



NEW YORK STATE SENATOR

Jeremy A. Cooney

Senator Cooney Introduces Comprehensive Legislation To Address Urgent Issues In New York's Cannabis Programs

JEREMY A. COONEY May 17, 2023

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(ALBANY, NY)– Today, **NYS Senator Jeremy Cooney (D-Rochester)**, Chair of the Senate Subcommittee on Cannabis, in collaboration with a diverse coalition of industry and community stakeholder groups, introduced the *Cannabis Adult-Use Transition Act “CAUTA” (S.7045)*. – a measure designed to ensure New York has a smooth transition to a fully operational, safe, economically viable, and equitable cannabis market.

The recently approved state budget did not completely address urgent issues facing New York's adult-use and medical cannabis programs. Senator Cooney's legislation will bolster and promote the long-term stability of the emerging adult-use and struggling medical cannabis markets, so these industries can realize the ambitious and important social equity assurances outlined in the 2021 legalization bill, the Marijuana Regulation and Taxation Act (MRTA).

With this new comprehensive bill, Senator Cooney has convened stakeholders from across New York's cannabis community – including farmers, organized labor, medical operators, patients, processors, ancillary services, and Conditional Adult-Use Retail Dispensaries (CAURD) applicants. This group collaborated to identify the most pressing issues currently facing the cannabis industry, which have the potential to turn into significant threats, if not addressed before the end of the current legislative session.

The wide-ranging coalition that has coalesced in support of this bill reflects the practicality and urgency of the problems it seeks to address, including:

Cultivators cannot afford to process cannabis, due to limited processing capacity.

Conditional cultivators and processors are struggling with limited retail outlets (dispensaries).

CAURD licensees and applicants are having challenges accessing capital, locations, and the resources necessary to become operational.

Registered medical organizations and patients are facing a diminishing medical cannabis market.

All licensees and aspiring licensees continue to face a booming illicit market, which the recently enacted enforcement efforts in the state budget will help, but additional measures are necessary during the transition to a fully operational legal market.

As a result of these and other challenges, New York's cannabis industries are losing value and jobs and patients are being left behind. Importantly, state tax revenue, intended to fund social equity programs that benefit communities disproportionately impacted by the failed War on Drugs, is being left on the table—all while the illicit market is booming.

The CAUTA will address these issues by:

Expanding the Cannabis Advisory Board to include new seats for key stakeholders such as retailers, patients, service-disabled veterans, and supply tier representation.

Clarify the transition of medical operators into the adult-use market, which will bring in much needed funding for the Social and Economic Equity programs and stabilize the diminishing medical cannabis market.

Extend the authority of conditional cultivators and processors for one year.

Codify the CAURD licenses and equip them with the transparency, access to capital, and administrative support needed to become operational as quickly as possible.

Create a competitive adult-use market that will increase state revenue to reinvest in communities disproportionately impacted by the failed War on Drugs and help convert consumers from the illicit to the regulated market.

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*It is no secret that New York has faced bumps in the road to a fully-functioning adult use and medical cannabis sectors,” said **Senator Jeremy Cooney**. “From a thriving illicit market, limited processing capacity, to a lack of capital access for social equity retailers—the entire supply chain is struggling. CAUTA takes much needed steps to stabilize the legal market, create pathways for licensees and applicants, while also building a framework to protect consumers and patients alike.”*

“With the passage of the Marijuana Regulation & Taxation Act, New York set the standard for what equity in the cannabis industry can and should be, with so much potential on the horizon as the market begins to open,” said **Joseph Fontano**, *Secretary-Treasurer of Local 338 RWDSU/UFCW*. “As the union that represents New York’s cannabis workers, we applaud the leadership of Senator Cooney in putting forward a reasonable stopgap measure to ensure the long-term sustainability of the hundreds of conditional adult-use licensees and the medical cannabis industry as the State works on rolling out the full program. Creating a new industry really only happens once in a generation, and it’s critical that all stakeholders – from business owners to workers to policy makers to community organizations – come together to ensure we are living up to the intent of the MRTA.”

“New York’s cannabis regulators have repeatedly over promised and under delivered – especially for farmers in the struggling agricultural sector. We had great hopes that our livelihoods would be preserved, and our families sustained for years to come, through the ability to participate in what by all accounts should be a thriving and prosperous adult-use market,” said **Joshua Prior**, *Farmer at Beforeland Farms*. “Due to a series of ever-changing and confusing rules and requirements, we – and other distressed farmers across the state – are now stuck with thousands of pounds of quickly deteriorating product with no place to sell it. I thank Senator Cooney for recognizing the breadth of the challenges faced by stakeholders

across New York's cannabis community and look forward to working with him and our industry partners to make this bill a reality."

"The passage of the MRTA laid the groundwork for New York to become home to the most equitable adult-use cannabis industry in the country," said **Bryan Murray**, *Chair of the New York Medical Cannabis Industry Association (NYMCIA)*. "In the two years since the first legal dispensary opened, however, the rollout of the market has failed to live up to its considerable potential."

"The result is a medical cannabis program that is hemorrhaging patients, and an adult-use market overrun with illicit cannabis that has set up social equity licensees to fail," Murray continued. "Thankfully, Senator Cooney has stepped up to provide a solution in the near term. The Cannabis Adult-Use Transition Act is a critical step toward getting New York's adult-use and medical cannabis programs back on track so consumers can access safe, well-regulated products and the social equity programs will get the long-awaited funding they're entitled to under the law."

"New York paved the way for the most equitable, expansive adult use cannabis program in the country with the signing of the MRTA in 2021," said **John Vavalo**, *Founder of the Association of New York Cannabis Processors*. "Unfortunately, in the years since this historic event, the program has come up short. While we wait for legal retail spaces to open, the licensed processors

are on the verge of collapse - a position that we know other license types are in as well. We need real relief, and we need it now."

"The leadership that Senator Cooney is showing in his introduction of the CAUTA provides just that," Mr. Vavalo continued. "We applaud the recognition that action can be taken to

support and save all licensees, together, showing that what is good for one of us is good for all of us. By opening up a limited number of Registered Organization retail shelves to AUCP product, we are ensuring that we can work with small New York farms to provide safe, tested, and high-quality cannabis to consumers across the state. We look forward to working together with all stakeholders in this space to realize the vision and promise of the MRTA as we move forward.”

"I want to express my sincere gratitude to Senator Cooney for his unwavering support in advocating for the inclusion of CAURD in the MRTA and the inclusion of retailers on the cannabis advisory board," said **Britni Tantalo**, *CEO of New York CAURD Coalition*. "Additionally we're extremely grateful for the immediate access to low interest loans, grants and for his efforts to implement state financial law to offset tax obligations for CAURD licensees".

"The Harvest NY Team from Cornell Cooperative Extension, along with other experts on the Controlled Environment Agriculture from Cornell University, support the use and advancement of aquaculture/aquaponics and have been working with local partners to advance the technology," said **Daniela Vergara**, *PhD, Emerging Crops Specialist at Harvest New York*.

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