



Fiscal Impact Statement for Proposed Legislation

Virginia Criminal Sentencing Commission

Senate Bill 542

Amendment in the Nature of a Substitute

Proposed by the Joint Conference Committee

(Patrons Prior to Substitute--Senators Aird, Rouse [SB 671], and Lucas [SB 826])

LD#: 26109722

Date: 03/13/2026

Topic: Licensing and retail system for cannabis; cannabis control

Fiscal Impact Summary:

<ul style="list-style-type: none"> • State Adult Correctional Facilities: \$50,000 * • Local Adult Correctional Facilities: Cannot be determined • Adult Community Corrections Programs: Cannot be determined 	<ul style="list-style-type: none"> • Juvenile Direct Care: Cannot be determined ** • Juvenile Detention Facilities: Cannot be determined ** <p>** Provided by the Department of Juvenile Justice</p>
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* The estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 725 of the Acts of Assembly of 2025, requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000.

Pursuant to § 30-19.1:4, fiscal impact statements prepared by the Virginia Criminal Sentencing Commission only include the estimated increase in operating costs associated with additional state-responsible prison beds and do not reflect any other costs or savings that may be associated with the proposed legislation.

Summary of Proposed Legislation:

The proposal creates a regulatory and licensing structure for the cultivation, processing, testing, and retail sale of marijuana and marijuana products to be administered by the Virginia Cannabis Control Authority. Many of the provisions would become effective on January 1, 2027. This proposal also increases the amount of marijuana (or equivalent marijuana product) that may be legally possessed by a person 21 or older from 1.0 ounces to 2.5 ounces (§ 4.1-1100).

While the proposal repeals § 18.2-248.1, related to the manufacture and distribution of marijuana, the proposal establishes a number of new misdemeanor and felony offenses for engaging in activities without the required license or otherwise engaging in prohibited practices related to the cultivation, sale, etc., of marijuana. For example, cultivation or processing of marijuana without the proper license would be a Class 6 felony (§ 4.1-1102).¹ The distribution or sale of marijuana without a license would be a Class 2 misdemeanor for the first offense, a Class 1 misdemeanor for the second offense, and a Class 6 felony for a third or subsequent offense (§ 4.1-1103).¹ Any sale of marijuana or marijuana products to a person who is under the age of 21 or intoxicated would be a Class 1 misdemeanor (§ 4.1-1104); the same penalty would apply to the purchase of marijuana or marijuana products for someone else who is under 21 or intoxicated (§ 4.1-1106). In addition, the proposal expands § 5.1-13 to make it a Class 6 felony to operate

¹ The proposed felony is eligible for the enhanced sentence credits specified in § 53.1-202.3. Individuals convicted of this offense will serve a minimum of 67% of the sentence ordered by the court.

an aircraft while under the influence of marijuana² and amends § 18.2-308.012 to make it a Class 1 misdemeanor to carry a concealed handgun while under the influence of marijuana.

Under the proposal, the Alcoholic Beverage Control Authority (ABC) would be required to enforce the Cannabis Control Act regarding illegal cultivation, processing, sale, and distribution of marijuana and marijuana products (§ 4.1-103) and ABC special agents, as law-enforcement officers, would have authority to enforce the entire Title 4.1, including the Cannabis Control Act (§ 4.1-105). Further, by Jan. 1, 2028, the Virginia Cannabis Control Authority (VCCA) would become a division of ABC, forming the Virginia Alcoholic Beverage Cannabis Control Authority (ABCCA); until the ABCCA transition, the Cannabis Control Authority would administer retail cannabis licensing and regulation, and ABC would be the primary authority enforcing illegal sale and distribution laws.

Violations of specified licensing requirements by licensees would be Class 1 misdemeanors; however, the proposal specifies that tax returns filed monthly by licensees must be made under oath (§ 4.1-1005). Also, the Cannabis Control Authority could require persons to give testimony or to answer interrogatories under oath (§ 4.1-1008). Under § 18.2-434, a person to whom an oath is lawfully administered who willfully and falsely swears to any material matter, or who falsely swears to any written declaration, may be prosecuted for perjury, a Class 5 felony.³ If a materially false statement on the required tax return or false statements made to the Authority while under oath could be prosecuted in the same manner as perjury and other false swearings, licensees and other individuals may be subject to felony perjury charges. Further, the proposal would require members of the Board of Directors of the Cannabis Control Authority to submit annually a disclosure statement of their personal economic interests pursuant to § 2.2-3117; making false statements on such disclosures is a Class 5 felony.

At the same time, by removing marijuana from certain sections (and creating new sections specifying lower penalties), the proposal reduces a number of existing crimes from felonies to misdemeanors. These include: distribution of marijuana to a minor (§ 18.2-255), delivery of marijuana to prisoners (§ 18.2-474.1), unlawfully transporting five pounds or more of marijuana into the Commonwealth (§ 18.2-248.01), and obstruction of justice by force or threat by a person charged with marijuana distribution (§ 18.2-460(C)). The proposal eliminates the felony for possessing a firearm while unlawfully distributing more than one pound of marijuana (§ 18.2-308.4), thereby removing the existing five-year mandatory minimum penalty for the offense. The proposal also removes marijuana from several existing provisions including: drug kingpin laws (§ 18.2-248), prohibitions on the sale of certain drugs near schools (§ 18.2-255.2), and prescription fraud (§ 18.2-258.1).

Legislation adopted by the 2021 General Assembly (Special Session I) legalized possession of up to one ounce of marijuana by persons who are 21 years of age or older and permitted persons 21 years of age or older to cultivate up to four marijuana plants for personal use, effective July 1, 2021. Possession of more than one ounce of marijuana by a person 21 or older is subject to a civil penalty of up to \$25. Possession of four ounces or more, but not more than one pound of marijuana, is a Class 3 misdemeanor or, for a Class 2 misdemeanor for a second or subsequent offense. Possession of more than one pound of marijuana on one's person or in a public place is a felony punishable by 1 to 10 years. Violation of the home cultivation law is a Class 6 felony if the individual is cultivating 50 to 100 plants or a felony punishable by imprisonment of 1 to 10 years if the individual is cultivating more than 100 plants.

Currently, under § 18.2-248.1, distribution of one ounce or less of marijuana is a Class 1 misdemeanor. Distribution of more than one ounce up to five pounds of marijuana is a Class 5 felony, while distribution of more than five pounds and manufacture of marijuana are both felonies punishable by up to 30 years in

² The felony defined in § 5.1-13 is eligible for the enhanced sentence credits specified in § 53.1-202.3. Individuals convicted of this offense serve a minimum of 67% of the sentence ordered by the court.

³ Perjury under § 18.2-434 is eligible for the enhanced sentence credits specified in § 53.1-202.3. Individuals convicted of this offense serve a minimum of 67% of the sentence ordered by the court.

prison. A third or subsequent felony conviction for distribution of marijuana is punishable by up to life in prison and requires a five-year mandatory minimum prison sentence. The proposal repeals § 18.2-248.1.

Analysis:

The number of individuals who may be convicted of the new misdemeanors and felonies defined in the proposal, and the sentences these individuals may receive, is not known. By creating a regulatory and licensing structure, the proposal may result in fewer convictions related to the unlawful distribution of marijuana. Whether or not, or the extent to which this will occur, is not known. Sentencing outcomes for offenders convicted under existing marijuana and perjury laws are shown in the table below.

Offenders Convicted of Select Offenses (as the Most Serious Offense), Fiscal Year (FY)2024-FY2025

Primary Offense	Total Number of Cases	Percent Sentenced to Probation	Percent Sentenced to Jail	Median Jail Sentence	Percent Sentenced to Prison	Median Prison Sentence
Distribution of marijuana as accommodation (§ 18.2- 248.1(a,3)) ^a	3	66.7%	33.3%	0.5 mo.	N/A	N/A
Distribution, etc., <=1 oz. marijuana – misd. (§ 18.2-248.1(a,1)) ^a	140	57.1%	42.9%	1.0 mo.	N/A	N/A
Distribution, etc., > 1 oz. to 5 lbs. marijuana - felony (§ 18.2-248.1(a,2)) ^b	329	33.4%	40.1%	3.0 mos.	26.4%	2.0 yrs.
Distribution, etc., > 5 lbs. marijuana – felony (§ 18.2- 248.1(a,3)) ^b	80	27.5%	27.5%	5.0 mos.	45.0%	2.0 yrs.
Manufacture marijuana, not for personal use – felony (§ 18.2-248.1(c)) ^b	3	33.3%	0.0%	N/A	66.7%	6.0 yrs.
Distribute marijuana, 3 rd or subseq. conviction – felony (§ 18.2-248.1(d)) ^b	3	0.0%	0.0%	N/A	100.0%	1.7 yrs.
Sell less than 1 oz. marijuana to minor – felony (§ 18.2-255(A,i)) ^b	3	0.0%	0.0%	N/A	100.0%	5.0 yrs.
Sell 1 oz. or more marijuana to minor – felony (§ 18.2-255(A,i)) ^b	0	N/A	N/A	N/A	N/A	N/A
Transport 5 lbs.+ marijuana into state – felony (§18.2-248.01) ^b	2	0.0%	0.0%	N/A	100.0%	5.0 yrs.
Perjury – falsely swear oath (§ 18.2-434) ^b	32	43.8%	34.4%	6.0 mos.	21.9%	1.3 yrs.
Perjury – written declaration (§ 18.2-434) ^b	5	80.0%	20.0%	5.0 mos.	0.0%	N/A
False statements on economic interest disclosure form (§ 2.2-3117) ^b	0	N/A	N/A	N/A	N/A	N/A

Notes: The analysis is based on cases in which the specified offense was the primary, or most serious, offense in the sentencing event.

^a Source: Supreme Court of Virginia’s General District Court Case Management System, as analyzed by the Sentencing Commission

^b Source: Supreme Court of Virginia’s Circuit Court Case Management System, as analyzed by the Sentencing Commission

Impact of Proposed Legislation:

State adult correctional facilities. While the proposal would eliminate certain criminal penalties related to marijuana from the *Code* and reduce penalties for other offenses, it would establish a number of new misdemeanors and felonies for engaging in activities related to the cultivation, manufacture, testing, and sale of marijuana without the required license or otherwise engaging in prohibited practices related to the production, sale, etc., of marijuana. The proposal also specifies that monthly tax returns filed by licensees must be made under oath, which may have felony implications for making a materially false statement on the return (perjury). Furthermore, the proposal expands the felony for operating an aircraft while under the influence to include the influence of marijuana. The net effect on the number of convicted individuals

and the impact on sentencing patterns cannot be estimated; therefore, the net impact on the future state-responsible (prison) bed space needs of the Commonwealth cannot be determined.

Local adult correctional facilities. Similarly, the net impact on local-responsible (jail) bed space needs cannot be estimated.

Adult community corrections programs. The net effect of the proposal on adult community corrections resources cannot be estimated.

Virginia's Sentencing Guidelines. Felony violations of § 18.2-248.1 related to the manufacture or distribution of marijuana and § 18.2-434 related to perjury are currently covered by Sentencing Guidelines. As new felony offenses, convictions under the proposed *Code* sections would not be covered by the Guidelines as the primary, or most serious, offense. Such convictions, however, could augment the Guidelines recommendation (as additional offenses) if the most serious offense at sentencing is covered by the Guidelines. The proposed felonies would not be defined as violent under § 17.1-805(C) for Guidelines purposes. No immediate adjustment to the Guidelines would be necessary under the proposal. If the proposal is enacted, the Sentencing Commission in the future would conduct detailed analyses of sentencing patterns under these provisions to determine the feasibility of adding the new felonies to the Guidelines system.

Juvenile direct care. According to the Department of Juvenile Justice, the impact of the proposal on direct care (juvenile correctional center or alternative commitment placement) bed space needs cannot be determined.

Juvenile detention facilities. The Department of Juvenile Justice reports that the proposal's impact on the bed space needs of juvenile detention facilities cannot be determined.

Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 725 of the Acts of Assembly of 2025, requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000.

Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.

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