Office of Regulatory Management

Economic Review Form

Agency name	Virginia Cannabis Control Authority
Virginia Administrative Code (VAC) Chapter citation(s)	3 VAC 10-20, 3 VAC 10-30, 3 VAC 10-40, 3 VAC 10-50, 3 VAC 10-60, 3 VAC 10-70, 3 VAC 10-80
VAC Chapter title(s)	Medical Cannabis Program Fees; Applications, Licenses, Permits, and Registrations; Regulated Operations; Cannabis Products; Testing of Cannabis Products; Labeling and Packaging; Enforcement
Action title	Initial Promulgation of Medical Cannabis Program regulations
Date this document prepared	12/21/2023
Regulatory Stage (including Issuance of Guidance Documents)	Final exempt

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Describe the direct costs of this proposed change here. Chapters 740 and 773 of the 2023 Acts of Assembly transfer oversight and administration of the Commonwealth's medical cannabis program from the Board of Pharmacy to the Virginia Cannabis Control Authority effective January 1, 2024. The transfer includes the promulgation of regulations by the CCA Board of Directors "which shall model, to the greatest extent practicable, the Regulations Governing Pharmaceutical Processors (18VAC110-60) promulgated by the Board of Pharmacy." As such, these regulations are modeled on, and contain almost identical content as, the existing medical cannabis program regulations administered by the Board of Pharmacy. Administering the program requires direct and indirect costs to the CCA of around $2,300,000 per year. The only direct costs of the proposed regulations are those related to fees for pharmaceutical processors, cannabis dispensing facilities, and cultivation facilities to cover the CCA's direct and indirect expenses for implementing and administering the program. There are currently four pharmaceutical processors in Virginia operating an additional 18 cannabis dispensing facilities. One of the four could open additional cannabis dispensing facilities, but the rest have reached their maximum. There remains one opening for a pharmaceutical processor in Health Service Area 1. The costs to all medical cannabis businesses in Virginia for application and licensing fees is estimated to be $1,293,600 in FY 24 and $2,483,200 in FY25. Indirect Costs: Describe the indirect costs of the proposed change. There are no new monetizable indirect costs associated with the regulatory amendment. Direct Benefits: Describe the direct benefits of this proposed change here.

	Ensuring the medical cannabis program is self-funded through licensing fees, as opposed to general fund appropriations. Indirect Benefits: Describe the indirect benefits of the proposed change. Increased transparency and responsiveness from the CCA's staff to medical cannabis businesses and patients. Dedicated enforcement personnel for the medical cannabis program, which ensures efficient and prompt handling of deficient inspections to reduce harms to public health and safety.

(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Cost of administering the program & increased fees to cover cost of administrating the program (b) Application and licensing fees: $1,293,600 in FY 24 and $2,483,200 in FY25.	(a) Reduced general fund appropriations equal to the application and licensing fees collected
(3) Net Monetized Benefit	$0	
(4) Other Costs & Benefits (Non-Monetized)	None.	
(5) Information Sources		

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Describe the direct costs of this proposed change here. The CCA's costs to implement and administer the program exist due to Chapters 740 and 773 of the 2023 Acts of Assembly, regardless of the fees established in regulation. These costs are estimated to be at least $2,300,000 per year. Without regulations establishing fees, the CCA will need to

	request additional general fund appropriations or reduce services to medical businesses and patients, the latter of which could have adverse public safety and health outcomes. Indirect Costs: Describe the indirect costs of the proposed change. There are no new monetizable indirect costs associated with maintaining the status quo. Direct Benefits: Describe the direct benefits of this proposed change here. There are no new benefits associated with maintaining the status quo. Indirect Benefits: Describe the indirect benefits of the proposed change. There are no new monetizable indirect benefits associated with maintaining the status quo.

(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) $2,300,000 in additional general fund appropriations	(b) $0
(3) Net Monetized Benefit	$0	
(4) Other Costs & Benefits (Non-Monetized)	There are no new anticipated direct costs or benefits associated with maintaining the status quo. There are no new anticipated indirect costs or benefits associated with maintaining the status quo.	
(5) Information Sources	Department staff.	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs &	N/A

Benefits (Monetized)		
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to local partners. There are no anticipated direct or indirect benefits to local partners.	
(4) Assistance		
(5) Information Sources		

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to families. There are no anticipated direct or indirect benefits to families.	
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	N/A -- Medical cannabis businesses in Virginia do not qualify as small businesses.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to small businesses. There are no anticipated direct or indirect benefits to small businesses.	
(4) Alternatives	N/A – mandated by Chapters 740 and 773 of the 2023 Acts of Assembly.	
(5) Information Sources		

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Net Change
20-80	**Statutory:**	**1**	0	0	0
	Discretionary:	**0**	0	0	0
				Total Net Change of Statutory Requirements:	**0**
				Total Net Change of Discretionary Requirements:	**0**

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
N/A	N/A	N/A	N/A	N/A

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
N/A	N/A	N/A

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Length	New Length	Net Change in Length
N/A	N/A	N/A	N/A

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).