



NEW YORK STATE SENATOR

Jeremy Cooney

Senator Cooney Announces Wins for Cannabis in FY25 State Budget

JEREMY COONEY April 19, 2024

| ISSUE: **CANNABIS**



Sen. Cooney: It's About Padlocks, Potency and Prescriptions

(ALBANY, NY) - Following passage of New York's FY25 state budget, **Senator Cooney, Chair of the Senate Subcommittee on Cannabis**, released the following statement:

"This year's budget is about three things for our legal cannabis industry: **padlocks, potency and prescriptions**. I want to thank Governor Hochul and my colleagues in the legislature for coming together on the "Three P's" and allowing us to make real progress towards a growing,

thriving legal market in New York.

Padlocks: “A symptom of our state’s delayed cannabis rollout has been the rise of illegal retail stores across New York. These stores are unregulated, unsafe and take opportunities away from legal dispensaries. Until now, OCM was the only agency in charge of cracking down on these stores; but with this budget, we’re placing power back in the hands of local governments. Municipalities will now be able to set their own local enforcement rules to padlock illicit shops and collect civil fines from the illegal businesses they shut down. Our legal adult-use dispensaries can only thrive if we ramp up enforcement of the illicit market, and this budget creates an ‘all hands on deck’ approach from partners across the state.

Potency: “Combating the illicit market isn’t just about closing illegal stores, it’s also about making sure legal dispensaries are placed in the best position to compete. That’s why I’ve long supported a repeal of the potency tax, a prohibitive tax that has only served to make illicit stores more appealing for consumers. I’m pleased to say that the potency tax will soon be repealed and replaced with a flat 9% wholesale tax, a needed change that will put retail cannabis in the best position possible to succeed.

Prescriptions: “I’ve always believed that for legal cannabis to succeed in New York State, we need a two-pillar approach that supports both recreational and medical cannabis. Accomplishing this goal means making sure medical cannabis remains affordable and accessible for those who need it. In the budget, we are eliminating the State’s share of the medical excise tax, keeping in place only the local tax share. This is a move that will effectively cut the excise tax by over 50%, a win-win for keeping costs low for our patients and ensuring the viability of the medical cannabis program moving forward.

“These changes will mean real progress towards creating the kind of market we always envisioned, but we know that there’s still much to accomplish. As we move forward, we

cannot forget about our cannabis farmers, nor our Black and Brown entrepreneurs. Our cannabis industry only succeeds if our farmers are supported and if we uphold our promise to create an equitable market and I will continue to fight to support both of these groups in our work ahead.”

“Cannabis retailers are encouraged by efforts of the legislature and Governor Hochul to empower localities to close down illegal operators,” said **Britni Tantalo, President of the New York Cannabis Retail Association**. “Those efforts, combined with the rapid expansion of legal cannabis retail stores, are the only path to establishing a vibrant legal cannabis marketplace.”

John Vavalo, the President of the Association of New York Cannabis Processors said, “It is no secret that New York’s cannabis industry has had a difficult rollout. Of the many problems licensed processors have faced, none have been more negatively impactful than the potency tax and the proliferation of unlicensed dispensaries. The proposals enacted by the Governor and Legislature in the budget will go a long way in correcting these harms. The overly burdensome and disastrous potency tax has been replaced with a sensible flat tax, championed by Senator Cooney and Assembly Majority Leader Peoples-Stokes since day one. This new tax rate will allow our businesses not just to survive but be able to grow along with our ever-expanding market. The enforcement proposal adopted in the budget will enable localities to have the desperately needed ability to padlock the thousands of illicit stores that plague our state. With illicit stores finally being shut down and more legal dispensaries opening daily, the licensed cultivators and processors of New York State will have more opportunities than ever to bring their world-class products to market. The Association of New York Cannabis Processors will continue to advocate for relief for licensed processors who have lost vast sums of money while operating in the legal market since day one. We proudly celebrate the significant progress in the state budget and wholeheartedly applaud the relentless efforts made to improve the program.”

John R. Durso, President of Local 338 RWDSU/UFCW said, “As the labor union that represents cannabis workers across the industry in New York, we applaud the State Legislature and Governor Hochul for the common sense solutions included in the Budget to enhance our state’s cannabis program. We have been deeply concerned about the impact that unlicensed dispensaries have on workers employed in these establishments, as well as on the licensed cannabis businesses across the supply chain and their ability to expand both their operations and employment opportunities to the communities they operate in. The enforcement proposal will empower municipalities to take steps to shut down these unlicensed entities and remove the competitive disadvantage retailers and their licensed suppliers have been facing. Additionally, by making changes to cannabis tax structures – the State is supporting medical and adult-use cannabis customers, while also allowing cannabis businesses to be more competitive long term. This year’s budget is a commitment to creating the best cannabis program in the nation for entrepreneurs and workers who are eager to join this emerging industry.”

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