



**Office of Cannabis
Management**

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

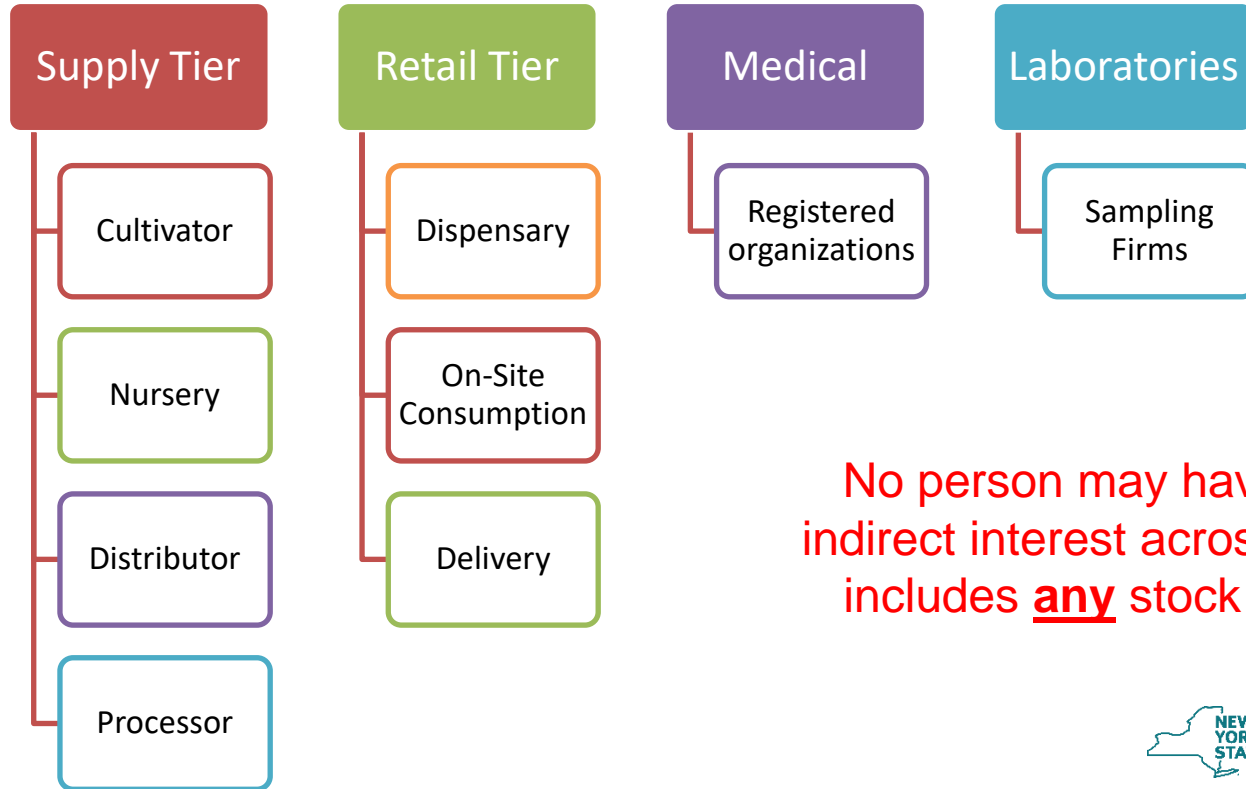
Adult-Use Cooperative
Democratically controlled. Can cultivate, process, distribute. Cannot sell directly to consumer

Microbusiness

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



What does a tiered system look like?



No person may have direct or indirect interest across tiers – this includes **any** stock ownership



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-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



Office of Cannabis
Management

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)



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.



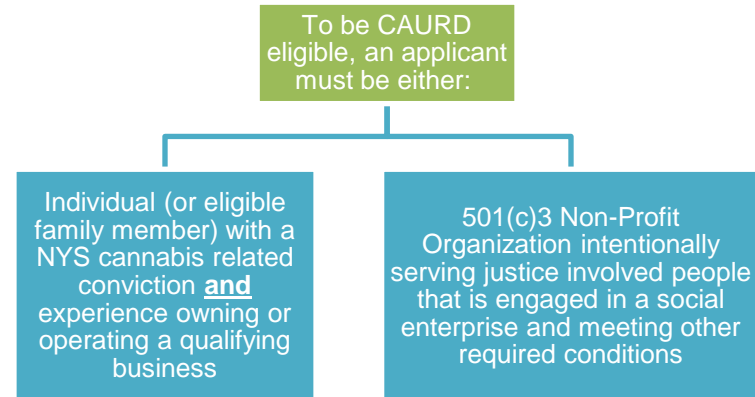
Conditional Licenses

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) – 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

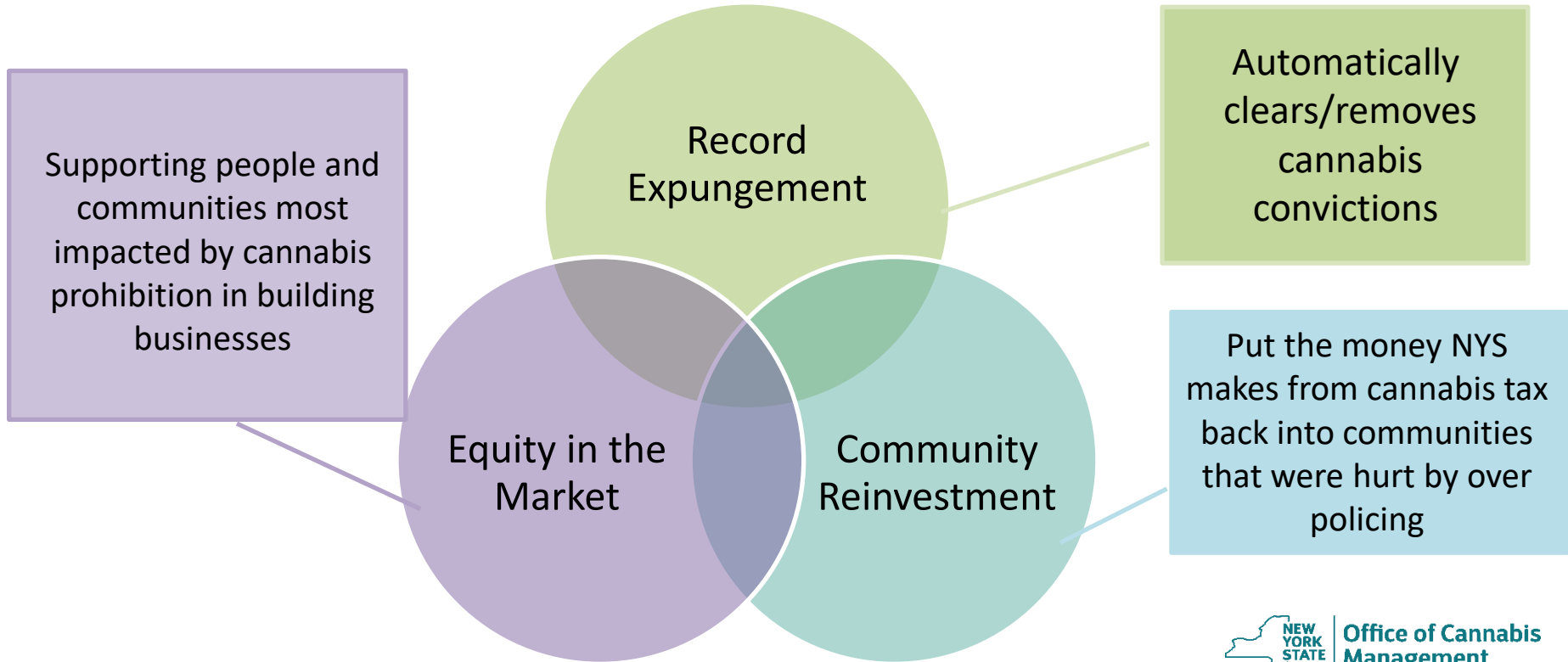


Making sure NYS does the right thing...

- **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

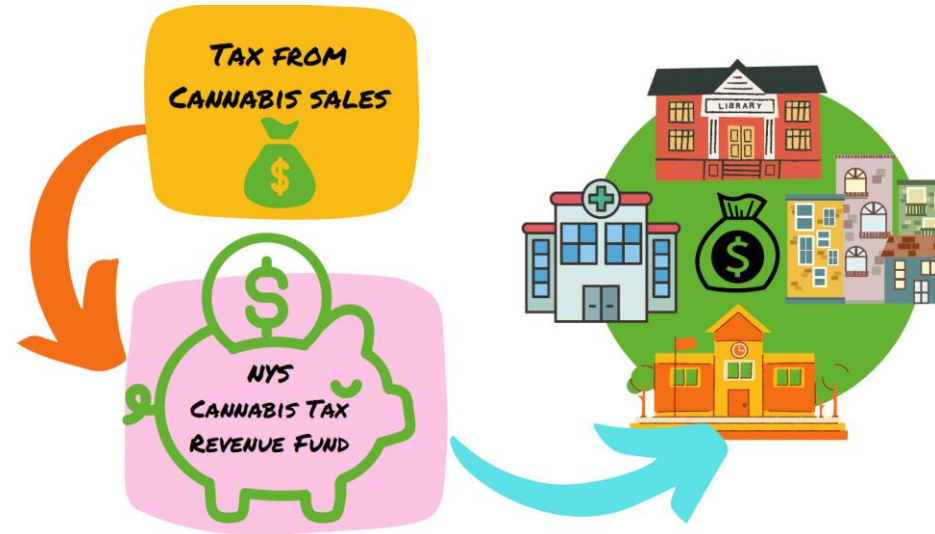


NYS Cannabis Law Centers Equity



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



Social & Economic Equity Update



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

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.



Stay Connected to OCM

- Sign up for OCM Email Updates at:
cannabis.ny.gov
- Follow OCM on Social Media @nys_cannabis
 - Twitter
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