

# **CANNABIS CONTROL BOARD APPROVES FIRST CONDITIONAL ADULT USE RETAIL DISPENSARY LICENSES**

*NYS Cannabis Control Board Approves 28 Licenses for Business Owners with a Cannabis Conviction or a Family Member with a Cannabis Conviction, 8 Approved for Nonprofit Organizations*

*Board Also Approved Adult Use Program Regulations that Establish Rules for a Safer, Equitable, Consumer-Driven Market Focused on Small Businesses*

*Regulations Advance to 60-Day Public Comment Period*

The New York State Cannabis Control Board today approved the first Conditional Adult-Use Retail Dispensary Licenses. The Conditional Adult-Use Retail Dispensary (CAURD) license is a central pillar of the New York State [Seeding Opportunity Initiative](#). Through the Initiative, New York's first legal adult-use retail dispensaries will be operated by those most impacted by the enforcement of the prohibition of cannabis or nonprofit organizations whose services include support for the formerly incarcerated. These dispensaries will be making the first legal adult-use sales with cannabis products grown by New York Farmers.

The Office of Cannabis Management received over 900 applications for CAURD licenses. At today's meeting, the Board approved 36 provisional licensees, including 28 qualifying individuals and 8 nonprofit CAURD applicants. At least one CAURD license was granted in each available region of the state.

The awarding of these CAURD licenses represent the completion of New York's initial cannabis market supply chain as designed by the Seeding Opportunity Initiative, [introduced by Governor Kathy Hochul in March 2022](#).

As part of the Seeding Opportunity Initiative, individuals who are awarded CAURD licenses will receive support from the Social Equity Cannabis Investment Fund. Up to 175 licenses will be granted in total: as many as 150 to individual applicants and up to 25 to nonprofit applicants. Going forward, licenses applications will be sent to the Board for its consideration on a rolling basis.

To be eligible, applicants were required to either have had a cannabis conviction themselves, or be the family member of someone who has, and have owned a profitable business. Nonprofits were eligible if they had a history of serving current or formerly incarcerated individuals, including creating vocational opportunities for them; have at least one justice involved board

member; at least five full time employees; and have operated a social enterprise that had net assets or profit for at least two years.

Over the last 30 years, Black New Yorkers were 15 times more likely to be arrested for cannabis than white New Yorkers. For Latinos, it was eight times more likely. Accordingly, the majority of the license awardees announced today are people of color.

“Today is a monumental day for New York’s nascent cannabis industry. With the first adult-use retail dispensary licenses in the hands of businesses and eligible nonprofits, we’ve ensured the first sales will be made at dispensaries operated by those impacted by the unjust enforcement of cannabis prohibition,” said **Tremaine Wright, Chair of the Cannabis Control Board**. “This is just the start, we will continue to work to build an industry that is open to anyone who wants to participate. Many thanks to Governor Kathy Hochul and her unwavering support as we all work to make sure New York has the most equitable and inclusive cannabis industry in the nation.”

“I’m thrilled that we’ve approved the first adult-use retail licenses as part of the *Seeding Opportunity Initiative*, which sets our industry off on the right foot – with equity, justice, and sustainability at the forefront,” said **Jen Metzger, Cannabis Control Board Member**. “These entrepreneurs will be selling sun-grown cannabis cultivated with a minimal carbon footprint, and we must continue to ensure that New York’s industry remains on an equitable and climate-conscious path well into the future.”

“Collectively, we’ve been working tirelessly to support entrepreneurs who have been impacted by the disproportionate enforcement of cannabis prohibition,” said **Reuben McDaniel, III, Cannabis Control Board Member**. “The awarding of CAURD licenses today has catapulted us towards that goal and will keep us moving steadfastly in opening the most equitable and inclusive cannabis market in the country.”

“With the release of today’s regulations, we are setting in place the supply chain for the adult-use market and bringing to fruition the vision and goals of our state’s Cannabis Law. In so doing, we are creating an inclusive, equitable market that protects workers and offers pathways to union careers,” said **Jessica Garcia, Cannabis Control Board Member**. “I look forward to hearing from the public as we work to fine tune the regulations and create opportunities for all New Yorkers in this exciting new industry.”

“This is the sprouting of seeds planted through the hard work of Majority Leader Peoples-Stokes and Senator Kruger who sponsored the original legislation which was nurtured by the support and leadership of Governor Hochul” said **Adam Perry, Cannabis Control Board Member**. “Their thoughtful framework and fidelity to fairness has allowed us to achieve in reality the ideal of equity in the implementation of the cannabis law. We have a lot of challenges ahead and will always strive to serve New Yorkers by doing things faster, better, and more efficiently”

“Today marks another huge win for so many advocates who fought for years to end cannabis prohibition in New York State. Last year we ended prohibition, and now we’re making sure those harmed by prohibition are launching New York’s market,” said **Office of Cannabis**

**Management Executive Director Chris Alexander.** “Now we’ll keep our foot on the pedal and do all that we can to ensure that these businesses and those that follow are successful.”

"The announcement of the awardees of the first round of Conditional Adult Use Retail Dispensary licenses presents an exciting opportunity for many people most harmed by New York's historical inequitable enforcement of cannabis laws," said **Assembly Majority Leader Crystal Peoples-Stokes**. "I commend Governor Hochul, the Cannabis Control Board, and the Office of Cannabis Management for taking steps to implement the social equity vision of the Marijuana Regulation and Taxation Act properly and look forward to continuing to ensure that New York's cannabis industry is as fair, inclusive, safe, and robust as possible."

“The approval of these licenses is a critical step toward achieving the goals of the Marijuana Regulation and Taxation Act,” said **Senator Liz Krueger**. “By providing a route for participation in the legal cannabis market for those most impacted by New York's failed drug war, OCM is demonstrating that New York is committed to a truly equitable rollout of the adult use cannabis program, and at the same time providing a clear path to success for these new businesses. I congratulate the staff at OCM on their tireless work to get us to this point, and look forward to continuing to work with them to keep the focus on equity and redressing the damage done by the drug war as the program continues to grow.”

### *Cannabis Control Board Also Voted to Advance Adult-Use Cannabis Regulations Package to Public Comment*

The regulations, a comprehensive adult-use regulation package, outline the rules licensees must follow when conducting cannabis operations in New York State. The regulations are designed to promote public health and safety, establish an equitable, consumer-driven adult-use [cannabis](#) market and build on the initial program regulations advanced earlier this spring. Collectively, the regulations establish a market architecture where independent, small business can thrive.

The regulations create a framework grounded in cannabis public health best practices, including keeping cannabis products out of the hands of youth, establishing product quality and safety guidelines, outlining employee training standards, and defining business security requirements to protect public safety. These regulations will also incentivize sustainable craft cannabis operations that protect against harmful energy intensive or wasteful practices.

#### **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 will be filed for a 60-day public comment period. Comments can be filed by emailing [regulations@ocm.ny.gov](mailto:regulations@ocm.ny.gov).

New York is building the most accessible and inclusive cannabis market in the world, and these regulations will help ensure this industry offers a chance for independent operators to succeed. Central to this success is New York's consumer-focused two-tiered market structure established by the state's cannabis law, the Marijuana Regulation and Taxation Act.

The structure, similar to the structure of the alcohol industry in New York, separates supply (cultivation, processing, distribution) from retail. The regulations include prohibitions on individuals having an interest in businesses across tiers. Essentially, if you operate or invest in a business on the supply side, you cannot also hold any interest in a retail business. This key principle of the law creates opportunity, opens up the market, and will help establish a diverse and equitable industry. To learn more about these tiers and proposed license types, [view this release](#) shared by the Office of Cannabis Management on Thursday, November 17.

The regulations also outline criteria for identifying social and economic equity market participants and detail targeted opportunities for minority and women-owned businesses, service-disabled veteran-owned businesses, and distressed farmers as well as individuals from communities that were disproportionately impacted by the disproportionate enforcement of cannabis prohibition.

New York's Cannabis Law prioritizes Social & Economic Equity by supporting the following (5) Social & Economic Groups (SEE Groups):

- Individuals from a community disproportionately impacted (CDI) by the enforcement of cannabis prohibition
- Minority-owned businesses
- Women-owned businesses
- Distressed farmers
- Service-disabled veterans

“Today we make history by awarding the first Conditional Adult-Use Cannabis Dispensary licenses to those most harmed by the disproportionate enforcement of cannabis prohibition – a testament to the work done by generations of community organizers, activists, returning citizens and public defenders.” said **Damian Fagon, Chief Equity Officer for the Office of Cannabis Management**. “As we have seen in legal markets across this country, access alone doesn't cut it. The tiered market enshrined in the Cannabis Law, and further clarified in today's regulatory package, accounts for the numerous ways in which predatory capital and extractive arrangements have often exploited, tokenized, and bankrupted equity operators across this country. In the absence of strong antitrust provisions, a legal marketplace will inevitably reflect legacy disparities across wealth, race, and privilege. A fair, competitive, and consumer-driven marketplace, grounded in principles of restorative justice, will not only produce broad economic prosperity across the state, but ensure the resilient entrepreneurs announced today get a real shot in this emerging industry.”

*Cannabis Control Board Advances Revised Regulations on Packaging*

## *and Labeling & Marketing and Advertising, and Laboratories to Public Comment Period*

The Cannabis Control Board voted to advance regulations for packaging, labeling, marketing, advertising, and laboratory permitting, oversight and testing of adult-use cannabis to a final public comment.

The regulations will undergo a 45-day public comment period anticipated to begin on December 7, 2022 and end on January 23, 2023. The regulations are designed to help protect public health and reduce waste. They include requirements for child-resistant packaging and labeling that identifies products as containing cannabis with THC, limiting marketing to adult-only audiences, and the rules for establishing testing procedures to ensure products are safe for consumption.

In June 2022, the Cannabis Control Board voted to issue proposed regulations for the packaging, labeling, marketing, and advertising of adult-use cannabis products as well those for laboratory permitting, oversight and testing. Public comment closed on August 15, 2022.

Over 700 comments were received on packaging, labeling, marketing and advertising regulations, and the regulations were revised as a result.

Revisions will:

1. Create more flexibility for licensees to build their brands while maintaining robust public health standards.
2. Allow additional use of images, branding, and graphics in cannabis product packaging and labeling, including through special branding material.
3. Strengthen sustainability efforts by allowing licensees to conduct redemption programs as part of an approved sustainability plan.

Over 50 comments were received on the laboratory regulations, and revisions include, but are not limited to clarification of proficiency test provider, ownership and state reference laboratory requirements.

Emergency laboratory regulations filed in August were extended to March 14, 2023. Without the extension they would have expired next month.

### *Cannabis Control Board Approves an Additional 16 Adult-Use Conditional Cultivators, 8 Adult-Use Conditional Processors, and 3 Laboratory Permits*

The Cannabis Control Board approved an additional 16 Adult-use Cannabis Conditional Cultivator Licenses, growing the total number of approved Adult-Use Cannabis Conditional Cultivator Licenses to 277. The approval of 8 Adult-Use Cannabis Conditional Processor Licenses raises the total issued by the Board to 33, and the approval of three laboratory permits brings the total to seven.

To be eligible for a conditional cultivator license, farmers must have been authorized to grow hemp under the Department of Agriculture and Markets Industrial Hemp Research Pilot Program

through legislation signed by Governor Kathy Hochul in February 2022. Under the same law, to be eligible, conditional processors must hold a Cannabinoid Hemp Processor License issued by the Office of Cannabis Management and have applied for the license prior to January 1, 2022.

The deadline to submit an application for a conditional cultivator license was June 30, 2022. The application deadline for a conditional processor license was August 31, 2022.

The Board also approved permits for three independent laboratories, which are a critical part of New York's equity-first supply chain, helping to bring safer cannabis products onto the shelves of New York's first adult-use cannabis retail dispensaries. The three laboratory permits approved today are for:

- Biotrax Testing Laboratory Inc. (Erie County)
- Kaycha NY LLC (Albany County)
- Keystone State Testing, LLC (Broome County)