



**Office of Cannabis
Management**

Cannabis Conversations

An Overview from the Office of Cannabis Management (OCM)

April 7, 2023

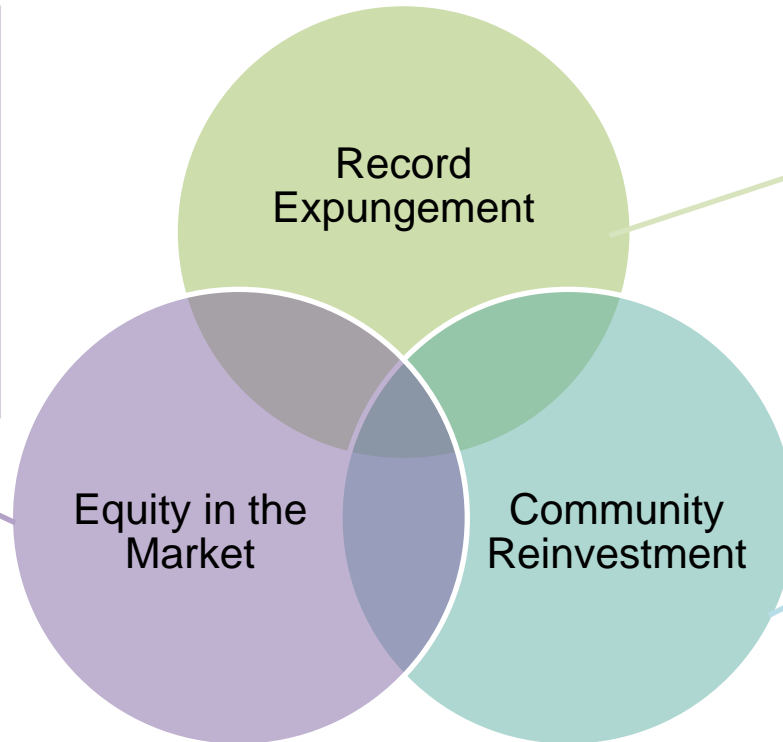
What is the Marihuana Regulation & Taxation Act (MRTA)?

- 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 (CCB)
- There is a 20-member Cannabis Advisory Board
- Legalized **adult-use cannabis** (recreational marijuana) while also expanding the State's existing medical cannabis and cannabinoid hemp (CBD) programs
- Legalization represents a shift to a **public health framework** for cannabis policy



The MRTA Emphasizes Social and Economic Justice

Sets a goal to award **50% of all adult-use licenses** to social and economic equity applicants. Development of a **Social and Economic Equity Plan** and programs to help licensees be successful



Automatically clears an individual's past marijuana convictions. Nearly 400,000 records will be expunged

Invests **40% of the adult-use cannabis tax revenue** toward rebuilding communities impacted by disproportionate policing during cannabis prohibition



What is Legal in NYS – Possessing Cannabis

- Adults **over 21** can buy and possess:
 - Up to three ounces of cannabis flower
 - Up to 24 grams of concentrated cannabis (oils, tincture, edibles, vapes, etc.)
- Cannabis can be consumed in a private home or state-licensed on-site consumption site
 - Currently there are no licensed on-site consumption sites
- Vaping and smoking cannabis is not allowed anywhere vaping and smoking tobacco isn't allowed

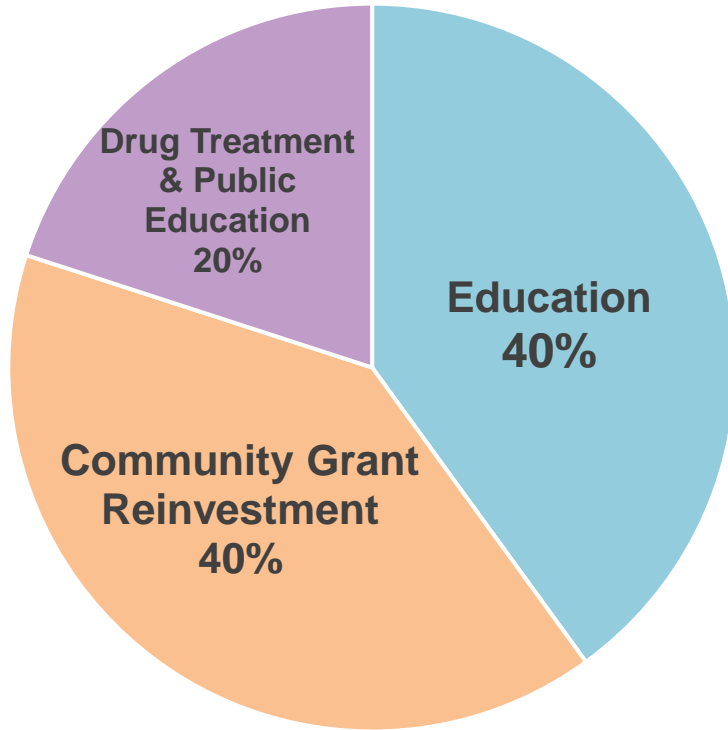


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Adult-Use Cannabis Taxation

- 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.
 - 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.

New York State Cannabis Revenue Fund



- All cannabis revenue deposited into this fund
- **Community Grants Reinvestment**
 - 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
- **Drug Treatment & Public Education**
 - Develop and implement statewide public education campaigns and provide substance use disorder treatment programs for youth and adults

Opportunities in the NYS Cannabis Industry

Adult-Use Licenses

Retail-Dispensary

Sells cannabis products directly to consumers

On-Site Consumption

Sells directly to consumers for use on-site at the location (like a bar)

Cultivator

Growing, cloning, harvesting, drying, curing, grading, trimming

Nursery

Only clones, immature plants, seeds, and other agricultural products

Processor

Extracts concentrated cannabis and/or compounds or manufactures

Distributor

Wholesale sale to dispensary, on-site consumption, or delivery service

Delivery

Bringing cannabis products directly to consumers

Adult-Use Cooperative

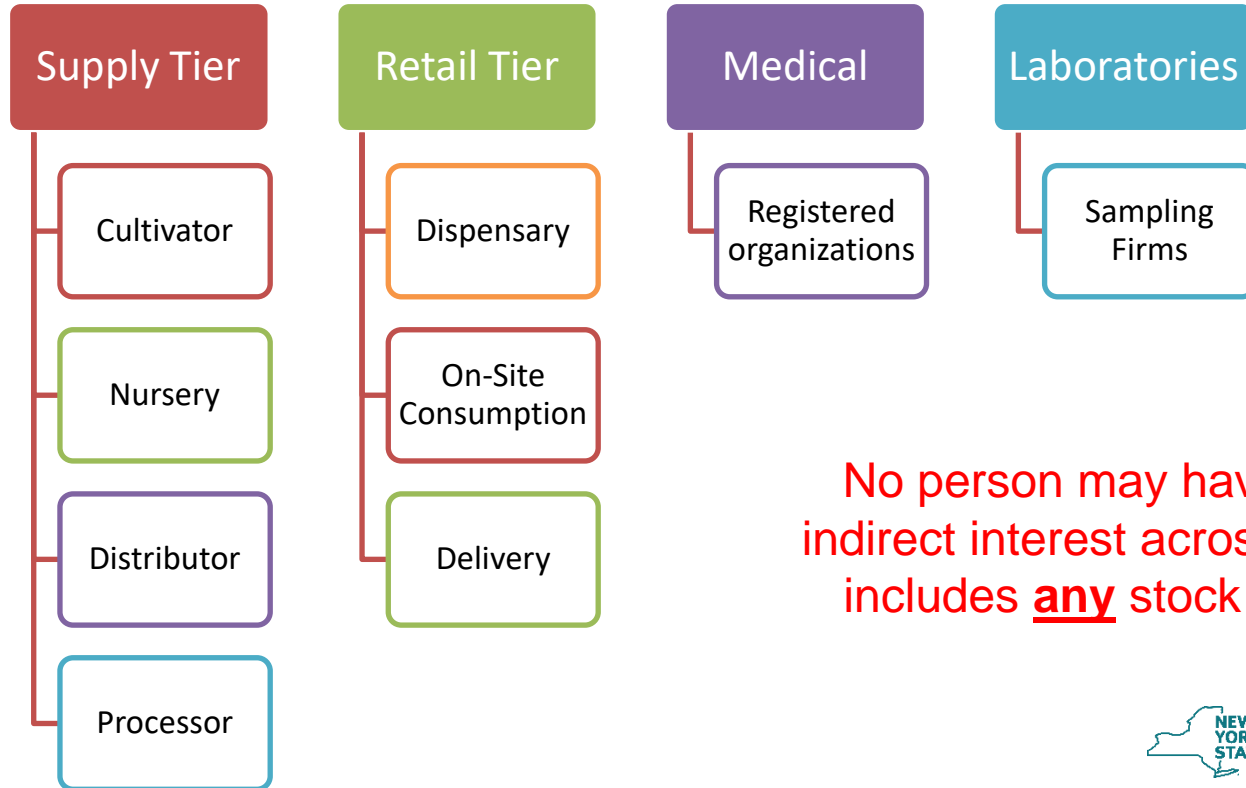
Democratically controlled. Can cultivate, process, distribute. Cannot sell directly to consumer

Microbusiness

May be cultivator, processor, distributor or retailer. No person can own more than one license



What does a tiered system look like?



Building the New York Cannabis Industry

Ancillary Businesses

- Packaging and Labeling Companies
- Secure transport businesses
- Security companies
- Vape and other cannabis 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



Conditional Adult-Use Licenses

Adult-Use Licenses

Conditional Licenses

- Stand-alone conditional licensing system.
- Creating a micro cannabis ecosystem in NYS.
- Adult-Use Conditional Cultivator License
- Adult-Use Conditional Processor License
- Conditional Adult-Use Retail Dispensary License (CAURD)

MRTA Licenses

- All nine license types.
- These licenses were included in the November 21st regulations.

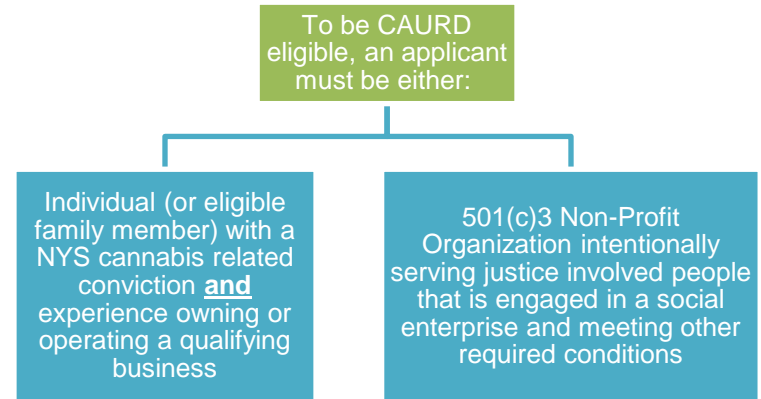
Conditional Licenses

Adult-use Conditional Cultivator – 279 with additional applications under review

Adult-use Conditional Processors – 40 with additional applications under review

Conditional Adult-use Retail Dispensaries (CAURD) – 165 with additional applications under review

- Realizes key goal of the New York Cannabis Law by prioritizing individuals with a cannabis conviction to obtain the first adult-use retail licenses in New York State.
- Individuals must also have experience owning and operating a qualified businesses to help ensure applicants have experience and will be successful.
- First of its kind in the nation, recognizes the struggles social equity applicants have had entering the cannabis industry in other states.



Role of Municipalities

What is the role of municipalities in the process to approve or deny a cannabis license?

- Per Cannabis Law, municipalities are allowed the opportunity to **express an opinion** on whether they support the Cannabis Control Board's approval of a retail dispensary, on-site consumption, or registered organization with dispensing license in their area.
- Municipalities do not have a role in other cannabis licenses types (i.e., nursery, cultivator, processor, distributor).

Where do municipalities fit in the process to approve retail dispensary and/or on-site consumption licenses?

- People or businesses who apply for a cannabis retail dispensary, including registered organizations with a dispensing license or on-site consumption should **submit a notification** that their proposed location (premises) is within the boundary of the municipalities prior to filing their application.
- Applicants must be mindful that the municipal opinion will become part of the record upon which the Cannabis Control Board shall grant or deny an application for a cannabis license.
- Applicants should afford the appropriate amount of time needed for the municipalities to opine on the proposed cannabis location.

Retail Guidance

Retail Guidance



Guidance for Adult-Use Retail Dispensaries

Introduction

The Cannabis Control Board (the Board) has the authority, pursuant to Section 85 of the Cannabis Law, to promulgate regulations governing licensed adult-use dispensaries. Once adopted and effective, the regulations will serve as the rules that all licensees must follow to remain compliant with the Cannabis Law. A copy of the final regulations will be available on the Office of Cannabis Management's (the Office) website.

In the interim, this guidance document serves to provide the framework that will assist Conditional Adult-Use Retail Dispensary licensees plan for how to operate their dispensary before regulations are formally adopted, pursuant to Title 9 Part 116 Section 7 of the New York Codes, Rules and Regulations (9 NYCRR §116.7). Compliance with any current and future state rules, regulations, and laws is required by all licensees to remain in good standing with the Office. This guidance document provides clarity on what the Office's expectations are in relation to those regulations and laws currently in place and the regulations that will be promulgated in the future. Such future regulations are subject to change, consistent with the process pursuant to the State Administrative Procedures Act.

Adult-use cannabis licensees who are not in compliance risk their license being cancelled, suspended, or revoked or other enforcement actions being taken, as authorized by Cannabis Law and Title 9 of the New York Codes, Rules and Regulations (9 NYCRR).

Key Recordkeeping Requirements

- Conditional Adult-Use Retail Dispensary (CAURD) applicants may be asked to submit the records and plans described in this guidance on the CAURD application and at the request of the Office. Failure to submit, or refusal to submit, required materials may subject CAURD applicants to denial or non-selection of the applicant for a CAURD license.
- CAURD licensees have an ongoing obligation to maintain up-to-date versions of all records and plans described in this document or submitted with their application. Licensees must submit such records to the Office upon request and have an ongoing obligation to disclose to the Office material changes in such records and plans. Licensees' noncompliance with requests for such information from the Office may be grounds for a penalty or the surrender, suspension, revocation, or non-renewal of the CAURD license.

- Issued October 28, 2022
- Outlines requirements and expectations for CAURD dispensaries including:
 - Inventory Tracking
 - Staffing & Training
 - Location, Security, Facility Requirements
 - Purchasing, Security
 - Branding, Marketing, Signage
- All CAURD licensees will have to review and sign an attestation agreeing to comply with requirements

MRTA Regulations

- On November 21, 2022, the Cannabis Control Board also approved adult-use program regulations that establish rules for a safer, equitable, consumer-driven market focused on small businesses.
- **The package outlines:**
 1. The application and license selection and renewal process,
 2. The role municipalities play in regulating cannabis businesses,
 3. Key social and economic equity program provisions including identification and prioritization,
 4. Environmental and sustainability standards,
 5. Ownership and true party of interest prohibitions,
 6. General business operating requirements including security, record keeping, and transportation.
- The proposed regulations were filed for a 60-day public comment period.
 - ✓ Regulations were filed on **December 14, 2022**, and public comment ended on **February 13, 2023**.
- Comments can be filed by emailing regulations@ocm.ny.gov or sent via mail to:

New York State Office of Cannabis Management
PO Box 2071 Albany, NY 12220

Staffing & Training

- Staffing
 - Employee in Charge
 - Age Requirements
- Training
 - Written Manual
 - Curriculum Requirements
 - Record Keeping



Advertising & Signage

- Retail Locations

- External Signage:

- Limited to 2 signs, No images, logos or symbols



- Delivery Locations

- No external signs

- Website **must include age gate** and comply with [Packaging Marketing Labeling, and Advertising Guidance](#).

WELCOME.

Hey, we gotta ask.

Are you over 21 years of age?

Yes

No



Office of Cannabis
Management

Sales & Transactions

- Menus & Prices
- Customer Transactions
 - Age Verification
 - Right to Refuse Sales
 - Single Day Limit
- Customer Education



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OCM Enforcement Activities

OCM Enforcement Actions

- MRTA gives OCM enforcement power over licensed businesses.
- OCM works with local authorities to address issues related to unlicensed cannabis businesses.
- Efforts include identifying unlicensed operators, seizing illicit cannabis, fines, and store closures.



Illicit Sales

Commercial Store Fronts

- OCM's Enforcement Division has been conducting investigations (locations, owners, products sold etc.) on all illicit cannabis operations since January of 2022.
- The Enforcement Division routinely confers with local DA's and law enforcement across the state about strategies in cannabis enforcement.
- OCM investigators work on multi-agency task forces to shut down illicit store fronts.
- The Enforcement Division continues to staff up and engage in enforcement actions across the state:
 - visiting illicit stores,
 - issuing cease and desist letters to stores conducting themselves contrary to existing law,
 - assisting local law enforcement in their investigations involving illicit stores.







Enforcement

Information about activities that may be in violation of the Cannabis Law can be sent to OCM via email or through our web site.

Suspected violations or complaints can be reported at:

complaints@ocm.ny.gov

OR

<https://cannabis.ny.gov/report-an-incident>

Whenever possible please include the following information when submitting a complaint:

- Name of business
- Time of alleged illicit activity
- Location of alleged illicit activity
- Pictures of alleged illicit activity
- Indicate if there has been previous police contact (i.e., 911 calls)
- Proximity to sensitive use locations (e.g., school, house of worship)
- Contact information of the person reporting the alleged illicit activity
(for any follow up questions investigators may have)



Thank you!

Thank you all for joining us today.

- To share information on upcoming events please email OCM at: events@ocm.ny.gov
- To receive regular updates from OCM please sign up at: www.cannabis.ny.gov