

A professional portrait of Stephen J. Acquario, a middle-aged man with a balding head, smiling warmly. He is wearing a blue checkered suit jacket, a white dress shirt, and a red tie with a small white dot pattern. He is standing outdoors, leaning against a light-colored stone pillar on the right side of the frame. The background is a soft-focus green, suggesting foliage.

Stephen J. Acquario
Executive Director
NYSAC

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PKF O'Connor Davies provides cannabis program administrative services to local government to assist in the oversight of activities in your jurisdiction. They review the application of those entities who wish to participate in the cannabis marketplace so community input is effective.



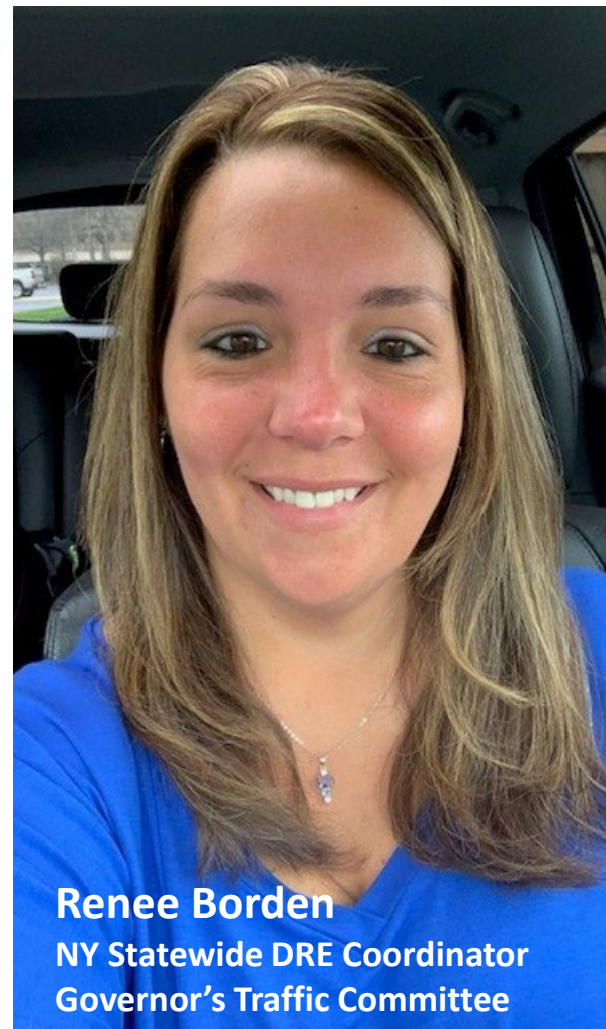
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Renee Borden
NY Statewide DRE Coordinator
Governor's Traffic Committee

New York State Marijuana Regulation & Taxation Act Overview

May 17, 2021



Axel Bernabe

Assistant Counsel

Governor Andrew M. Cuomo

Legal/Policy Deliberations

Health Portfolio

Establish the Cannabis Control Board

- New consolidated law: with a comprehensive regulatory framework governing medical, adult-use & cannabinoid hemp
- Cannabis Control Board: 5-member board, 3 appointed by the Governor including the chairperson, 1 appointment for each house. Board charged with authority to implement the law including:
 - Market decisions (number of licenses, application periods, etc)
 - Issuing final licensure
 - Approval of social and economic equity plan
 - Final decisions of any appeals
 - Promulgating rules and regulations
- Executive Director: Appointed by the Governor with advice and consent of Senate.

Establish the Office of Cannabis Management (OCM)

- Two Deputies named in statute: Chief Equity Officer and Deputy Director of Public Health and Safety (healthcare professional)
 - Chief Equity Officer – Confirmed by a vote of four Board members. Tasked with tracking the development and implementation of the OCM social and economic equity plan
- Cannabis Advisory Board: 13 voting members, 7 appointed by the Exec., 3 from each House. Agencies as ex-officio. Two major functions:
 - Providing recommendations to the Cannabis Control Board
 - Administering and governing the distribution of social equity and community reinvestment grants (40% of cannabis tax revenue)
- OCM: Independent office located within the State Liquor Authority, with primary office in Albany, satellite offices in New York City and Buffalo

Article 4: Adult-Use Cannabis

- Two-tier market structure: similar to alcohol model, producers cannot own retail – limited licenses and supply management to control market roll-out. (protects market from monopolistic competition)
- License types: cultivator, processor, distributor, nursery, cooperative, microbusiness, retail dispensary, on-site consumption, & delivery.
- License awards: Applicants must demonstrate labor peace agreement, ability to contribute to communities harmed by WOD, environmental impact of facility, history of compliance, social equity applicants, etc.
- Quality control, public health and consumer protections: lab testing, packaging, labeling, marketing and advertising restrictions and requirements

Article 4: Adult-Use Cannabis

- Social and economic equity program: to encourage individuals disproportionately impacted by cannabis enforcement to participate in the industry.
 - Social equity applicants defined as members from disproportionately impacted communities, low income and having been convicted or had a family member convicted of a marijuana-related offense
 - Social equity applicants also include minority and women owned businesses, serviced-disabled veteran-owned businesses and distressed farmers
 - Goal of awarding 50% of all licenses to social and economic equity applicants
 - Program establishes businesses development incubator program to provide direct support to applicants in the form of counseling services, education, small business coaching and financial planning, and compliance assistance.
 - All non-equity licensees are required as part of the application process, to develop and implement a social responsibility framework to contribute to equity goals

Adult-Use Cannabis Taxation

- FY 2022 proposes a new cannabis tax structure from previous years
- Weight-based tax replaced with a THC per mg tax with different rates depending on final product type:
 - \$.03 per mg THC edible, \$.008 per mg THC concentrate and \$.005 per mg THC cannabis flower.
 - Different rates for different products because THC mg consumed via ingestion (edibles) is metabolized differently than cannabis consumed in other forms on a per mg basis (e.g., smoking or vaping)
 - THC tax can help push consumers to lower potency products by making high potency products more expensive, helping achieve public health goals
- Retail level 9% state excise
- Local excise tax rate at 4% retail price. (25% to county, 75% to city/town/village)
Villages within towns may establish their own revenue distribution agreements.

Adult-use Cannabis Tax Revenue

- Revenue distribution: all cannabis taxes deposited in the New York state cannabis revenue fund.
- First, revenue covers reasonable costs to administer the program and implement the law, including costs to the OCM, state police for DRE and police training, and costs related to implementing incubators and business development for social and economic equity applicants.
- 40% to Education
- 40% to Community Grants Reinvestment Fund
 - To issue grants to non-profit and community-based organizations in communities disproportionately impacted by prohibition, and other social equity initiatives.
- 20% to Drug Treatment and Public Education Fund
 - To develop and implement statewide public education campaigns and provide substance use disorder treatment programs for youth and adults

Economic Impact of Legalization

- Development of new industry has potential to create significant economic opportunities for the state
- Tax collections projected to reach \$350 million annually
- Number of licenses:
 - Limited number of retail locations; cultivators and processors (split between large and “craft”), limited number of vertically integrated medical operators
 - Rockefeller Institute report projects 30,000-60,000 potential jobs
 - Early license revenue from existing medical marijuana operators to help fund social equity initiatives (incubators) and upfront costs of the office.

Municipal Opt-out

- Cities, towns, and villages may opt-out of allowing adult-use retail dispensaries or on-site consumption licenses by passing a local law by December 31, 2021 or nine months after the effective date of the legislation.
 - Municipalities cannot opt-out of adult-use legalization. Cannabis possession and use by adults 21 years of age or older in accordance with the law is legal in New York State.
 - If a municipality does not opt-out by December 31, 2021, the municipality will be unable to opt-out at a future date but can opt back in at any time.
- Municipalities may choose to opt-out of both retail and on-site consumption adult-use licenses or just one type of license (cannot opt-out of other AU license types)
- All local laws passed by municipalities opting out of AU dispensaries and on-site consumption licenses are subject to a permissive referendum in accordance with the Municipal Home Rule Law.

Adult-Use Cannabis & Local Control

- Except for opt-out, all municipalities including counties, are preempted from adopting any law, rule, ordinance, regulation, or prohibition pertaining to the operation or licensure of adult-use, medical or cannabinoid hemp licenses.
- However, towns, cities and villages are permitted to pass local laws and regulations governing the time, place and manner of adult-use retail dispensaries and on-site consumption licenses provided that the local law and regulations do not make the operation of the license *unreasonably impracticable* as determined by the Cannabis Control Board.
- For example, cities, towns, and villages are permitted to pass laws and regulations pertaining to local zoning and the location of licensees, hours of operations and adherence to local building codes.
- Municipalities may not issue local licenses to cannabis licensees.

Traffic Safety

- DOH to work with higher education research institutions to conduct a controlled research study designed to evaluate methodologies and technologies for the detection of cannabis-impaired driving.
 - After completion of the study DOH may promulgate regulations to approve a test for the presence of cannabis for the purpose of detecting indications of an actual and currently present impairing effect on the physical and cognitive abilities of operators of motor vehicles
- MRTA directs a portion of the tax revenue to increase the number of trained drug recognition experts (DREs) and provides increased drug recognition awareness and Advanced Roadside Impaired Driver Enforcement training under its drug recognition program.
- Adds cannabis to the open container law (VTL 1227)
- Adds cannabis to the definition of drug S.114-a. Drug in VTL.

Personal Possession & Home Cultivation

- Personal possession: 3 ounces cannabis and 24 grams of cannabis concentrate
- Home grow:
 - 3 mature plants and 3 immature plants for adults over 21
 - 6 mature plants and 6 immature plants max per households (12 total)
 - Home grow is subject to the rules and regulations of the board.
- Medical home grow: 6 months from the effective date of the article the board shall issue regulations allowing home grow
- Adult-use home grow: 18 months from the first retail sale of AU cannabis, the board shall issue regulations governing home grow
- Not allowed to process or use volatile solvents to process cannabis at home

Criminal Justice and Record Expungement

- Cannabis penalty framework restructured to avoid the criminalization seen in prohibition. Reduced penalties for possession and sale.
- Possession: over 3 ounces to 1 pound = violation \$125 fine, over 1 pound = misdemeanor, over 5 pounds = class E felony
- Sale: any sale = violation \$250 fine, over 3 ounces or to someone under 21 = misdemeanor, over 1 pound = class E felony
- Legislation creates automatic expungement or resentencing for anyone with a previous marijuana conviction that would now be legal under the law. (Builds upon the 2019 decrim bill)
- Adds cannabis to the clean indoor air act which establishes a baseline on where cannabis can be smoked or vaped
 - Municipalities and local governments are permitted to make laws that are more restrictive than the CIAA

Protections for the Use of Cannabis & Workplace Safety

- Unlawful discrimination prohibited
 - No school or landlord may refuse to enroll or lease to a person for conduct allowed under this chapter
 - Protections for certified medical patients
 - Protections for parolees
 - Protections for custody, visitation or parenting time with a minor
- Workplace Safety
 - Mirror labor law 201-d, which lays out a framework for employer policies on substance use
 - Prohibits employers from discriminating against employees for the use of cannabis outside of work. (does not permit impairment during work hours)
 - Employers may still implement policies prohibiting cannabis use for select exceptions, including if it would cause an employer to commit any act that would cause the employer to be in violation of federal law or that would result in the loss of a federal contract or federal funding.

Public Health and Education Campaign

- Office to establish a robust Public Health and Education campaign:
 - Implementation and evaluation of evidence-based prevention and education programs that deformalize cannabis use among youth
 - Developing and implementing standards for regulating characteristics of legal cannabis products that may appeal to children and youth (e.g., flavors, shapes, forms, names)
 - Restricting advertising and promotion of commercial cannabis products in the broader community, particularly in venues and locations frequented by youth
 - Safeguarding pregnant and breastfeeding women through education about the potential harms related to cannabis use
- Regional Cooperation: with neighboring states and associations to coordinate actions and policies to protect public health and safety



Renee Borden

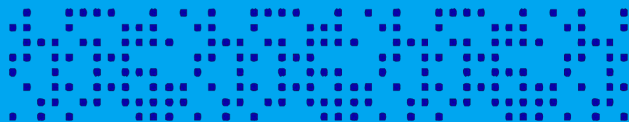
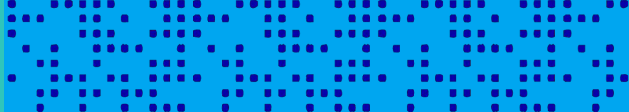
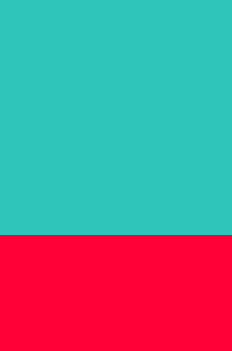
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DRE Coordinator

Governor's Traffic Safety Committee

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How to build safe delivery
and promote social equity



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Senior Mgr. Government
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About Eaze



eaze



How Eaze works

- **Scaling local brands**
- **Creating jobs**
- **Elevating social equity partners**
- **Educating consumers**
- **Building a sustainable industry**





Delivery matters

- Meet customers where they are, as a safe alternative to illicit sales
- Tax revenues and W2 job creation
- Community control





Trust and safety

- Age & ID verification
- Driver background checks
- GPS tracking
- Dynamic manifest
- Full time Trust and Safety team



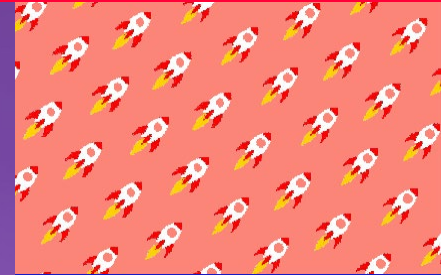
Social impact

- Social equity menu
- Partners program
- Licensing partnerships
- Momentum business accelerator program



Thank you

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Q & A

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