



**Office of Cannabis
Management**

Cannabis Conversations

An Overview from the Office of Cannabis Management (OCM)

April 22, 2022

What is Cannabis?

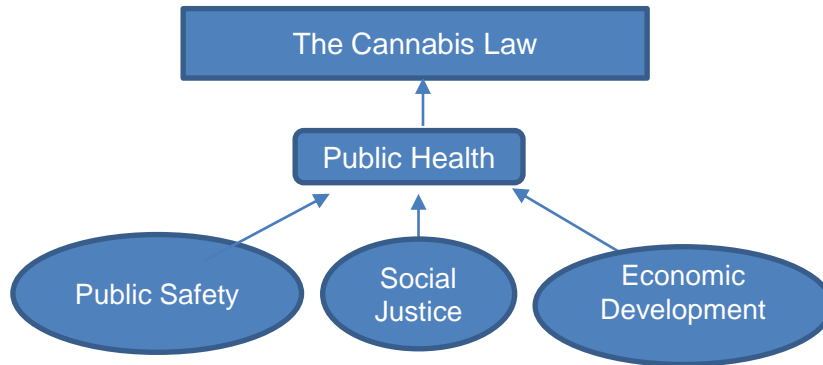
- Cannabis Sativa is a versatile plant used for medicinal, industrial, and food purposes for thousands of years.
- It contains hundreds of compounds, including cannabinoids, terpenes and flavonoids that, when they interact, have different effects on the mind and body. Most common and well known are THC, known for its euphoric feeling, and CBD, which offers the same potential benefits without the same “high.”
- Hemp is the same plant as adult-use cannabis, it’s just one that contains 0.3% or less THC content and as a result is not a federally controlled substance.

Industrial	Food	Wellness	Recreational	Medical	Pharma
Fiber: textiles, construction materials, “hempcrete”	Nutrition: hemp seeds and oil, hemp protein powder	Dietary Supplements: CBD, terpenes, cosmetics	Products used similar to alcohol or tobacco	Medical grade products, practitioner oversight	FDA approved clinical trials: Epidiolex



Overview of the MRTA

- The MRTA was signed into law on March 31st, 2021.
- The MRTA created the Office of Cannabis Management (OCM), overseen by a 5-member Cannabis Control Board.
- Legalized adult-use cannabis (recreational marijuana) & expanded the State's existing medical cannabis and cannabinoid (CBD) hemp programs, placing all three programs under the OCM umbrella.
- Legalization represents a shift to a **public health framework** for cannabis policy, grounded in the principles of public safety, and economic and social justice as it prioritizes and aims to repair the harms of cannabis prohibition



Adult-Use Cannabis Taxation

- Weight-based tax replaced with a THC per mg tax with different rates depending on final product type:
 - **\$.03 per mg** THC edible, **\$.05 per mg** THC cannabis flower and **\$.08 per mg** THC concentrate.
 - Different rates for different products because THC mg consumed via ingestion (edibles) is metabolized differently than cannabis consumed in other forms on a per mg basis (e.g., smoking or vaping)
 - THC tax can help push consumers to lower potency products by making high potency products more expensive, helping achieve public health goals
- **9% state excise tax** on the sale of cannabis products by a retailer to a cannabis consumer.
- **4% local excise tax** rate at retail price. (25% to county, 75% to city/town/village)
Villages within towns may establish their own revenue distribution agreements.



Overview of the Cannabis Law

Taxes & Revenue Allocation

- Medical cannabis will continue to be subject to a **7% excise tax**
 - 22.5% of the monies shall be transferred to the counties in which the medical cannabis was manufactured.
 - 22.5% of the moneys shall be transferred to the counties in which the medical cannabis was dispensed.
- All cannabis revenues are deposited into the **New York State Cannabis Revenue Fund**.
 - 40% to **Education**
 - 40% to **Community Grants Reinvestment Fund**:
 - Grants to non-profit and community-based organizations in communities disproportionately impacted by cannabis prohibition, and other social equity initiatives as determined by the Cannabis Advisory Board.
 - 20% to **Drug Treatment and Public Education Fund**:
 - Develop and implement statewide public education campaigns and provide substance use disorder treatment programs for youth and adults

Overview of the MRTA

Adult-use Licenses:

Licenses: The MRTA created 9 types of adult-use licenses, including those that offer multiple points of entry into the market, and opportunities for social and economic equity applicants.

1. **Cultivator:** Growing, cloning, harvesting, drying, curing, grading, trimming
2. **Nursery:** Only clones, immature plants, seeds, and other agricultural products
3. **Processor:** Extracts concentrated cannabis and/or compounds, or manufactures
4. **Distributor:** Wholesale sale to dispensary, on-site consumption, or delivery service
5. **Retail-dispensary:** Sells cannabis products directly to consumers
6. **Delivery:** Delivers cannabis products to consumers
7. **On-site Consumption:** Sells directly to consumers for use on-site at the location (like a bar)
8. **Adult-use cooperative:** Democratically controlled. Can cultivate, process, distribute – *can't sell directly to consumer*
9. **Microbusiness:** May be a cultivator, a processor, a distributor, and a retailer of their own cannabis products. No person can own more than one micro-business license and they can't have an interest in any other adult-use license type

Building the New York Cannabis Industry

Ancillary Businesses:

Many opportunities, including:

- Packaging and Labeling Companies
- Secure transport businesses
- Security companies
- Vape and other cannabis consumption devices
- E-commerce websites
- Licensing and branding companies
- Marketing and design agencies
- Media networks
- Retail design firms
- Hydroponics
- Vertical agriculture
- Greenhouse systems
- Horticultural lighting companies
- Nutrient suppliers
- Extraction equipment
- Commercial kitchens
- Payroll companies
- Compliance
- Point-of-Sale Systems
- Software and mobile application developers
- Accounting
- Real Estate



Overview of the MRTA

Medical Cannabis Program

- Initial Medical Marijuana Program established by the Compassionate Care Act enacted in 2014. It regulates the use of cannabis for medical use.
- Cannabis Law renames the program the Medical Cannabis Program and shifts it from the Department of Health to the OCM.
- Currently, 10 Registered Organizations providing medical cannabis to more than 125,000 certified patients.
- Cannabis Law expands the program and eases access, and is already being implemented by the Cannabis Control Board and the OCM, including:
 - ✓ Expanding eligible conditions to include any certified by a practitioner
 - ✓ Expanding the types of eligible clinical providers to certify patients
 - ✓ Allowing the sale of whole flower medical cannabis products
 - ✓ Permanently waiving the \$50 patient registration fee

Overview of the MRTA

Cannabinoid Hemp Program (CBD)

- Cannabinoid Hemp Program comprehensively regulates CBD and related products with clear standards for manufacturing, packaging, labeling and testing grounded in public health best practices.
- Program started informally under the Department of Health and transferred to the OCM under the MRTA.
- Cannabis Control Board formally launched the program November 3, finalizing regulations.
- In December, Control Board sent to public comment additional regulations designed to provide further stability to the market and help New York's businesses compete, including:
 - ✓ Defining "craft" CBD products
 - ✓ Establishing a new license type for "Cannabinoid Hemp Farm Processors" to allow farmers to process and sell hemp flower that they grow
 - ✓ Requiring labels to include the state or country of origin from which the hemp used in the product was sourced
 - ✓ Removing the requirement that cannabinoid hemp products be shelf stable, allowing for certain types of foods and beverages infused with cannabinoids

Adult-Use Conditional Cultivator License

- On February 22, 2022, Governor Kathy Hochul signed into law **S.8084-A**,
- Establishes a pathway for existing New York hemp farmers to apply for a conditional license to grow cannabis for the forthcoming adult-use cannabis market.
- It also allows the license holders to manufacture and distribute cannabis flower products without holding an adult-use processor or distributor license.
- With a conditional adult-use cannabis cultivation license, farmers can grow outdoors or in a greenhouse for up to two years from the issuance of the license.
- Conditionally licensed cannabis farmers must meet certain requirements, including:
 - ✓ Safe, sustainable and environmentally friendly cultivation practices
 - ✓ Participation in a social equity mentorship program
 - ✓ Engagement in a labor peace agreement with a bona fide labor organization

Adult-Use Conditional Cultivator License

- On April 14, 2022, the Cannabis Control Board issued 52 conditional licenses.
- These are the first adult-use cannabis licenses granted in New York State and they advance the *Seeding Opportunity Initiative*.
- The approved licenses are from a pool of more than 150 that have been submitted to the OCM following the March 15 opening of the online application portal.
- The OCM will continue to review applications on a rolling basis and will work to get them to the Board for approval as quickly as possible.

Conditional Adult-Use Retail Dispensary

- On March 10, 2022, The Cannabis Control Board passed Resolution No. 2022-04.
- This resolution established the framework for Conditional Adult-Use Retail Dispensaries to open.
- This seeks to position equity businesses with critical first mover advantage in the New York Cannabis Industry.

To be eligible to apply for a Conditional Adult-Use Retail Dispensary an applicant must:

1. Have had a cannabis related offense in the State of New York, or had a parent, guardian, child, spouse, or dependent before the Cannabis Law passed in March of 2021.
2. Have experience owning and operating a qualifying business in the State of New York.

Overview of the MRTA

Public Health Overview

- ✓ **Adult-use only (21+)** retail market-place
- ✓ Gives the Cannabis Control Board authority to establish rules for product **quality assurance** for production and manufacturing and **robust laboratory testing requirements**
- ✓ Packaging and labeling **can't appeal to youth**
- ✓ **Requires warning labels** on all cannabis and cannabis product packages
- ✓ Any broadcast, cable, radio, print and digital advertisements **can only be placed where the audience is expected to be 21 or older. Cannabis advertisement on billboards are banned**
- ✓ No unsolicited internet pop-ups, promoting overconsumption
- ✓ No advertising **within 500 ft of school grounds, playgrounds, child day care, public park or libraries**
- ✓ **State lab** to conduct quality assurance checks on third-party labs
- ✓ **More details to come in regulations**



Public Health Campaign: Key Messages

On April 4th, the OCM launched the first phase of our Public Health Campaign

- **Adults Only:** Like alcohol and tobacco, only adults 21+ may possess and buy adult-use cannabis. Cannabis is not safe or legal for anyone under 21. It can harm the developing brain, which continues growing until age 25.
- **Drive High, Get a DUI:** Cannabis can affect motor coordination and reaction time. It remains illegal to drive while impaired by cannabis. If you feel different you drive different. If you're not sure if you're high or impaired, stay put, and don't take the chance of harming yourself or others.
- **Safe Storage:** Adults, if you choose to use cannabis, do it responsibly. Keep cannabis locked up, out of sight, and out of reach of children and pets. If there is an accident, call the **NYS Poison Control Center (800) 222-1222**
- **Not Legal Everywhere:** If tobacco use is prohibited, cannabis use is too. Check your employer's policies and your lease! Secondhand smoke is no joke, so be mindful of where you use and keep it away from others.
- **Pregnant and Breastfeeding Individuals:** Cannabis can hurt your baby during and after pregnancy. We still have much to learn about the effects of cannabis while pregnant or breastfeeding. Ask your clinician for more information.

Overview of the MRTA

Traffic Safety

- It is illegal to drive while impaired by cannabis, to consume cannabis while driving, or for passengers in a vehicle to consume cannabis
- The State will be increasing the number of **drug recognition experts (DREs)**, which are police officers who have completed a rigorous training to use field testing techniques to tell if a driver is operating a vehicle while under the influence, rule out medical conditions that may cause erratic driving, and classify the category of substances an individual is impaired by.
- Annual report to measure impacts of legalization
 - Including traffic safety and key public health measures, State agency collaborative effort
- The State will be studying new devices to measure impairment as they come on the market

Where We Are

Illicit Market and “Gifting”

- New York State is building a legal cannabis industry, but we aren’t finished yet. In the meantime, be aware of the potential risks of using untested products.
- Some stores are selling a service or product and then claiming they're "gifting" cannabis to the customer. **This is illegal.**
- **There are no legal sales of non-medical cannabis in New York yet.**
- October 21, 2021, the Cannabis Control Board addressed this topic. Chair Wright and Executive Director Alexander both issue statements on “Gifting”.
- February 8, 2022, OCM sent cease and desist letter to suspected violators.
- Email: enforcement@ocm.ny.gov

Where We Are

Roadmap to Legal Sales

Public engagement – we have a series of conversations with communities



Draft – OCM drafts regulations designed to create a safe products and an equitable market



Applications – are completed and businesses are provided instructions on how to proceed.

Partnerships – we build collaborative relationships across the state and develop a *Social and Economic Equity Plan* to guide our work



Regulatory public comment – is received and incorporated into regulations. Regulations go before the Cannabis Control Board.



Thank you!

Looking forward to continuing the conversation!

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