



**Office of Cannabis  
Management**

# **Cannabis Conversations**

An Overview from the Office of Cannabis Management (OCM)

**November 3, 2022**

# What is Cannabis?

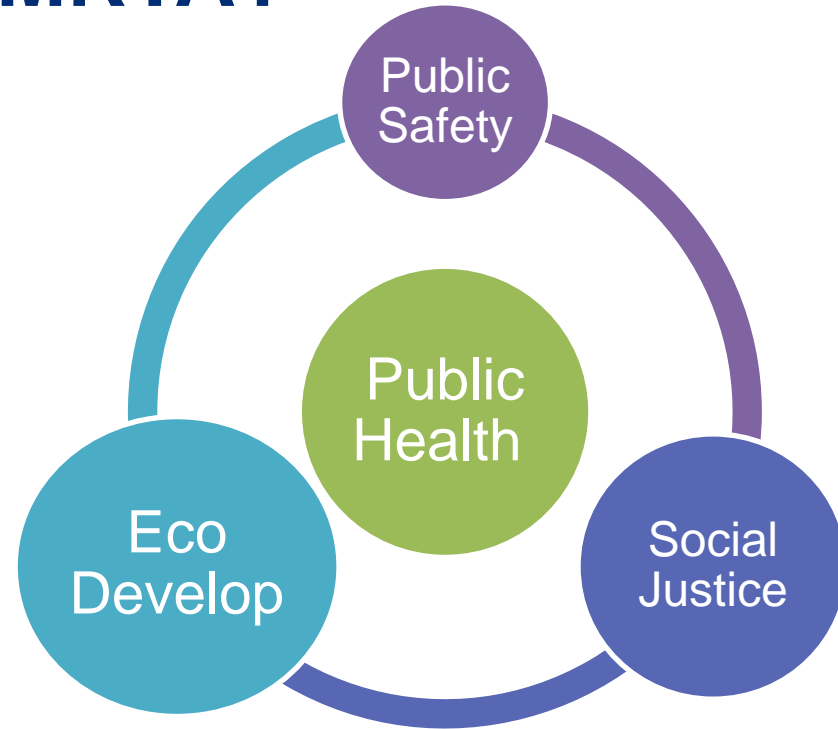
- Cannabis Sativa is a versatile plant used for medicinal, industrial, and food purposes for thousands of years.
- It contains hundreds of compounds, including cannabinoids, terpenes and flavonoids that, when they interact, have different effects on the mind and body. Most common and well known are THC, 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



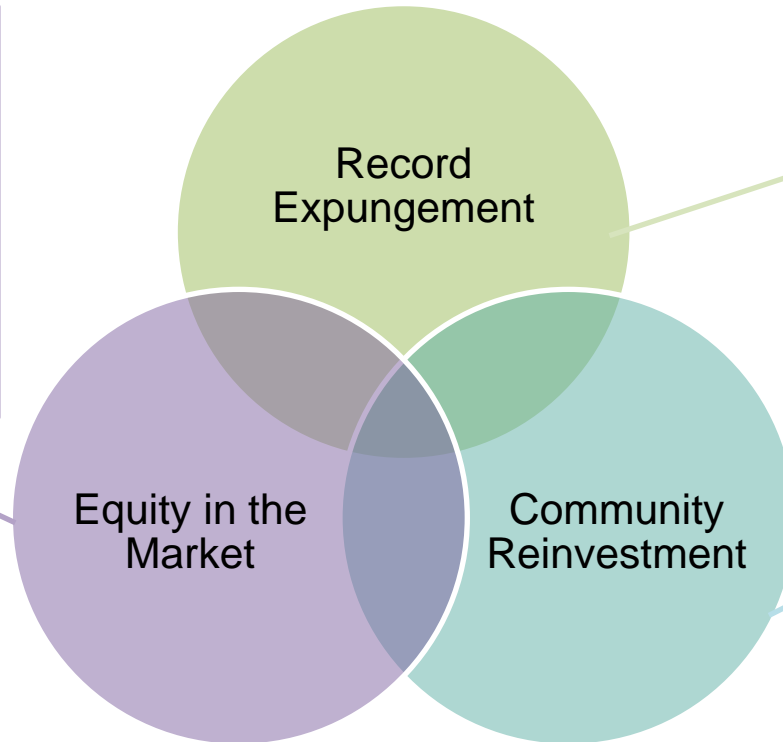
# What is the MRTA?

- The MRTA was signed into law on March 31<sup>st</sup>, 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 which met on June 30<sup>th</sup>, 2022
- 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



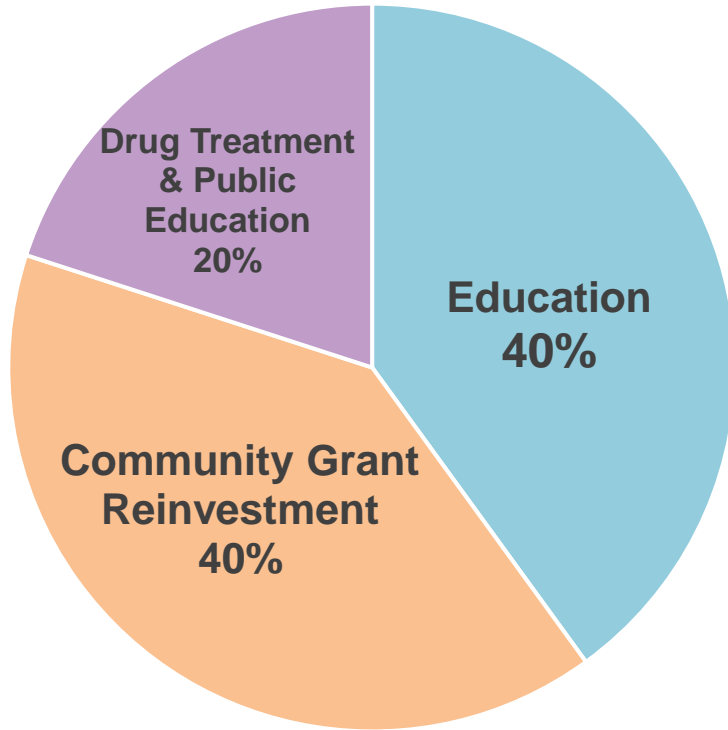
# Adult-Use Cannabis Taxation

- 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.

# Adult-Use Cannabis Taxation For Counties

- 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.
  - Possible **45%** from Medical Cannabis
- **4% local excise tax** rate at retail price.  
(25% to county, 75% to city/town/village)

# 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



# 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 will be included in the regulations which will soon be released.



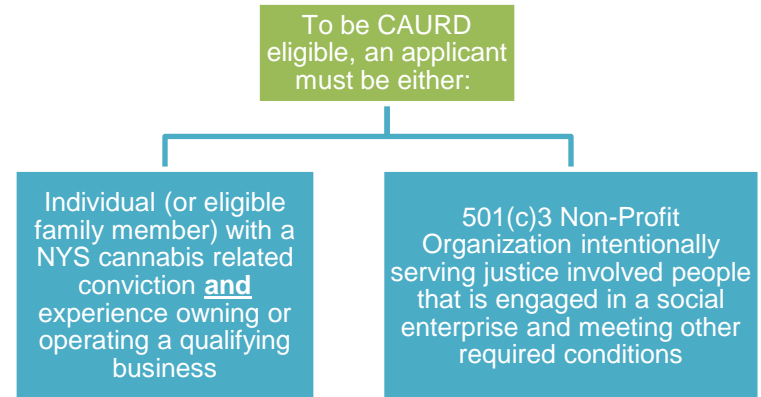
# Conditional Licenses

Adult-use Conditional Cultivator – 250+

Adult-use Conditional Processors – 25 with additional 20+ applications under review

Conditional Adult-use Retail Dispensaries (CAURD) – 175 Target

- 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.



# Public Health Campaign

# Public Health Framework

A shift from a law enforcement to a public health and safety framework:

- **Education**
  - Public health campaigns including youth-focused campaigns
- **Regulation**
  - **Child-resistant, tamper-evident, and non-toxic** packaging that is enclosed to prevent contamination or degradation
  - **Label components** such as warnings, serving size, potency, ingredients, and usage and storage instructions
  - Packaging, labeling, and advertising **cannot appeal to youth**
  - A universal symbol to be placed on all retail packages
  - Licensee **recycling programs** for cannabis packaging
- **Data Monitoring and Research**
  - Pulling in major data sources to measure the impact of cannabis legalization and be responsive where needed



# Public Education Campaign

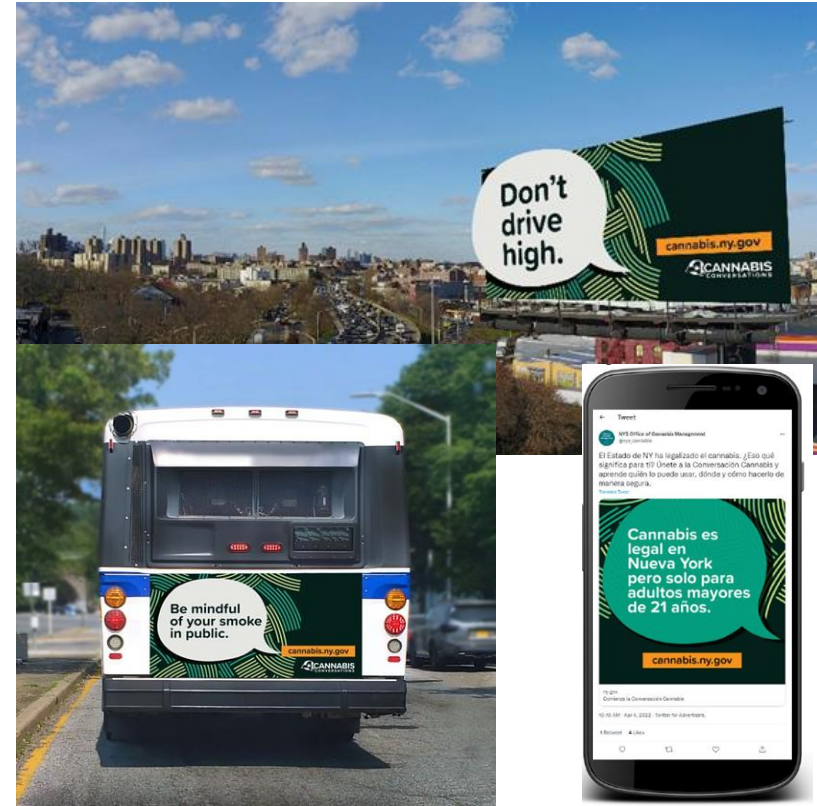
- *Cannabis Conversations*: 3-month long campaign to educate the general public about the law and focus on key public health and safety messages, answering the questions:

***Who can use?***

***Where can you use?***

***How do you safely use?***

- Ran on all types of paid media, in English and Spanish, including: Social Media & Digital, TV, Radio, Streaming, Billboards, Mass Transit, Gas Stations, and more.
- First ad on social equity in cannabis premiered on June 2, 2022, during the NBA Finals.
- Over 135 million impressions, 313,000 clicks, and nearly 22 million video completions across all channels. Performance far exceeded media industry benchmarks.





# Current Activities

# Enforcement

## Illicit Market

- **There are no legal sales of adult-use cannabis in New York yet.**
- October 21, 2021, the Cannabis Control Board addressed this topic. Chair Wright and Executive Director Chris Alexander both issue statements on “Gifting”.
- January 2022, OCM began sending cease and desist letter to suspected illicit retailers and continue to issue cease and desist letters as new illicit shops are identified.
- July 2022, the OCM sent out a press release detailing it efforts to fight “gifting” which listed businesses in violation.
- OCM Enforcement staff work daily to deal with illicit, unlicensed locations, conducting investigations of all referrals alleging such conduct, and coordinating possible actions with local law enforcement.

# Enforcement Actions

- 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.
- The Enforcement Division continues to staff up and engage in enforcement actions across the state:
  - visiting illicit stores,
  - issuing cease and desist letters on the spot to stores conducting themselves contrary to existing law,
  - assisting local law enforcement in their investigations involving illicit stores.
- As an example, recently assisted NYC Sheriff in impounding 16 illicit truck dispensaries in New York City.

# Enforcement

- Using existing laws
  - Any building, zoning or health laws that are pertinent; i.e. nuisance abatement
- MRTA and unlicensed entities
  - Anticipate future legislation
- The OCM enforcement team is working with every level of governmental partners to deal with these issues of mutual concern.
- Email: [enforcement@ocm.ny.gov](mailto:enforcement@ocm.ny.gov)

# Home Growing in NYS?

- **Currently, recreational home cultivation is not legal in NYS**
- 18-months after the first dispensary opens, New Yorkers who are 21 and older can grow in their own home:
  - Up to six plants for personal use (3 mature plants and 3 immature plants)
  - A maximum of 12 plants per household (even if there are three or more adults over the age of 21)
- **Medical cannabis patients can grow as of October 5<sup>th</sup>:**
  - Only certified patients and designated caregivers 21 years of age or older, registered with the medical cannabis program, can cultivate (grow) medical cannabis.



# Thank you!

Thank you all for joining us today.

- To share information on upcoming events please email OCM at: [events@ocm.ny.gov](mailto:events@ocm.ny.gov)
- To receive regular updates from OCM please sign up at: [www.cannabis.ny.gov](http://www.cannabis.ny.gov)