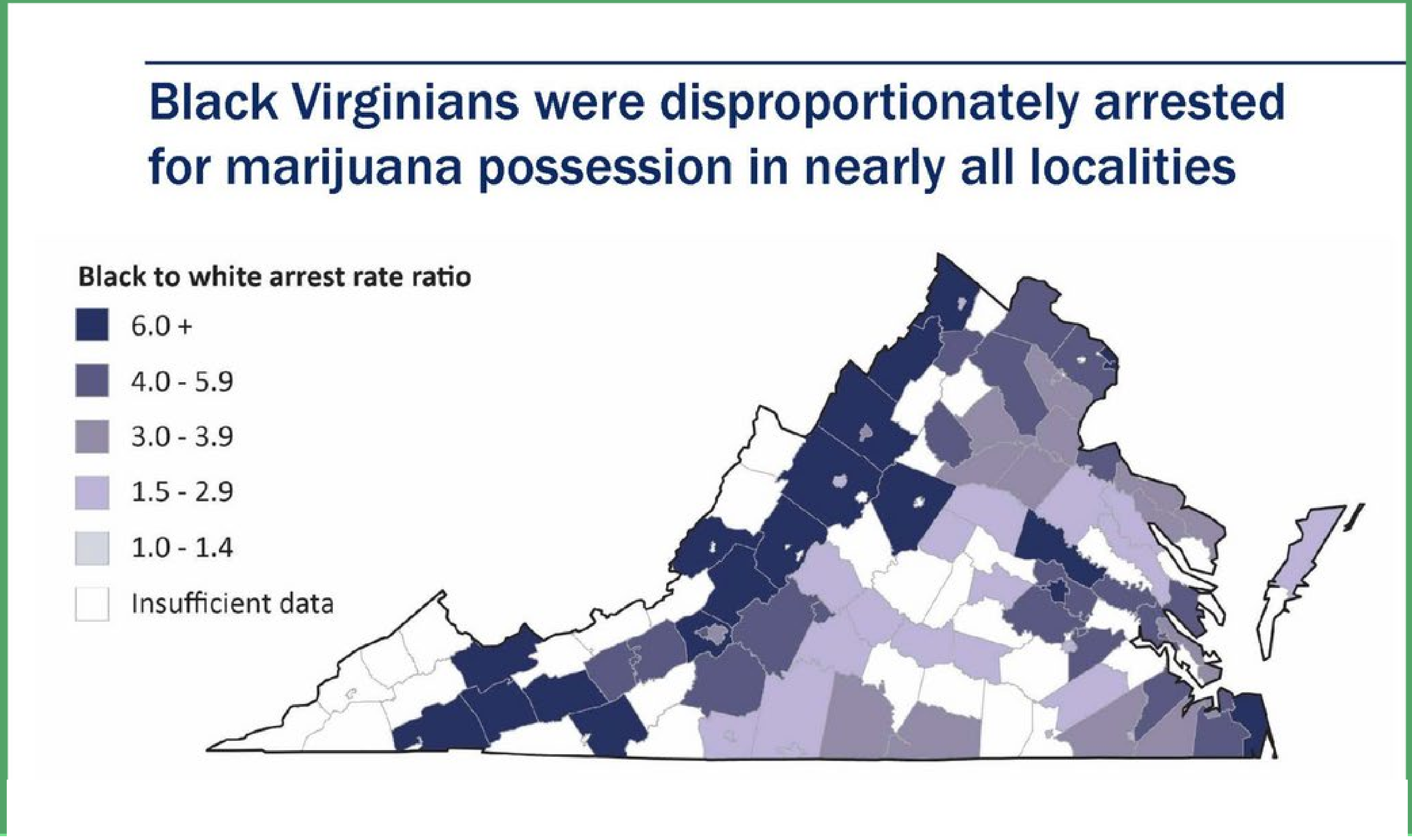


Image Source: JLARC Study pg 16

In 2021, Virginia Legislature passed the first law in the U.S. South that stopped the criminalization of small amounts of marijuana and allowed access to consumption for adults and home cultivation.

The Promise

The 2021 General Assembly promised pathways for support to those disproportionately impacted by marijuana prohibition by ***establishing the Cannabis Reinvestment Fund and Business Loan Fund***

Marijuana business ownership could greatly benefit a relatively small number of beneficiaries

	Number of beneficiaries	Magnitude of benefit	Costs
Marijuana business ownership	○	⦿	$$

- Three ways to promote business ownership
  - License structure and qualifications (equal opportunity)
  - Assistance programs (improved competitiveness)

Image Source: JLARC Study pg 51

Virginia could create a community reinvestment grant program with marijuana tax revenues

	Number of beneficiaries	Magnitude of benefit	Costs
Community reinvestment grant fund	⦿	◑	$$$

- Grants could be go to projects in communities disproportionately affected by enforcement of drug laws
- Grant program should be administered in a manner that

Image Source: JLARC Study pg 59

Virginia could allocate marijuana tax revenues to existing community assistance programs

	Number of beneficiaries	Magnitude of benefit	Costs
Increase funding to existing community assistance programs	⦿	◑	$$$

- Programs examples
  - K–12 education programs such as At-Risk Add-On
  - workforce training
  - higher education grant funds

Image Source: JLARC Study pg 58

The Potential

Greater upfront investment in rollout leads to more stable industry overtime.

Effective rollout investments that generate tax revenue quicker, pay for itself in the long run.

State could implement several different social equity initiatives

	Number of beneficiaries	Magnitude of benefit	Costs
Marijuana business ownership	○	⊙	$$
Marijuana industry employment	◑	◑	$
Increase funding to existing community assistance programs	⊙	◑	$$$
Community reinvestment grant fund	⊙	◑	$$$

Image Source: JLARC Study pg 49

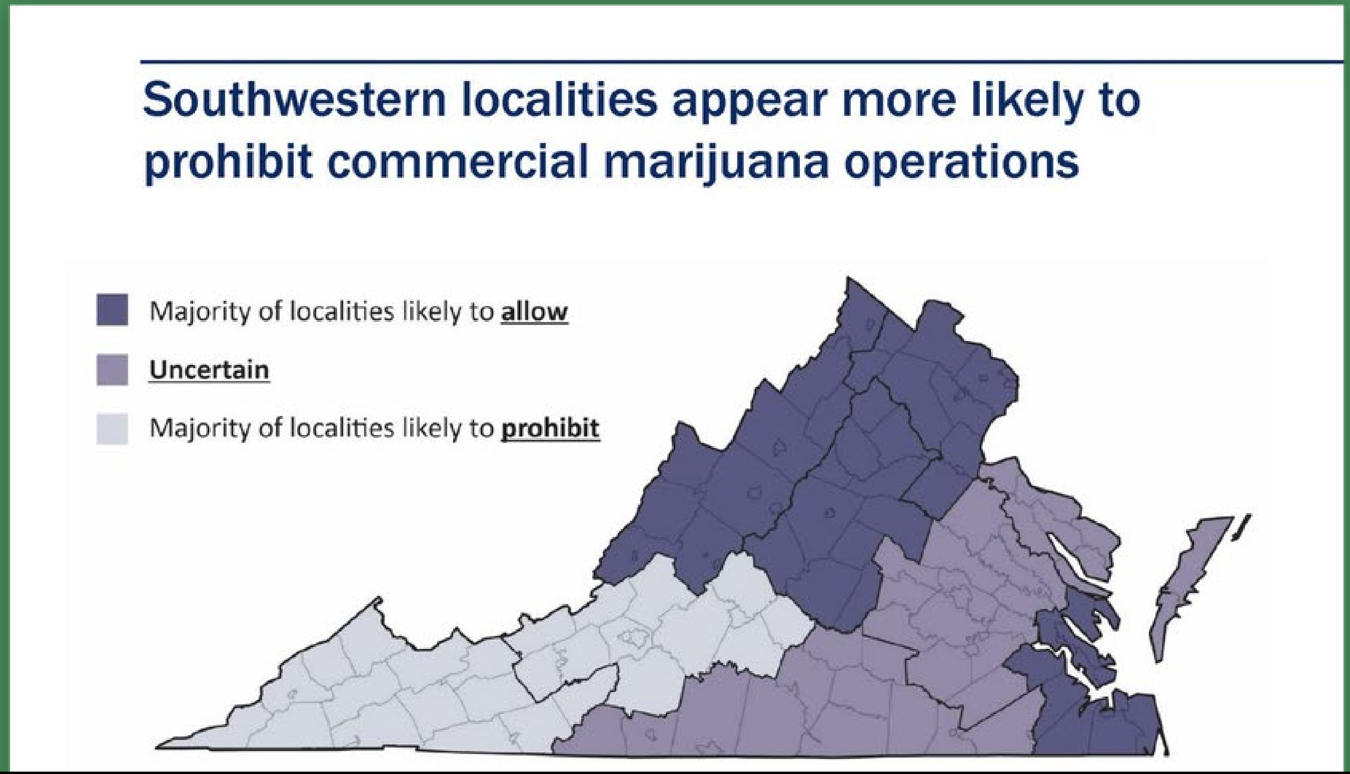
Projected Revenue from VA Marijuana Market

Revenue Impacts from Retail Marijuana Market (Millions $)

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Overall	**$1.25 - $1.6**	**$15.02 - $19.14**	**$30.63 - $39.03**	**$47.11 - $60.03**	**$61.54 - $78.42**	**$74.09 - $94.41**

Image Source: JLARC Study pg 42

By making a higher investment into the industry, we have the potential to reap larger rewards to the impacted communities and the Commonwealth as a whole.



***Note** : Revenue projections are pending Dec 2026 opt-out referendum*

The Importance of Investing in Virginia's Industry

According to a 2024 national study **72.7%** of U.S. cannabis businesses are *not* profitable

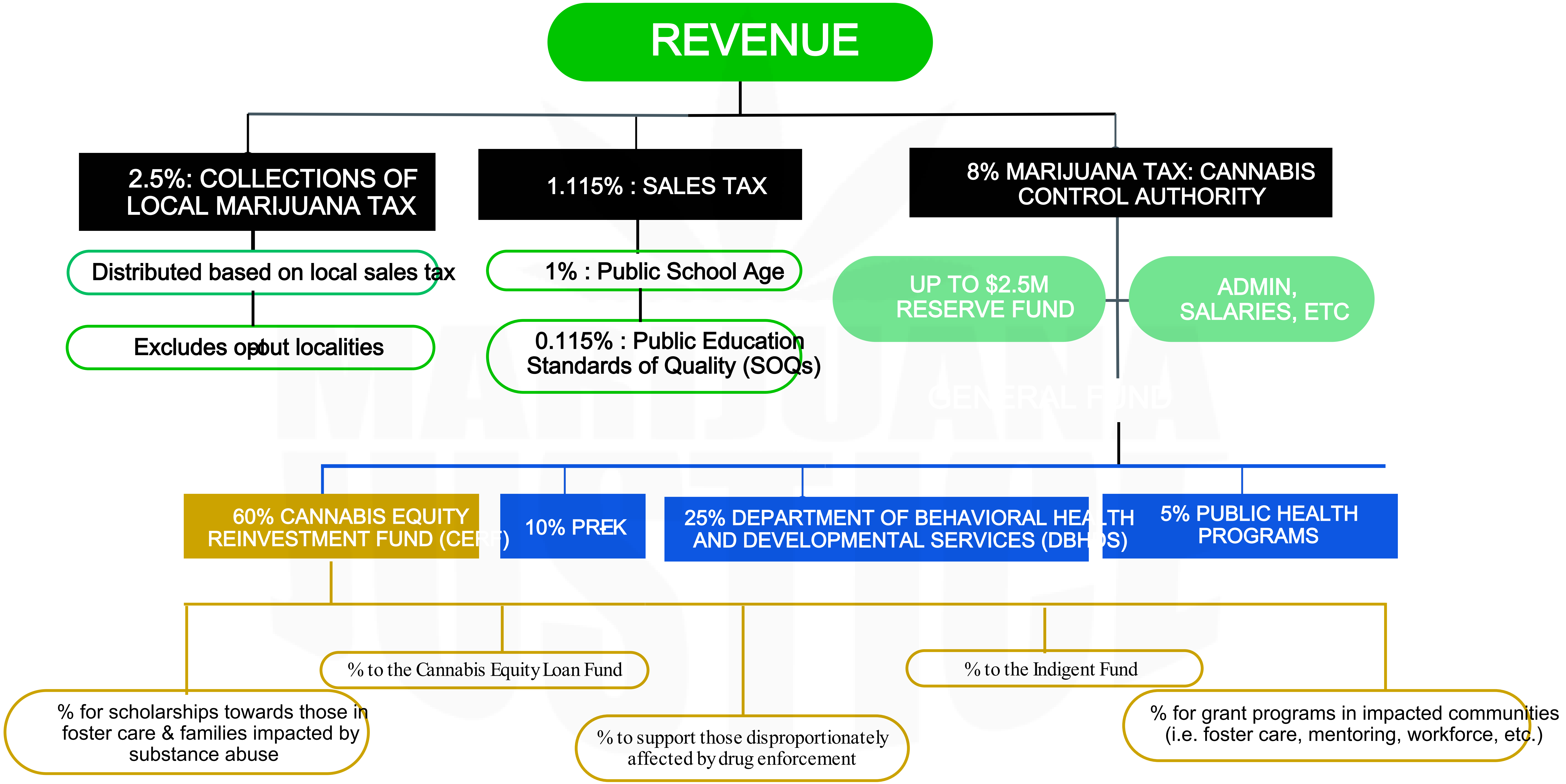
Source

Problems faced in the legal industry...

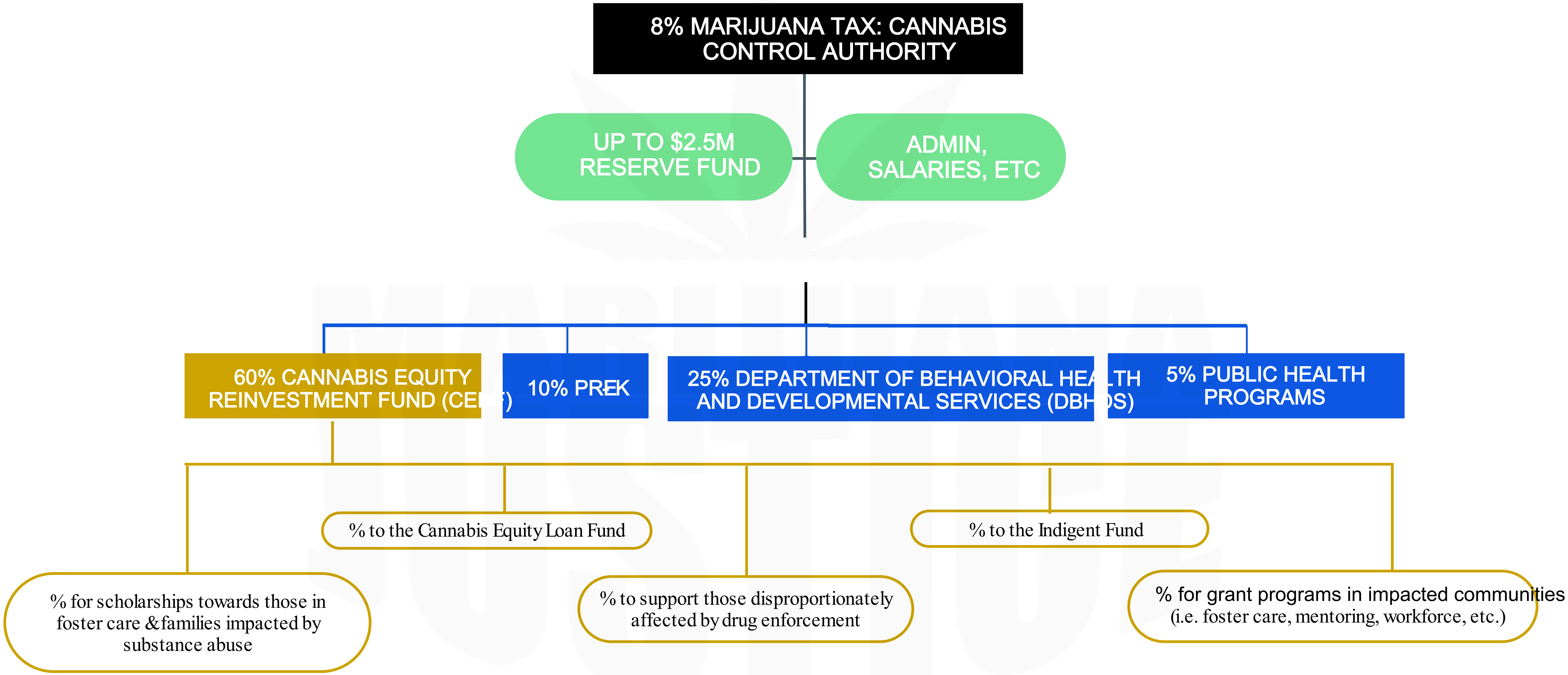
- Rigid regulations
- Not regulating for size & location
- Rushed to revenue-oversupply
- Litigation
- Lack of competition
- Poor price management
- Need for capital
- Federally Schedule 1
- Delay in acquiring property
- Local zoning
- Interstate commerce
- Access to banking
- and more...

An adequate *investment* and a *strategic rollout* that considers these issues will give us a best chance for a successful *long-term* market.

PROPOSED MARIJUANA REVENUE DISTRIBUTION



PROPOSED MARIJUANA TAX DISTRIBUTION



RECOMMENDED CERF DISTRIBUTION

60% CANNABIS EQUITY REINVESTMENT FUND (CER YEAR FIVE= $32MILLION

50%= $16M

% to the Cannabis Equity Loan Fund

40%= $12M

% to support those disproportionately affected by drug enforcement

% for scholarships towards those in foster care & families impacted by substance abuse

% for grant programs in impacted communities (i.e. foster care, mentoring, workforce, etc.)

10%= $3.2M

% to the Indigent Fund

Recommended Updates

Current Challenges	Proposed Solutions	Future Outcomes

❶ Initial Business Fund Allocation

Current Challenges	Proposed Solutions	Future Outcomes
THE FUND WILL NOT HAVE ANY $ TO SUPPORT SMALL BUSINESSES IN THE FIRST YEAR	ALLOCATE $3 MILLION UPFRONT TO SUPPORT 1ST ROUND OF LICENSEES	EARLY INVESTMENT WILL STRENGTHEN THE LONG-TERM SUCCESS OF SMALL BUSINESSES ACROSS THE LIFETIME OF THE INDUSTRY.

❷ Compensate Non-Paid CERF Board

Current Challenges	Proposed Solutions	Future Outcomes
THE CERF BOARD IS MADE UP OF 7 PAID ADMINISTRATION MEMBERS AND 13 UNPAID COMMUNITY MEMBERS.	COMPENSATE COMMUNITY MEMBERS OF THE CERF BOARD TO STRENGTHEN THEIR ROLE IN OVERSEEING THE $32 MILLION INVESTMENT.	FAIR COMPENSATION WILL LEAD TO BETTER VALUE, STRONGER ENGAGEMENT, AND LONG-TERM SUPPORT FOR THE BOARD'S WORK.

❸ Define %'s for CERF Investments (50% Business Fund, 40% Individual, workforce, education, 10% Indigent Fund)

Current Challenges	Proposed Solutions	Future Outcomes
CURRENTLY NO ALLOCATIONS FOR CERF REINVESTMENTS.	ESTABLISH PERCENTAGES TO GUIDE AND MAINTAIN THE INTENT OF REPARATIVE POLICY.	DEFINED ALLOCATIONS WILL ENSURE VIRGINIA KEEPS I PROMISE AND PROVIDE CLEAR PARAMETERS FOR THE C BOARD.

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Legalize It *Right*

Strategic Rollout

A rushed rollout will give harsh reality for market stabilization - the market will decline then stabilize

Maintain Reparative Policy

Reinvestment in those communities that were greatly impacted during marijuana prohibition by supporting small businesses and legacy farmers.

Long-term Investment

Significant initial investment in regulations and infrastructure, will allow for a long and prosperous industry vs. the crash and burn experienced by other states.

Promoting Public Health & Safety

Ahigh quality and competitively priced regulated industry is the best way to combat the illicit market

QUESTIONS?

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