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The City of New York Community Board 8 Manhattan Social Justice Committee Monday, March 27, 2023 – 6:30PM This meeting was conducted via Zoom

MINUTES

CB8 Members Present: Erica Bersin (Public Member), Lori Bores, Sarah Chu

- (Co-Chair), Saundrea I. Coleman (Co-Chair), Wendy Machaver (Public Member), & Rita Popper
 - 1. Presentation by Damian Fagon, Chief Equity Officer, NYS Office of Cannabis Management and
 - Phillip Rumsey, Manager of Intergovernmental Outreach
 - 1. The NYS Marihuana Regulation and Taxation Act (MRTA) created the Office of Cannabis Management, Cannabis Advisory Board, and Cannabis Control Board.
 - 2. The law created a tiered system to prevent monopolies and offers 9 license types. Public health is at the center with economic development and social justice as principles.
 - 3. Community Boards (CBs) play a role in the implementation of the law and provide opinions on the applicant and the location (retail dispensaries, on-site consumption). Notification will be provided to CBs when an applicant wants to open an establishment in their district. CBs do not have a role on other license types (such as farming and production).
 - 4. Retail Guidance
 - i. Conditional adult-use retail dispensary (CAURD) licenses were first established on Oct. 28, 0222
 - ii. All licensees will have to review and sign an attestation agreeing to comply with requirements.
 - iii. MRTA Regulations put out on November 21, 2022, filed in December 14, 2022, and public comment ended on February 13, 2023
 - iv. Legal team is reviewing these proposed regulations which will then be placed for another 45 day comment period.
 - v. If you have comments, please send them to: <u>regulations@ocm.ny.gov</u>
 - 5. OCM Enforcement Actions
 - i. MRTA gives OCM enforcement power over licensed businesses, but this has limited enforcement activities since OCM does not have power over illicit shops. Currently OCM must ask other authorities to intervene.
 - 1. Enforcement Divisions work with law enforcement and prosecutors to shut them down
 - 2. If you see an illicit shop, please file a report at: <u>complaints@ocm.ny.gov</u> OR <u>https://cannabis.ny.gov/report-an-incident</u>

- ii. OCM is currently working with the state and legislative branches to expand their powers. Currently, there are 279 cultivator licenses, 40 processor licenses, and 66 CAURDs.
- 6. Conditional Adult Use Dispensary (CAURD) Licenses
 - i. The NY bill is the most progressive cannabis bill in the country. No other state has gone as far as NYS
 - 1. Social and economic equity built into the MRTA
 - a. Currently, the industry in NJ is composed of 6 or 7 large corporations, NY learned that if the process doesn't start with equity, it is hard to do it on the back on the end

b. MRTA requires 50% social equity licenses for:

- i. Justice impacted individuals
 - 1. OCM map shows where cannabis arrests and stop and frisk happened via census maps. Individuals who can prove they lived in these communities during this time have priority.
- ii. Farmers who farmed hemp and farmers to demonstrated 3 years or distress
- iii. Minority and Women owned businesses
- c. 40% of taxes generated will be reinvested by the impacted communities which may choose to invest in reentry, parks, infrastructure, scholarships, medical debt, helping residents buy their apartments, etc.
 - The number was debated during the bill negotiation. Usually, revenue goes into the general fund. During MRTA, advocates made sure that profits go back into communities.
 - ii. Chief Equity Officer will do small biz development, low interest loans, strategy for licenses, law firms that can help small businesses.
 - iii. The Cannabis Advisory Board will allocate what is projected to be 400M/year in reinvestment projects.
- d. Centering Equity
 - i. MRTA included record expungement automatically cleared/removed cannabis convictions. Collateral consequences of cannabis convictions included people being kicked out of school, housing, jobs, etc., and is estimated to cost \$600k over the life of a person.
 - ii. Community reinvestment
 - iii. Equity in the market
- e. 60% remaining funds after justice reinvestment will be directed to:
 - i. $40\% \Rightarrow$ public schools
 - ii. $20\% \Rightarrow$ drug treatment and public education

- ii. Cannabis law was modeled off NYS liquor law and wineries and craft beer production.
 - 1. These laws support micro businesses for cannabis
 - 2. Sales and tourism money are part of the economic development strategy and are focused on geographically diverse benefits
 - 3. Social & Economic Equity (SEE) Update
 - a. NYS tracking back to 1976 working through the data to make sure they can expunge past arrests
 - i. 60% Black, 20% Hispanic
 - ii. Primarily occurred in South Bronx, East Brooklyn, Jamaica (Queens)
 - iii. Manhattan is the home of at least 300,000 of the 1.5M marijuana arrests
 - b. CAURD announce another 100 licensees
 - i. 67% are minority owned
 - ii. 47% are women owned (90% of people arrested were men)
- iii. 20 licensees in process that will be added next week. Some may be interested in UES. There are currently no OCM licensed CAURDs in UES.
- 2. Q&A (Summarized for brevity)
 - What is the makeup of the Cannabis Advisory Board? Do they include impacted people? (SIC)
 - Appointments are shared among Assembly, Senate, and Governor. One or two members are people who experienced arrests for cannabis, and others with relevant experience (public health experts in Buffalo, activists in Harlem)
 - Meeting information can be accessed here:
 - a. <u>https://cannabis.ny.gov/cannabis-advisory-board-meetings</u>
 - Guidance for Adult-Use Retail Dispensaries
 - a. https://cannabis.ny.gov/guidance-adult-use-retail-dispensaries-0
 - Social and Economic Equity: Fact Sheet
 - a. https://cannabis.ny.gov/social-and-economic-equity-fact-sheet
 - b. Español: <u>https://cannabis.ny.gov/social-and-economic-equity-fact-sheet-espanol</u>
 - Cannabis Compliance Training and Mentorship Program
 - a. <u>https://cannabis.ny.gov/cannabis-compliance-training-mentorship-program-0</u>
 - Department of Labor Workforce Development
 - a. https://dol.ny.gov/cannabis-workforce-development
 - How are people being reached who have been impacted? What if they think they can't afford to do this?
 - The External Affairs team is on a tour of NYCHA upstate and trying to reach these communities. It's important for us to acknowledge it's an expensive industry to get into. People need access to licenses and business support to operationalize those licenses. Don't want to set people up to

fail. There's a lot of training and outreach that will happen first. The process will get better and better over time. Not everyone Year 1. 3-5 years roll out.

- Recently met people who qualified for CAURD who said OCM was rejecting retail locations. How will OCM remove that obstacle for people waiting as part of this program?
 - The Dormitory Authority of New York (DASNY) is in charge of retail locations. They are trying to raise the money to establish all 150 dispensaries and have active lease negotiations to secure for the CAURD programs. There are some no fly zones when they are in active negotiation with the landlord because it could influence the price they are negotiating. The earliest license was in Dec 2022. Most have had 1-3 months, 6-12 months to open a dispensary.
- Medical cannabis is taxed will that change?
 - OCM is trying to repeal the medical cannabis tax because it's medicine and there is a need to prioritize production for medical marijuana program.
- Will people with marijuana convictions in other states qualify for the program?
 - NYS data goes back to 1978, that is how long cannabis arrests were made. There is currently a lawsuit in Brooklyn because an application, who is backed by larger corporation, is arguing that because of interstate commerce laws that NYS residents can't be prioritized over out of state residents. NYC was the Stop and Frisk/Marijuana arrest capital of the world - this dynamic was unique to NY. Other states paled in comparison to how cannabis arrests impacted NY. There are people who no longer live in NY who qualify.
- People are upset about retail establishments. If those owners (of illicit cannabis distribution shops) come to you, are they frowned upon more? What might come into play?
 - Yes. Last year, when these stores popped up, OCM sent cease and desist letters. If those stores did not shut down, they will be put on our list as not eligible for a license. You can file complaints about these illicit shops.
 - a. Suspected violations or complaints can be reported online at:
 - i. https://cannabis.ny.gov/report-an-incident
 - ii. Whenever possible please include the following information when submitting a complaint:
 - 1. Name of business
 - 2. Time of alleged illicit activity
 - 3. Location of alleged illicit activity
 - 4. Pictures of alleged illicit activity
 - 5. Indicate if there has been previous police contact (i.e., 911 calls)
 - 6. Proximity to sensitive use locations (e.g., school, house of worship)

- 7. Contact information of the person reporting the alleged illicit activity (i.e., phone number in case there are follow up questions).
- b. Illicit sales take money away from revenues for schools, impacted communities, public health initiatives
- When will the first disbursement happen?
 - The first disbursement will start next year. It will likely be below 10M in the first year, but hundreds of millions in the future.
- Are any other states asking NYS for model?
 - NY is the most progressive law, but MN is about to legalize cannabis in the same way we did. The legislature copied our law and made it 60% licensing goals. They will be the most equitable state in the country. Hawaii is also considering the NY model.
- Will you have ads about the impact of smoking?
 - Sanctioned cannabis products are provide in child safe packaging and will contain poison control, public health information on inhaling/consuming. OCM is also investing in public health programs on how to secure it and safe dosage information.
 - Adult-Use Packaging and Labeling
 - a. <u>https://cannabis.ny.gov/system/files/documents/2022/11/part-128-and-129-plma-regs-draft-revised-rules-11-21-22.pdf</u>
 - The benefits of the legal market is that the product is tested, you will know it's coming from NY, and the dosage will be calibrated.
- How will medicinal cannabis be offered?
 - Medicinal programs have pharmacists on staff and OCM will be broadcasting where these dispensaries are. This industry is more developed and medical providers are interested in becoming licensed.
- 3. Resources provided by the NYS Office of Cannabis Management
 - Conditional Licenses
 - Guidance for Adult-Use Retail Dispensaries
 - a. <u>https://cannabis.ny.gov/guidance-adult-use-retail-dispensaries-0</u>
 - Completing CAURD Post-Selection Application
 - a. http://www.cannabis.ny.gov/caurd-part-two-faq
 - Dispensary Location Verification
 - a. <u>https://cannabis.ny.gov/dispensary-location-verification</u>
 - CAURD Social Equity Investment Fund Program Frequently Asked Questions
 - a. <u>https://www.dasny.org/sites/default/files/inline-files/DASNY-SESC%20FAQs%201-5-2023%20FINAL_0.pdf</u>
 - CAURD FAQ
 - a. https://cannabis.ny.gov/caurd
 - CAURD Scoring Criteria and Selection Process
 - a. <u>https://cannabis.ny.gov/caurd-scoring-and-selection</u>

- Packaging and Labeling
 - Adult-Use Packaging and Labeling
 - a. <u>https://cannabis.ny.gov/system/files/documents/2022/11/part-128-and-129-plma-regs-draft-revised-rules-11-21-22.pdf</u>
 - Packaging and Labeling & Marketing and Advertising Guidance for Adult-Use Licensees
 - a. <u>https://cannabis.ny.gov/system/files/documents/2023/03/packaging</u> <u>labeling-and-marketingadvertising-guidance.pdf</u>
- Health Campaign
 - How To Read a Cannabis Label Fact Sheet
 - a. <u>https://cannabis.ny.gov/how-read-cannabis-label-fact-sheet</u>
 - What Parents, Mentors, and Trust Adults need to know about Cannabis (Multiple Languages Offered)
 - a. <u>https://cannabis.ny.gov/what-parents-mentors-and-trusted-adults-need-know-about-cannabis-fact-sheet</u>
 - Public Health and Safety: Fact Sheet
 - a. https://cannabis.ny.gov/public-health-and-safety-fact-sheet
 - b. Español: <u>https://cannabis.ny.gov/public-health-and-safety-fact-sheet-espanol</u>
 - Safe Storage Rack Card (English and Spanish)
 - a. <u>https://cannabis.ny.gov/safe-storage-rack-card</u>
 - Know Your Rights
 - a. <u>https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F</u>%2Fcannabis.ny.gov%2Fsystem%2Ffiles%2Fdocuments%2F2023%2F02%2Focm_knowyourrights_printable.pdf&data=05%7C01%7CAdam.Stojanovski%40ocm.ny.gov%7C554ff63e1ed6414d13bb 08db103cba98%7Cf46cb8ea79004d108ceb80e8c1c81ee7%7C0%7 C0%7C638121625232176696%7CUnknown%7CTWFpbGZsb3d8 eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haW wiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=qr%2B% 2BgPQYSJzbSKa311IJGb6I3hrudQ3Ag3%2BEQJ7Mvg0%3D&reserved=0
 - Annual Report
 - a. https://cannabis.ny.gov/reports
- 3. Old Business None
- 4. New Business None

This meeting was adjourned at 7:50 pm



Cannabis Conversations

An Overview from the Office of Cannabis Management (OCM)

March 27, 2023

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

- 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



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

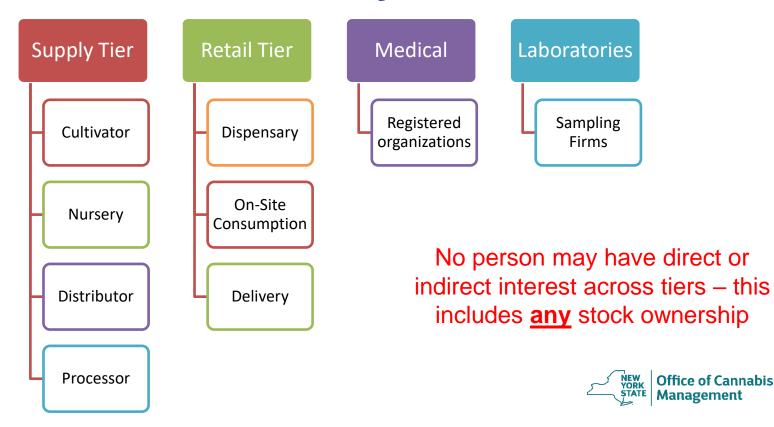
Adult-Use Cooperative Democratically controlled. Can cultivate, process, distribute. Cannot sell directly to consumer

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





Role of Community Boards



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

- Per Cannabis Law, municipalities and Communities Boards 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 Community Boards 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-used 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 nonselection 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, reucration or non nonwal of the CAUDD 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 <u>regulations@ocm.ny.gov</u>. or sent via mail to:

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



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.















NEW YORK STATE Management

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

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)



Conditional Adult-Use Licenses



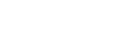
Adult-Use Licenses

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.



Office of Cannabis Management

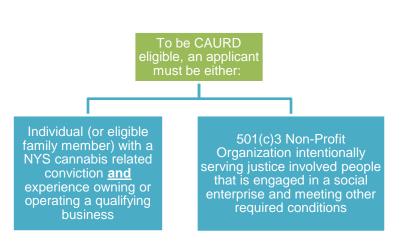
Conditional Licenses

<u>Adult-use Conditional Cultivator</u> – 279 with additional applications under review

<u>Adult-use Conditional Processors</u> – 40 with additional applications under review

<u>Conditional Adult-use Retail Dispensaries</u> (CAURD) - 66 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.





Centering Equity in NYS Cannabis



Making sure NYS does the right thing...

- Social and Economic Equity built into the MRTA
 - Required 50% social equity licenses

Chief Equity Officer & OCM Equity Team

- Economic Development
- Small Business Development

Cannabis Advisory Board

- 13 members from across the state
- Advise, guidance, and support





NYS Cannabis Law Centers Equity

Supporting people and communities most impacted by cannabis prohibition in building businesses Record Expungement

Equity in the Market Community Reinvestment Automatically clears/removes cannabis convictions

Put the money NYS makes from cannabis tax back into communities that were hurt by over policing



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





nys cannabis

Social & Economic Equity Update

Summary Recommendations: Market access, licensing, incubators, technical training, workforce development

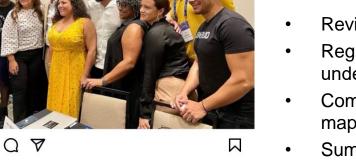
Office of Cannabis Management

302 likes nys_cannabis Equity is the truth in action.

Thank you, @somos inc for having us to discuss how the work we do to heal past harms and eliminate hurdles can impact our communities in the future.

SEE Plan: Being developed through extensive outreach and engagement with stakeholders. Comprehensive and adaptable programmatic and operational roadmap for navigating the constantly evolving legal landscape of cannabis.

- Review of Nationwide Cannabis Social Equity Initiatives
- Registered Organization (RO) Expansion: Defining "unserved and underserved areas of the state"
- Communities Disproportionately Impacted (CDI): Methodology and mapping



...

Social & Economic Equity Update

- **Communities Disproportionately Impacted (CDI):** To date, the SEE Team has successfully matched approximately 90% of 1.2 million individual arrest records with a physical location, starting from an initial match rate of approximately 60%.
- Cannabis Compliance Training & Mentorship (CCTM):
 - 66% of CCTM participants would be considered either historically underrepresented in farm ownership and/or SEE applicants per Section 87 of the Cannabis Law.
- **CAURD (2nd Round):** 67% would be considered minority-owned businesses and 14% would be considered women-owned businesses. Additionally, 77% of those license recipients lived within census districts consisting of the lowest median household incomes in the country.





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- Sign up for OCM Email Updates at: <u>cannabis.ny.gov</u>
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