



Virginia Cannabis Association
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March 6, 2023

Re: Hemp Bill SB903, HB2294

Dear Governor Youngkin:

We write today to express our serious concerns with certain provisions of SB903 and HB2294. **As passed by the General Assembly, the bills would have the unintended result of eliminating the thriving Virginia hemp industry, greatly expanding the cannabinoid black market in Virginia and creating serious public safety and public health problems across the entire Commonwealth.** All of this can be avoided.

Before we outline our concerns and offer our proposed amendments, we would like to thank you for your service to the Commonwealth and your attention to the growing hemp industry in Virginia.

According to a recent economic impact analysis by Whitney Economics¹, hemp-derived cannabinoid retailers in Virginia have combined sales estimated at \$1.2 billion, with a total economic impact estimated between \$2.5 and \$3.3 billion. The industry employs approximately 4,300 workers earning in excess of \$161 million.² As drafted, SB903 and HB2294 would largely eliminate this entire industry, along with the associated jobs and revenue, from the Commonwealth.

Your Administration has rightly identified public health concerns with the current state of cannabinoid regulation in Virginia. It is why our Association fully embraced your original efforts focused on labelling, packaging, testing, licensing, regulation and enforcement. On these issues, we are fully aligned and would happily champion your efforts to the rest of the industry.

However, SB903 and HB2294 were amended throughout the legislative process to add several unnecessary restrictions on the industry that do nothing to advance the public good but, instead, destroy a thriving industry. The result will be the elimination of thousands of jobs and the loss of billions of dollars in economic impact while strengthening the black market for out of state unregulated cannabinoids.

Below are our concerns with the legislation as it arrived on your desk along with a brief explanation of each concern. We would be happy to work with your team in advance of the Reconvene Session to make minor amendments to the legislation that will preserve the industry while meeting your goals of public safety, public health and accountability.

Very briefly, our concerns are as follows:

1. The definition of THC in the bill is very poorly written and includes all isomers of THC. This includes CBD, which is a ***non-intoxicating*** cannabinoid with many well-known health benefits. If enforced as written,

¹ A copy of *Hemp Derived Cannabinoids – An Economics Impact Analysis of Cannabinoid Retail in Virginia* is included herewith.

² These numbers are conservative as they only relate to revenue and jobs associated with vape and smoke shops. They do not include convenience stores, gas stations, hemp growers or hemp processors. It is certain that a complete economic analysis of the entire impact of this legislation would show significantly greater loss of revenue and jobs.

making CBD illegal would needlessly wipe out the entire hemp extract industry in Virginia and turn consumers toward unregulated and potentially unsafe markets.

2. The 2mg THC limit is arbitrary, unconnected to any of the concerns you have raised and would needlessly eliminate the vast majority of non-intoxicating CBD products from the market. Used mainly for pain relief, **these non-intoxicating and non-addictive products are an acceptable alternative for many people who don't want to use opioids or marijuana.** Eliminating this taxed and regulated market for non-intoxicating products would result in a net decrease in public safety.
3. The requirement that bittering agents be added to non-ingestible CBD products is not a solution to any recognized problem. Instead, this requirement would cause many problems for Virginia businesses and potentially public safety. **VDACS is unprepared to provide guidance regarding which, if any, bittering agents are safe and appropriate for use in lip balms, eye and skin care products, and vaginal or rectal suppositories.** This requirement would needlessly do great harm to Virginia businesses like ours who manufacture safe, non-intoxicating topical products.
4. The labeling requirements for THC-free, non-intoxicating CBD products in this bill are more cumbersome than those for intoxicating medical marijuana products. Some of the required information is only appropriate for intoxicating products and may be confusing for consumers.

According to the analysis conducted by Whitney Economics, **the proposed ban on CBD and other hemp products would close at least 371 Virginia businesses and force an additional 64 businesses out of state,³ displacing thousands of Virginia workers in a time of economic uncertainty.** None of this is necessary and all of it can be fixed while meeting your stated goals.

Thank you for considering our comments. We welcome the opportunity to work with you and your Administration to find solutions that address your stated concerns without destroying a thriving Virginia industry and expanding the already problematic cannabinoid black market in Virginia.

Yours Sincerely,

Virginia Cannabis Association

³ *Hemp Derived Cannabinoids – An Economics Impact Analysis of Cannabinoid Retail in Virginia*, page 17.