



Written Testimony

Yoko Miyashita, CEO

New York State Senate Cannabis Hearing

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Chairman Cooney and Members of the Subcommittee, thank you for the opportunity to provide written testimony today. My name is Yoko Miyashita. I am the CEO of Leafly, a leading online destination that helps people learn about, find, and order safe, *legal* cannabis through local retailers. Leafly encourages sensible cannabis regulations that empower small businesses and support consumer education and choice, while still protecting the public health, safety, and welfare of the people of New York. For the past 13 years, Leafly has connected retailers with consumers in every state where cannabis is legal, and we have been informing and educating consumers to help them make informed decisions. We share the state's purported vision of transitioning cannabis spend out of the illicit market and creating an equitable, safe, and robust cannabis market in New York, however we are very concerned that the regulatory scheme falls short in some key respects.

New York's Marihuana Regulation and Taxation Act (MRTA) was enacted to address the negative consequences of cannabis criminalization, rectify racial disparities in application of cannabis-related laws, protect minors, reduce the illicit drug market, generate revenue, and safeguard public health and safety. We acknowledge the challenging task the state faces in regulating the cannabis market, however, we believe that several key aspects of the current regulations are misguided and do not align with the objectives outlined in the (MRTA).

To date, regulators have imposed their personal, subjective goals on the regulatory scheme, seemingly determined to "pick winners and losers" in the new cannabis marketplace, to the detriment of consumers, local businesses, and public health. Staff at the Office of Cannabis Management have consistently raised alarms about the specter of "corporate cannabis" while systematically ignoring the true challenge: the illicit market. Industry participants are united in our desire to move consumers from the illicit market to the regulated market, and in order to do so, the regulated market needs to be able to compete in terms of price, quality, and convenience while maintaining access to basic information and pricing.

Yet, cannabis companies have their hands tied. Cannabis retailers face significant limitations in reaching consumers through mainstream advertising platforms; they cannot advertise on social media or pay for search engine optimization. Third party platforms such as Leafly play a vital role in supporting these small businesses because we have spent years building the consumer traffic that these businesses need to reach. We play an important role in educating consumers about buying safe, legal weed from licensed

retailers. We believe that certain of the existing regulations have far-reaching negative consequences for local, neighborhood retailers, and the cannabis market as a whole.

For example, the finalized regulations impede customer acquisition by limiting the use of third party platforms like Leafly. The regulations prohibit paid advertising on third party platforms (but not on any other digital media), and prohibit the routing of online orders from third-party platforms to licensed retailers. As mentioned above, third party platforms like Leafly are one of the few effective tools that retailers have to reach customers. Retailers are already subject to strict requirements regarding advertising and the fulfillment of orders, and there is no rational basis to discriminate among the forms of digital media used or the means by which orders are received, which takes channel strategy decisions out of the hands of business owners. These rules serve to discourage price comparison and product education by consumers, hinder healthy competition, and may inadvertently encourage the continued proliferation of the illicit market. Notably, New York does not impose similar restrictions on fulfilling orders or deliveries for other age-restricted items, such as alcohol or tobacco.

The cumulative effect of these restrictions is potentially crippling. We urge this committee to use all available resources to ensure the fulfillment of the MRTA's objectives. Key aspects of the regulatory scheme must be reevaluated to promote a healthy legal cannabis market that can effectively compete with the illicit market. By allowing licensees to utilize third-party platforms like Leafly, we can enhance the consumer experience, support retailers' growth, combat the illicit market, and ultimately contribute to the development and stability of New York's growing legal cannabis industry.

We appreciate your consideration of these concerns and remain available as a resource for any further inquiries or assistance. Please do not hesitate to reach out to us at the contact information provided below.

Thank you for your attention to this pressing matter, and we look forward to working together to ensure the success and prosperity of New York's emerging cannabis industry.