

# Virginia governor proposes delay to adult use cannabis

## Virginia Governor Abigail Spanberger Pushes for Delayed Adult-Use Cannabis Launch and New Tax Structure

Virginia Gov. Abigail Spanberger is proposing to slow the rollout of what could become a \$1 billion adult-use cannabis market, introducing amendments that would delay legal sales and reshape key aspects of the state's regulatory framework.

Rather than the Jan. 1, 2027 launch date approved by lawmakers, Spanberger wants adult-use cannabis sales to begin in July 2027. Her office said the additional time would allow regulators to better prepare, strengthen consumer protections and address persistent illicit market activity.

The governor framed the delay as a measured approach to ensure the market is implemented safely and effectively, emphasizing improvements to product safety standards and enforcement mechanisms.

## Proposed Tax Increases, Cultivation Limits and Extraction Rules Highlight a More Controlled Market Approach

Spanberger's amendments include several notable policy changes that would directly impact how Virginia's cannabis industry operates.

Among the key proposals is a 6% sales tax on adult-use cannabis, which would automatically increase to 8% starting July 1, 2029. The plan also imposes a cultivation cap of 70,000 square feet for vertically integrated processors, potentially limiting large-scale expansion by existing operators.

In addition, the governor is seeking to ban butane extraction outside of commercial manufacturing settings, a move aimed at reducing safety risks associated with improper production methods.

Separate amendments target illicit vape shops, signaling a broader enforcement push beyond the regulated cannabis sector.

Virginia lawmakers are expected to review and debate the proposals on April 22.

## Debate Intensifies as Supporters of Small Businesses Back Delay While Critics Warn of Financial Strain

The proposed delay has drawn mixed reactions from industry stakeholders, particularly around its impact on small cannabis businesses.

Some advocates had urged policymakers to postpone the launch, arguing that an early rollout dominated by large multistate operators could disadvantage smaller entrepreneurs and limit consumer choice.

Under the current legislation, Virginia's existing medical cannabis companies—known as pharmaceutical processors—would be allowed to enter the adult-use market early by paying a \$10 million conversion fee. Critics say this mirrors the approach taken in neighboring markets, where established players gained a significant head start.

However, not everyone agrees that delaying the launch will level the playing field.

Adam Stettner, CEO of FundCanna, criticized the proposal as counterproductive. He argued that extending the timeline could increase financial pressure on smaller operators, who must continue covering overhead, compliance and build-out costs without generating revenue.

According to Stettner, the added uncertainty may ultimately make it harder not easier for smaller businesses to access capital and survive in the market.

## **Limited Medical Market and Existing Operators Set the Stage for Adult-Use Expansion**

Virginia's current cannabis market remains tightly controlled, with medical marijuana sales limited to retail outlets operated by a small group of vertically integrated companies.

Permit holders include Jushi Holdings, Green Thumb Industries and Verano Holdings, along with entities backed by investment firms and former multistate operator assets.

Through the end of March 2026, medical cannabis sales in Virginia had already exceeded \$41 million, according to state data, underscoring the market's growth potential.

Looking ahead, the state could issue up to 350 new retail licenses as part of the adult-use rollout, significantly expanding access and competition.

## **Uncertain Path Forward as Virginia Balances Market Growth, Safety and Equity Concerns**

As lawmakers prepare to consider the governor's amendments, Virginia faces a familiar challenge seen across the U.S. cannabis landscape: balancing rapid market expansion with public safety, regulatory oversight and equitable business opportunities.

Whether the proposed delay ultimately strengthens the market or creates additional hurdles for emerging operators will likely remain a point of contention as the state moves closer to launching adult-use cannabis sales.

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