Town Council Work Session
Agenda Item 2.a.

Agenda Item: **Implementation of Virginia's Retail Cannabis Marketplace — Timeline**

Meeting Date: November 4, 2026

Category: Discussion

Prepared by: Lauri Sigler, Deputy Town Attorney, David Stromberg, Zoning Administrator

Description:
Discussion regarding the timeline of required actions and public hearings in order for Town ordinances to be consistent with the regulations established by the Virginia Cannabis Control Authority.

Background/Timing Impact:
Implementation and regulation of Virginia's retail cannabis marketplace

Legislation enacted by the Virginia General Assembly in 2026 amended Title 4.1 of the Virginia Code to establish a regulated adult-use cannabis market. The Cannabis Control Act (Act) creates a comprehensive regulatory framework administered by the Virginia Cannabis Control Authority (Authority) and its Board of Directors. The Authority has primary control over the possession, sale, transportation, distribution, and delivery of regulated marijuana. Accordingly, the Town will not issue state cannabis licenses or regulate operational matters reserved to the Authority. The Act nevertheless has significant implications for localities, including zoning, business licensing, taxation, and other local powers.

A briefing regarding the specific regulations established by the Virginia Cannabis Control Authority was provided to the Town Council during the October 6, 2026, work session. This briefing will describe the items that will be brought before the Town Council in the upcoming months.

Sales Tax Ordinance

1. **Adopt a local marijuana sales tax.** By ordinance, the Town must levy a tax of at least 1% and no more than 3.5% on sales taxable under Virginia Code § 4.1-1004(A). This ordinance should be adopted no later than May 1, 2027. Staff intends to bring this item before the Town Council as part of the FY 2028 budget process.

2. **Provide notice of the tax ordinance.** Within 30 days after enactment, the Town must notify the Authority and each retail marijuana store and microbusiness located within the Town.

3. **Establish administrative procedures.** Adopt internal procedures for receiving and responding to Authority communications concerning preliminary license approvals within the Town.

Although the Act does not set a deadline for adopting the local tax ordinance, staff recommends adoption by May 1, 2027. The ordinance takes effect on the first day of the second month after enactment, and marijuana establishments may begin selling marijuana and marijuana products on July 1, 2027. Sellers will collect the tax, hold the proceeds in trust for the Commonwealth, and remit them to the Authority with monthly marijuana tax returns. The Authority will credit the Town from a state fund.

Zoning Ordinance Text Amendment (ZOTA)

1. **Initiating resolution.** Staff will bring forward a resolution to initiate consideration of a zoning ordinance text amendment at the November 17, 2026, Town Council regular meeting. This action will allow staff to bring forward draft language of the zoning ordinance text amendment to the Planning Commission.

2. **Planning Commission action.** Staff will bring forward the draft zoning ordinance text amendment language as a public hearing item at the December 14, 2026, Planning Commission regular meeting. The Planning Commission will take public comment and vote on the zoning ordinance text amendment. The Planning Commission may take the following actions:
    1. Recommend Town Council approve the zoning ordinance text amendment as drafted by staff
    2. Recommend Town Council approve the zoning ordinance text amendment with edits by the Planning Commission
    3. Recommend Town Council deny the zoning ordinance text amendment
    4. Continue the public hearing to the January 25, 2027, regular meeting

3. **Town Council Action.** Staff will bring forward the draft zoning ordinance text amendment language as a public hearing item at the January 26, 2027, Town Council regular meeting (unless the item has been continued by the Planning Commission; then the item will be brought forward at the February 23, 2027, Town Council regular meeting). The Town Council may take the following actions:
    1. Approve the zoning ordinance text amendment.
    2. Deny the zoning ordinance text amendment.
    3. Continue the public hearing to a future date.

Public-Consumption Ordinance

1. **Prohibition in certain public places.** Upon Council direction, staff could bring forward a draft ordinance for discussion at a future Town Council meeting in 2027.
2. **Time of sale restrictions.** Upon Council direction, staff could bring forward a draft ordinance for discussion at a future Town Council meeting in 2027.

Public consumption ordinances should be adopted prior to July 1, 2027.

Strategic Focus Area:
Secure and Interconnected Community
Thriving Community

Fiscal Impact:
After the Town Council adopts a local marijuana tax, the Town will be entitled to revenue equal to 1% to 3.5% of sales taxable under Virginia Code § 4.1-1004(A). Staff is recommending a rate of 3.5 percent.

Legal Impact:
The Town must adopt a local marijuana tax under Virginia Code § 4.1-1004(A) as part of the implementation of the retail cannabis market in Virginia.

If the Town desires to adopt zoning and public consumption ordinances allowed under the Act, they should be adopted by the dates specified above.

Staff Recommendation/Next Steps:
This is a discussion item; staff has no recommendation at this time. Following discussion, Council may provide direction regarding the consideration of this request.

Attachments:
None