

# Cannabis Control Board

An Overview of MRTA: What Does it Means for Local Governments

# Agenda

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- 2) Equity and Economic Justice
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- 4) Where We Are Now
- 5) What's Next

# Overview of the MRTA

- The Marijuana Regulation and Taxation Act (MRTA) provides:
  - A consolidated framework to regulate the production and sale of cannabis;
  - Creates a new adult-use cannabis program; and
  - Expands the State's existing medical cannabis and cannabinoid (CBD) hemp programs.
- The MRTA represents a shift towards a public health framework for cannabis policy, grounded in the principles of public safety, and economic and social justice as it prioritizes repairing the harms of the war on drugs



# Overview of the MRTA

## Adult-use licenses:

**Licenses:** The MRTA establishes 9 types of adult-use licenses, including those that offer multiple points of entry into the market and opportunities for social and economic equity applicants.

1. **Cultivator:** Growing, cloning, harvesting, drying, curing, grading, trimming
2. **Nursery:** Only clones, immature plants, seeds, and other agricultural products
3. **Processor:** Extracts concentrated cannabis and/or compounds, or manufactures
4. **Distributor:** Wholesale sale to dispensary, on-site consumption, or delivery service
5. **Retail-dispensary:** Sells cannabis products directly to consumers
6. **Delivery:** Delivers cannabis products to consumers
7. **On-site Consumption:** Sells directly to consumers for use on-site at the location
8. **Adult-use cooperative:** Democratically controlled. Can cultivate, process, distribute – can't sell directly to consumer
9. **Microbusiness:** May be a cultivator, a processor, a distributor, and a retailer of their own cannabis products, but no person can own more than one micro-business licenses and they can't have an interest in any other adult-use license type

# Equity and Economic Justice

- The MRTA requires the implementation of a **Social and Economic Equity Plan** that ensures resources are prioritized and targeted to communities disproportionately impacted by the policies of cannabis prohibition, prioritizing the participation of members of these communities in the new industry.
- The MRTA sets a goal to award **50% of all adult-use licenses** to social and economic equity applicants, which include **individuals from the target communities** as well as **minority and women owned businesses, distressed farmers, and service-disabled veteran-owned businesses**.
- MRTA incentivizes participation in the new industry for individuals disproportionately impacted by cannabis prohibition, **automatically expunges an individual's past marijuana convictions**, and invests **40% of the adult-use cannabis tax revenue toward rebuilding communities harmed by the War on Drugs**.

# Reducing Barriers to Entry

- ✓ Creates an incubator program to encourage social and economic equity applicants to apply for licensure and to provide direct support in the form of counseling services, education, small business coaching, financial planning and compliance assistance
- ✓ Establishes a two-tier market structure that prohibits vertical integration, blocking monopolization and creating multiple opportunities for access.
- ✓ Licenses issued to social and economic equity applicants can't be transferred or sold within the first three years of issuance except to another qualified social equity applicant.
- ✓ Nine types of adult-use licenses, including microbusiness, cooperative, on-site consumption, and delivery.
- ✓ Extra priority given to members of target communities and specifically to individuals convicted of a cannabis-related offense prior to the enactment of the MRTA

# Record Expungement Under the MRTA

- MRTA does not just legalize cannabis, it also ends harsh prison sentences and brings to an end decades of disproportionately targeting people of color under our state's drug laws.
- The MRTA automatically expunged records for people with previous convictions for activities that are no longer criminalized, including criminal possession, unlawful sale of cannabis, and smoking cannabis.
- Individuals who qualify for expungement are not required to take any further action to have their records expunged.

# Record Expungement under the MRTA

- Approximately 203,000 Marijuana related charges are presently being suppressed from criminal background searches and in process to be sealed or expunged.
  - This will add to the approximately 198,000 sealings accomplished as the part of the first round of marijuana expungement for the 2019 expungement legislation.
- 45 individuals were in custody or under community supervision for Criminal Possession of Marijuana in the Third Degree, While these were not automatically expunged due to the nature of the charge, all have now received expungement for such charges.
  - 34 remain under custody or supervision for additional crimes.

# Record Expungement under the MRTA

- The OCM will continue to work with its state and local partners to ensure those impacted are aware of the status of any criminal charges.
- Individuals may contact local Courts to request documentation that their records have been expunged or they may file motions with local courts for vacatur of their convictions as authorized by the MRTA. Local Courts should look to the Office of Court Administration for guidance on how to address these motions.
- Additional Information is available at:  
<https://nycourts.gov/courthelp/Criminal/marihuanaExpunge.shtml>

# The Office of Cannabis Management

- Following 6 months of delays in the appointment process, Governor Hochul and the Legislature moved quickly to appoint members of the Cannabis Control Board and the Executive Director of the Office of Cannabis Management
- The Office of Cannabis Management (OCM) was officially established **October 5, 2021** at the first meeting of the Cannabis Control Board with its appointment of 21 senior staff members and Chief Equity Officer
- **An aggressive estimate is that it will take 18 months for the adult-use program to launch**
- Work on regulations is already underway and as the OCM continues to grow and operationalize. It will work with the Control Board to review the timeline and determine if there is an opportunity to make up any of the ground lost from the delays in the appointments

# Where We Are

**Medical Expansion:** In its first month the Cannabis Control Board has already expanded the Medical Cannabis Program by:

- ✓ **Approving** the sale of whole flower
- ✓ **Approving** medical home cultivation regulations for 60-day public comment period
- ✓ **Expanding** the list of certifying practitioners to any licensed clinician to prescribe a controlled substance
- ✓ **Increasing** the allowable supply dispensed to 60 days from 30 days
- ✓ **Waiving** the \$50 registration fee for patients or caregivers to participate
- ✓ **Streamlining** the approval of facilities such as hospitals, residential facilities and schools to become designated caregiver sites, making access easier for patients.

# What's Next

## Localities: Opting-Out

- **Opting out:** Cities, towns, and villages can opt-out of allowing adult-use cannabis retail dispensaries or on-site consumption licenses from locating within their jurisdictions.  
**Municipalities cannot opt-out of adult-use legalization.**
- The deadline to opt-out is **December 31, 2021** and the local law or measure must conform with the opt-out requirements in the MRTA:
  - Once the deadline has passed, localities can no longer opt-out, but they can opt back in.
  - Opt-outs **can be overruled by voter referendum** under existing New York State Home Rule laws.
- The opt-out process is the only mechanism for localities to prohibit the operations or licensure of adult-use dispensary and on-site consumption licenses:
  - Localities are allowed to pass local laws and regulations that govern the **time, place, and manner** of adult-use licenses.

# What's Next

## Localities: Licensing & Revenue

- **Notification:** Dispensary and on-site consumption applicants must notify the clerk for the municipality where they plan to locate no less than 30 days and no more than 270 days before filing their application. The Board will provide a standardized form for this process.
- **Distancing requirements:** The MRTA requires that dispensaries be no fewer than 500 feet from schools and 200 feet from houses of worship.
- **Revenue:** The MRTA provides for a 4% local excise tax imposed on the sale of cannabis products from a retail dispensary. The tax is distributed among localities as follows:
  - 25% goes to the county
  - 75% to the cities, towns, or villages within the county as a proportion of cannabis sales

# Stay Connected

## Public Health and Safety Campaign and Key Messaging

- Under the MRTA, the state will be running a robust public health and safety campaign in the coming months to inform New Yorkers about:
  - ✓ Key aspects of the law and how they impact New Yorkers, including the risks of driving under the influence
  - ✓ Protecting youth from cannabis, including secure storage of products in your home
  - ✓ Consuming cannabis safely and how to make the most of its benefits
- Continue to monitor the OCM's website [cannabis.ny.gov](https://cannabis.ny.gov) for updates and announcements

The image shows two overlapping screenshots of the Office of Cannabis Management website. The top screenshot is a sign-up form titled "SIGN UP FOR UPDATES" with the main heading "Fill out the Form to Sign-Up for OCM Updates" and a prominent "SIGN UP" button. The bottom screenshot is a page titled "Office of Cannabis Management" with the subtitle "TAKING BOLD ACTIONS TO ENCOURAGE SOCIAL JUSTICE, PUBLIC HEALTH AND ECONOMIC DEVELOPMENT IN THE LIVES OF ALL NEW YORKERS". It features a section titled "COMPREHENSIVE REGULATORY FRAMEWORK" which is divided into three columns: "Social Justice", "Public Health & Safety", and "Economic Development".

**Office of Cannabis Management**

The Marijuana Regulation and Taxation Act creates a first in the nation comprehensive regulatory structure to oversee the licensure, cultivation, production, distribution, sale and taxation of medical, adult-use and cannabinoid hemp within New York State.

**COMPREHENSIVE REGULATORY FRAMEWORK**

Social Justice	Public Health & Safety	Economic Development
Establishes a robust social and economic equity program to actively encourage members from communities disproportionately impacted by the policies of prohibition to participate in the new industry.	Administers a sophisticated quality assurance regulatory structure including standards for production and manufacturing, strict product testing, labeling, packaging and advertising to ensure products are safe for consumers and not targeted to youth.	Encourages small business and farmers to participate in the cannabis industry with the creation of microbusiness, cooperative and delivery license types.