

Appendix K: Written Comments

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer
Dale F. Farino



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October 8, 2025

Mr. James Alex
Tax Commissioner
Virginia Department of Tax

Dear Mr. Alex,

Virginia ABC thanks you for providing us with the opportunity to participate in your Study of Retail Tobacco Licensing and Enforcement Pursuant to House Bill 1946 / Senate Bill 1060 and review the group's draft report. As noted in the report, tobacco licensing and enforcement has been a recurring topic of interest from both stakeholder groups and members of the General Assembly. We appreciate your willingness to engage with us and other stakeholders to provide information to the General Assembly regarding possible routes forward. We also share the consensus view outlined in the report that tobacco licensing and enforcement of tobacco age restrictions could best be addressed through a dedicated retail tobacco licensing and enforcement program administered by a single agency.

Over the course of two meetings, which were themselves a continuation of discussions during the 2025 General Assembly Session, the study addressed legislative options and funding options. Virginia ABC shares the consensus view from the work group that, if properly funded, Virginia ABC could effectively implement a licensing and enforcement program to perform regular tobacco age verification checks and internally adjudicate underage tobacco sale violations. The legislative approach from Senate Bill 1060 Substitute 2, which would create a permitting structure for all retail tobacco products akin to Virginia ABC's established alcohol-related permits, could provide a useful starting point for discussions, once again assuming sufficient dedicated funding. As discussed during the work group, Virginia ABC projects that implementing such a program would incur first year costs of \$5.3 million and ongoing annual costs of \$3.96 million thereafter.

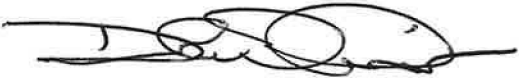
The draft report reflects the wide-ranging and positive discussion you led among the work group participants on the critical subject of funding options. Virginia ABC appreciates the group's willingness to consider numerous options for both start-up and ongoing funding for a potential tobacco licensing or permitting program at Virginia ABC or elsewhere. These discussions highlight that ensuring the viability of a tobacco licensing and enforcement program requires the establishment of a dedicated, ongoing funding source. Without guaranteed funding, this program becomes an added cost to the Authority thus reducing our overall profit transfer to the General Fund. Virginia ABC appreciates the contributions of the work group participants analyzing the availability and viability of various potential funding streams,



and Virginia ABC looks forward to continued engagement regarding possible funding scenarios which could make the work group's desired licensing and enforcement system achievable.

Once again, thank you for your leadership of the work group's discussions on this important topic. Virginia ABC looks forward to continued discussions with the Department of Taxation as we work to provide information to the General Assembly regarding developing an effective and sustainable tobacco licensing and enforcement program.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale F. Farino", with a long horizontal line extending to the left.

Dale F. Farino

CC: Ms. Anna D. Mucha, Esquire
Virginia Department of Tax





COMMONWEALTH of VIRGINIA

NELSON SMITH
COMMISSIONER

DEPARTMENT OF
BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

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July 29, 2025

To: Katherine Spivey, Department of Taxation
Fr: Colleen Hughes & Jason Carlin, DBHDS
Re: 2025 House Bill 1946/Senate Bill 1060

DBHDS Support for Broadening the Tobacco and Nicotine Retailer Licensing/Permit Structure

The Virginia Department of Behavioral Health and Developmental Services (DBHDS) has no concerns regarding the proposed broadening of the tobacco merchant licensing and permit structure. In fact, we strongly support expanding this framework to include **all tobacco and nicotine** retailers. With the rapid growth of vape products, it is essential to encompass all retailers selling nicotine products—this includes merchants offering vapes, as well as those selling traditional combustible and oral tobacco products.

To support our ongoing prevention and compliance work—particularly under the federal Synar program—we respectfully request that any legislation establishing or expanding this licensing structure explicitly grant DBHDS access to the full list of licensed/registered retailers. Access to this list is vital to maintaining an up-to-date **POST database**, which forms the foundation of two key Synar program activities:

1. Enforcement Sampling:

Retailers listed in the POST database form the sampling pool for stores selected for annual inspections conducted in partnership with Virginia ABC. If a retailer is not in the database, they are never eligible for inspection—potentially undermining the integrity of our compliance monitoring and enforcement strategy.

2. Merchant Education:

Through our collaboration with Community Services Boards (CSBs), DBHDS ensures that all retailers in the POST database receive educational visits at least once every two years. These visits include distribution of vital materials such as legal updates, fact sheets on tobacco and nicotine products, and guidance on age verification and ID checks. Retailers not in the POST database miss out on these crucial resources.

Both of these gaps—in enforcement and education—have the potential to negatively impact Virginia’s **Retailer Violation Rate (RVR)**. A more comprehensive retailer list strengthens our sample size, improves data reliability, and expands our ability to provide proactive education, ultimately enhancing public health outcomes.

Licensing Fees: Proposed Structure

We continue to support a tiered fee structure in which the **initial registration fee** is higher than the **annual renewal fee**. We recommend consideration of the following renewal fee options:

- A **lower, fixed annual renewal fee** than the initial registration cost.
- A **performance-based discount model**, where the annual renewal fee is reduced based on the retailer’s compliance history. For example, a retailer with no violations over the past one, two, or three years could receive a 10%, 25%, or 50% discount, respectively. If a violation occurs, the fee would revert to the full rate.
- A **sales-based model**, where annual fees scale with the volume of tobacco and nicotine product sales. Higher-grossing businesses would pay proportionately higher fees.

Additionally, we emphasize the importance of licensing **each retail location separately**. Retailers operating multiple outlets—such as a vape shop with five storefronts—should be required to obtain individual licenses for each location to ensure full coverage and accountability.

Enforcement Capacity

We have found partnering with ABC to be an efficient process and have no concerns should ABC be the lead agency responsible for enforcement. Ideally, every licensed retailer would be inspected annually as a best practice. However, we understand the limitations of enforcement capacity. We fully support any increase to the current enforcement visit total of 1,000 per year and encourage a goal of reaching **every retailer at least once every two years**. This approach aligns with our educational outreach cycle through the CSBs and represents a meaningful step toward comprehensive oversight.

Conclusion: A Healthier Virginia Through Vigilance and Partnership

Ultimately, our shared goal is to protect Virginia’s youth and promote healthy communities. The dangers of traditional tobacco use are well-established, and the harms of nicotine vaping are rapidly becoming clearer, as recent research has shown (e.g., [NYT article, July 2025](#)). To effectively respond to these public health threats, we must strengthen both enforcement and education efforts.

By broadening the licensing structure, ensuring access to retailer data, and implementing a thoughtful fee and inspection framework, we can build a more robust system—one that supports compliance, empowers prevention, and protects the health of all Virginians.

RE: Draft Report of the Retail Tobacco Work Group for Review and Written Comment

From Tripp Perrin <tperrin@lindlcorp.com>

Date Tue 10/14/2025 9:58 AM

To Mucha, Anna (TAX) <Anna.Mucha@tax.virginia.gov>

Cc Brad Copenhaver <bcopenhaver@lindlcorp.com>; Farino, Dale <dale.farino@virginiaabc.com>; Hope, Patrick A. <delphope@house.virginia.gov>; mike <mike@vpcma.com>; Duffey, Vickie (TAX) <vickie.duffey@tax.virginia.gov>; Thomas Kirby <thomas.kirby@virginiaabc.com>

Thanks Anna and Delegate Hope – appreciate all the hard work on this and thoroughness...key on our end from 7-Eleven POV is to make sure enforcement dollars are not funded on the backs of small retailers who are already facing economic headwinds...appears that is not the direction you all are headed which is appreciated.

Tripp Perrin
Lindl Government Affairs
804-240-0973

From: Mucha, Anna (TAX) <Anna.Mucha@tax.virginia.gov>

Sent: Friday, October 10, 2025 4:59 PM

To: Farino, Dale <dale.farino@virginiaabc.com>; Thomas Kirby <thomas.kirby@virginiaabc.com>; Daniel, John <john.daniel@virginiaabc.com>; Curtis, Chris <sidney.curtis@virginiaabc.com>; LHaley@oag.state.va.us; Thornton, Sean R. <sthornton@oag.state.va.us>; Hezel, Flora L. <fhezel@oag.state.va.us>; CWells@oag.state.va.us; Hughes, Colleen (DBHDS) <Colleen.Hughes@dbhds.virginia.gov>; Carlin, Jason (DBHDS) <Jason.Carlin@dbhds.virginia.gov>; Goodrich, James (VSP) <robbie.goodrich@vsp.virginia.gov>; Chuck Duvall <cduvall@lindlcorp.com>; Tripp Perrin <tperrin@lindlcorp.com>; Patrick Hope <patrick.hope@verizon.net>; Hope, Patrick A. <delphope@house.virginia.gov>; Sen. Ebbin's Office <senatorebbin@senate.virginia.gov>; Ebbin, Adam P <district30@cov.virginia.gov>; Benjamin Jones <benjamin@adamebbin.com>

Cc: Savage, James (TAX) <James.Savage@tax.virginia.gov>; Hamilton, Cassandra (TAX) <cassandra.hamilton@tax.virginia.gov>; Duffey, Vickie (TAX) <vickie.duffey@tax.virginia.gov>

Subject: Draft Report of the Retail Tobacco Work Group for Review and Written Comment

Dear Work Group Members and Stakeholders,

Attached for your review is the draft report of the Retail Tobacco Work Group, prepared in advance of the required November 1 submission. The draft reflects the discussions and input provided by members throughout the study process and outlines areas of consensus as well as the recommendations of the group.

In addition to members of the work group, this draft is also being shared with industry stakeholder groups that have participated in previous studies on this topic. The purpose of this broader circulation is to provide interested parties an opportunity to offer written comment which will be included in the finalized report.

Due to the file size of the Exhibits, they are not included as attachments to this email. The Exhibits are available for reference on the study's webpage at: <https://www.tax.virginia.gov/retail-tobacco-work-group>

Please submit any written comments by **Friday, October 17** to me at this email address (anna.mucha@tax.virginia.gov).

Thank you for your time, engagement, and contributions to this process.

Best regards,

Anna D. Mucha, Esq.
Sales and Local Tax Team Lead
Tax Legislation Division
Virginia Department of Taxation
804.786.6783 (office) | 804.774.3215 (fax)
anna.mucha@tax.virginia.gov

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Comment to the Retail Tobacco Working Group Report

From Craig Whitham <CWhitham@advantusstrategies.com>

Date Thu 10/23/2025 9:49 AM

To Mucha, Anna (TAX) <Anna.Mucha@tax.virginia.gov>

Cc Scott Regina <scott.regina@emersonscigars.com>; Michael Carlin <mcarlin@accesspointpa.com>; Daniel G. "Bud" Oakey <boakey@advantusstrategies.com>

Anna,

Good morning. My name is Craig Whitham with Advantus Strategies. Along with Mike Carlin, I represent the Cigar Association of Virginia. I know you've been communicating with Mike regarding comments to the report. I've worked with our client and on their behalf, would like to send you our comments. Thanks for taking these comments, and please feel free to contact me or Mike if you have any questions about them.

COMMENT

On behalf of the Cigar Association of Virginia (CAV) we maintain our long-held position and request that retail cigar stores remain exempt from a requirement to obtain this license. In previous efforts over the years on this issue key legislators have agreed to honor an exemption. In previous detailed discussions, the patrons of legislation recognized that retailers of premium cigars and pipe tobacco were not part of the problem of youth access to tobacco products. As such, the patrons excluded our businesses from this additional retail license requirement ([see Acts of Assembly 2024 Reconvened Session Chapter 821](#)). The bills addressed by this working group, HB 1946 and SB 1060, did not propose any changes to the 2024 bills that would require retailers of premium cigars and pipe tobacco to apply for the new license.

We reiterate the points made in the 2024 and 2025 sessions:

- This new license would be in addition to the OTP license we will continue to be required to obtain, resulting in another regulatory stress on small businesses
- The intent of the 2024 and 2025 bills was to target discount stores selling vape and other dangerous tobacco products that more readily sell to those under 21 years old
- Ample evidence shows that our products are used by adults only
- There's already enforcement of the under 21 laws on our stores by the FDA

Thanks very much for the opportunity to provide input.

Sincerely,

Craig Witham
Executive Vice President
Advatus Strategies (contract representative of the CAV)