

STATE OF NEW YORK

7666--A

2023-2024 Regular Sessions

IN ASSEMBLY

May 31, 2023

Introduced by M. of A. BRONSON, REYES -- read once and referred to the Committee on Economic Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the cannabis law and the state finance law, in relation to enacting the "cannabis adult-use transition act"

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "cannabis adult-use transition act".
3 § 2. Legislative findings and intent. Chapter 92 of the laws of 2021,
4 known as the Marijuana Regulation and Taxation Act, legalized and regu-
5 lated cannabis for adult-use; expanded and improved the medical cannabis
6 program and the hemp program; established the Cannabis Control Board and
7 the Office of Cannabis Management, and codified historical social and
8 economic equity policies. Chapter 18 of the laws of 2022 created the
9 conditional adult-use cultivator and processor licenses to jump start
10 New York's adult-use cannabis market with small New York farmers.
11 The legislature recognizes that due to a variety of circumstances
12 beyond the control of New York's cannabis licensees and applicants,
13 there have been delays and unforeseen challenges with the implementation
14 of various components of the state's cannabis markets. Conditional
15 cultivators cannot afford to process their cannabis or sell their
16 finished products; conditional processors are struggling with limited
17 retail outlets; conditional adult-use retail dispensary licensees and
18 applicants do not have access to capital, locations, or the resources
19 they need to become operational; and the state's medical registered
20 organizations and patients are facing a diminishing medical cannabis
21 market. As a result, the state's cannabis industries are losing value
22 and jobs, patients are being left behind, and the illicit market is
23 growing.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD11444-06-3

1 § 3. Subdivisions 2 and 3 of section 14 of the cannabis law are
2 amended to read as follows:

3 2. The state cannabis advisory board shall consist of [~~thirteen~~]
4 seventeen voting appointed members, along with a representative from the
5 department of environmental conservation, the department of agriculture
6 and markets, the office of children and family services, the department
7 of labor, the department of health, the division of housing and communi-
8 ty renewal, the office of addiction services and supports, and the
9 department of education, serving as non-voting ex-officio members. The
10 governor shall have [~~seven~~] eleven appointments, the temporary president
11 of the senate and the speaker of the assembly shall each have three
12 appointments to the board. The members shall be appointed to each serve
13 three year terms and in the event of a vacancy, the vacancy shall be
14 filled in the manner of the original appointment for the remainder of
15 the term. The appointed members and representatives shall receive no
16 compensation for their services but shall be allowed their actual and
17 necessary expenses incurred in the performance of their duties as board
18 members.

19 3. Advisory board members shall have statewide geographic represen-
20 tation that is balanced and diverse in its composition. Appointed
21 members shall have an expertise in public and behavioral health,
22 substance use disorder treatment, effective rehabilitative treatment for
23 adults and juveniles, homelessness and housing, economic development,
24 environmental conservation, job training and placement, criminal
25 justice, and drug policy. Further, the advisory board shall include
26 residents, one retailer, one certified patient, one service disabled
27 veteran, and one supply tier licensee from communities most impacted by
28 cannabis prohibition, people with prior drug convictions, the formerly
29 incarcerated, and representatives from the farming industry, cannabis
30 industry, and organizations serving communities impacted by past federal
31 and state drug policies.

32 § 4. Paragraph (c) of subdivision 3 of section 99-ii of the state
33 finance law, as added by chapter 92 of the laws of 2021, is amended to
34 read as follows:

35 (c) Actual and necessary costs incurred by the office of cannabis
36 management and the cannabis control board, and the urban development
37 corporation, related to the administration of incubators and other
38 assistance to qualified social and economic equity applicants including
39 the administration, capitalization, and provision of low and zero inter-
40 est loans to such applicants [~~pursuant to~~], including the conditional
41 adult-use retail dispensary licensees. The office of cannabis management
42 shall administer these resources in accordance with the social equity
43 and economic plan mandated pursuant to article four of the cannabis law
44 and in accordance with section sixteen-ee of the urban development
45 corporation act. Such costs shall be paid out of revenues received,
46 including, but not limited to, from special one-time fees paid by regis-
47 tered organizations pursuant to section sixty-three of the cannabis law.

48 § 5. Section 39 of the cannabis law is amended to read as follows:

49 § 39. Registered organizations and adult-use cannabis. The board shall
50 [~~have the authority to~~] grant [~~some or all of the~~] registered organiza-
51 tions [~~registered with the department of health and~~] currently regis-
52 tered and in good standing with the office, the ability to obtain
53 adult-use cannabis licenses pursuant to article four of this chapter and
54 subject to any [~~fees, rules or conditions~~] regulation prescribed by the
55 board [~~in regulation~~].

1 § 6. Subdivision 1-a of section 63 of the cannabis law is amended to
2 read as follows:

3 1-a. The [~~board shall also have the authority to assess a registered~~
4 ~~organization with a~~] one-time special licensing fee for a registered
5 organization adult-use cultivator processor, distributor retail dispen-
6 sary [~~license. Such fee shall be assessed at an amount to adequately~~]
7 licensed pursuant to section sixty-eight-a of this article, shall be
8 twenty million dollars, an amount to be used exclusively to fund social
9 and economic equity and incubator assistance pursuant to this article
10 and paragraph (c) of subdivision three of section ninety-nine-ii of the
11 state finance law. Five million dollars of such fee shall be payable
12 upon licensure, and one million dollars thereafter within thirty days of
13 each twenty million dollars in revenue generated by such licensee until
14 paid in full, or such obligation expires on December thirty-first, two
15 thousand thirty, whichever occurs first. At least fifty percent of the
16 total fees collected shall be administered by the office as grants or
17 zero or low interest loans to the conditional adult-use retail dispen-
18 sary licensees. Conditional adult-use retail dispensary licensees who
19 accept zero or low interest loans shall be allowed to prepay such loans
20 without penalty. Provided, however, that the board shall not allow
21 registered organizations to dispense adult-use cannabis from more than
22 three of their medical cannabis dispensing locations. [~~The timing and~~
23 ~~manner in which registered organizations may be granted such authority~~
24 ~~shall be determined by the board in regulation.~~] An eligible registered
25 organization shall be authorized as a registered organization adult-use
26 cultivator processor distributor retail dispensary pursuant to section
27 sixty-eight-a of this article upon approval of an application to the
28 office that must be available to such registered organizations no later
29 than August first, two thousand twenty-three and remain available there-
30 after. The office must approve or deny such application within thirty
31 days of its submission or it shall be deemed approved. A registered
32 organization adult-use cultivator processor distributor retail dispen-
33 sary licensee shall be authorized to cultivate, process, and distribute
34 in the adult-use cannabis market, provided however, that each licensee's
35 first co-located dispensary shall not offer adult-use cannabis for
36 retail sale until or after December twenty-ninth, two thousand twenty-
37 three; the second co-located dispensary shall not offer adult-use canna-
38 bis for retail sale until or after January first, two thousand twenty-
39 four; and the third co-located dispensary shall not offer adult-use
40 cannabis for retail sale until or after April first, two thousand twen-
41 ty-four. These licensees must submit a plan to the office demonstrating
42 their commitment to diversifying the co-located dispensary shelf space
43 for adult-use with cannabis products from adult-use cultivators and
44 processors licensed pursuant to sections sixty-eight, sixty-eight-b,
45 sixty-eight-c, sixty-nine, sixty-nine-a, seventy, and seventy-three of
46 this article in accordance with any regulations promulgated by the
47 board.

48 § 7. Subdivisions 3 and 13 of section 68-c of the cannabis law, as
49 added by chapter 18 of the laws of 2022, are amended and two new subdi-
50 visions 16 and 17 are added to read as follows:

51 3. A conditional adult-use cultivator license shall authorize the
52 cultivation of cannabis outdoors or in a greenhouse or aquaponics facil-
53 ity with no more than twenty artificial lights unless otherwise author-
54 ized by the office. A conditional adult-use cultivator licensee may
55 cultivate up to forty-three thousand five hundred sixty square feet of
56 flowering canopy outdoors or twenty-five thousand square feet of flower-

1 ing canopy in a greenhouse or aquaponics facility. A cultivator may
2 cultivate both outdoors and in a greenhouse or aquaponics facility
3 provided the flowering canopy in a greenhouse or aquaponics facility is
4 less than twenty-thousand square feet and the total flowering canopy is
5 equal to or less than thirty-thousand square feet.

6 13. No later than ninety days before the expiration of a conditional
7 adult-use cultivator license, the office shall, pursuant to a request by
8 the licensee, review the conditional adult-use cultivator licensee to
9 determine whether they are in good standing with the office. Good stand-
10 ing shall include, but not be limited to, compliance with subdivision
11 seven of this section. Any licensee found to be in good standing shall
12 be eligible to apply for and receive an adult-use cultivation license,
13 provided the licensee can meet all requirements of the new license. Such
14 a licensee will receive, at minimum, an adult-use cultivator license for
15 the size of flowering canopy that they were licensed to grow pursuant to
16 their conditional adult-use cultivator license or a larger size flower-
17 ing canopy [~~and~~] with immediate authorization to use unlimited artifi-
18 cial [~~light~~] lighting in accordance with any environmental sustainabili-
19 ty standards as may be set out by the board in regulation. A licensee
20 may not separately apply for any license type under this article permit-
21 ting the cultivation of adult-use cannabis while holding a conditional
22 adult-use cultivator license.

23 16. Notwithstanding any other provision of this chapter, a conditional
24 adult-use cultivator or processor licensee shall be authorized to sell
25 tested, packaged, and sealed cannabis products to registered organiza-
26 tions for retail sale at up to three of such registered organizations'
27 existing medical cannabis dispensing facilities until June first, two
28 thousand twenty-four, provided however that the conditional cultivator
29 or processor licensees shall prioritize wholesaling to conditional
30 adult-use retail dispensaries. A registered organization shall prior-
31 itize shelf space for cannabis products from conditional adult-use
32 cultivator or processor licensees as set forth in regulations promulgat-
33 ed by the board and shall pay three percent of any sales of such
34 products through June first, two thousand twenty-six to the state, with
35 two-thirds of such funds used toward grants authorized pursuant to para-
36 graphs (c) and (d) of subdivision three of section ninety-nine-ii of the
37 state finance law to offset tax obligations of the conditional adult-use
38 retail dispensary licensees and the remaining one-third of such funds
39 used at the discretion of the office in implementing social and economic
40 equity programs. Such payments by the registered organizations shall
41 account to the special one time licensing fee assessed pursuant to
42 section sixty-three of this article.

43 17. The office is authorized to create a loan program for conditional
44 adult-use cultivators for the purpose of having any cannabis grown under
45 a conditional adult-use cultivator license in two thousand twenty-two
46 processed into shelf stable formats. The end-product of such processing
47 shall be returned to the licensee for future use.

48 § 8. Subdivision 6 of section 72 of the cannabis law is amended to
49 read as follows:

50 6. No cannabis retail licensee shall locate a storefront within five
51 hundred feet of a school grounds as such term is defined in the educa-
52 tion law or within two hundred feet of a house of worship. The board
53 and/or office shall not establish additional setback requirements.

54 § 9. The cannabis law is amended by adding a new section 85-a to read
55 as follows:

1 § 85-a. Provisions governing conditional adult-use retail dispensary
2 licenses. 1. The office shall approve, deny, or request additional
3 information in regards to a conditional adult-use retail dispensary
4 licensee's submission for location approvals within thirty days of
5 receipt or the location request shall be automatically approved so long
6 as it complies with the setback requirements of this chapter.

7 2. The office and dormitory authority shall make the list of addresses
8 for any executed lease agreements entered into and potentially available
9 to eligible conditional adult-use retail dispensary licensees publicly
10 available on their websites, and upon request. Such list shall be
11 updated each week to maximize the transparency for retail dispensary
12 licensees securing store locations and shall not include or block any
13 locations without an executed lease.

14 § 10. This act shall take effect immediately; provided, however, that
15 the amendments to section 68-c of the cannabis law made by section seven
16 of this act shall not affect the repeal of such section and shall be
17 deemed repealed therewith.