



EMPOWERING NY PROCESSORS

**Association of New York Cannabis Processors
Economic Development Joint Budget Hearing
February 26, 2025**

**Testimony By John Vavalo
President, ANYCP**

Thank you, Chairs Krueger, Pretlow, Ryan, Stirpe, and Members of the New York State Senate and Assembly. My name is John Vavalo. In addition to my role as the President of the Association of New York Cannabis Processors, and the founder and CEO of Central Processors NY, where we employ sixty workers in our facilities in Syracuse. We are proud to be the the only unionized processor and cultivator in the adult use market.

ANYCP would like to echo our industry partners in thanking the Legislature for swiftly repealing the potency tax last year, and to address the proliferation of illicit stores in a meaningful way. The work that has been done in this program since the first adult use sale in 2022 has oftentimes been challenging, but we are glad to see progress in the right direction.

We would be remiss if we did not highlight one specific positive development, which is the launch of the Trade Practices Bureau in the Office of Cannabis Management (OCM). Make no mistake, as someone that speaks with both farmers and processors daily, my members and I are all too aware of the harm done to these licensees. Many of them have product from 2023 that they are still sitting on, yet we are told the market has made over a billion dollars now. It is abundantly clear to our fellow licensees that staggering amounts of product are being inverted into New York State and onto our legal shelves.

The dangers of this inversion are numerous, affecting safety and testing standards and putting both supply and retail licensees at risk of bankruptcy in the adult use market. We applaud the creation of this Bureau because it is clear the OCM is taking this problem seriously, and we look forward to the market being stabilized through their efforts.

It is no secret that the industry overall has had a tumultuous rollout, but through that hardship and difficulty, we have found support among our fellow licensees, and through our champions in

the State. It is with these allies that we're advocating for the following asks in the enacted budget this year, which will help the whole industry to grow and thrive:

Manufacturer Tax Credit: Though the potency tax was repealed, many of our members operated in the first year of the adult use market and were punished with a tax rate exceeding 20%. Our ask is the creation of tax credit, applicable to the 25-35 operational processors through the conditional program that were on at least one shelf in 2023 and have filed with the Department of Tax and Finance. This tax credit, tied to the potency tax that a processor would have incurred in the first full year of adult use sales and capped at \$400,000 per licensee, would be a literal lifeline.

The ability of our members to climb out of the hole created by the potency tax would allow them to invest in their businesses, their workforces, and their communities. As it stands now, many are drowning in debt and are being preyed upon by unscrupulous out-of-state actors, offering predatory terms that will kill their businesses. We believe the New York cannabis market should be run by New York operators, and ensuring the long term viability of these businesses is the best way to achieve just that.

Support for Cultivation and Retail: Beyond our own ask, we are supportive of the efforts of our friends in cultivation and retail. The farmers need canopy expansion, and they need it now. As Trade Practices clears up the rampant product inversion, we need to ensure that the cultivators that have been left behind will be able to fill that void. Giving them increased canopy will result in just that, and will begin to make them whole. In that vein, many of our retailers were promised a true equity fund early on. We are supportive of this fund being established, implemented, and distributed out, so our dispensaries will be able to get a foothold in this rapidly expanding and changing market.

Cannabis in New York has largely been dominated by scandal and negative news these last few years. We believe things are moving in the right direction, and we applaud that. Thank you for this opportunity to show our unified efforts and asks, and we look forward to working together to attain the full vision of what the MRTA set out to accomplish.