STATE OF NEW YORK

10191

IN ASSEMBLY

February 12, 2026

Introduced by M. of A. ZACCARO -- read once and referred to the Committee on Economic Development

AN ACT to amend the cannabis law and the alcoholic beverage control law, in relation to the issuance of a low potency cannabis beverage retail permit; to amend the tax law, in relation to the imposition of tax on the sale or transfer of certain low potency cannabis beverages; and to amend the state finance law, in relation to the allocation of low potency cannabis beverage tax revenue in the New York state cannabis revenue fund

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

Section 1. Subdivision 1 of section 71 of the cannabis law is amended to read as follows:

1. A distributor's license shall authorize the acquisition, possession, distribution and sale of cannabis from the licensed premises of a licensed adult-use cultivator, processor, adult-use cooperative, microbusiness, or registered organization authorized pursuant to this chapter to sell adult-use cannabis, to duly licensed retail dispensaries**, businesses licensed under section sixty-three of the alcoholic beverage control law,** and on-site consumption sites.

§ 2. Subdivision 1 of section 72 of the cannabis law is amended to read as follows:

1. **Except as otherwise provided in section sixty-three-b of the alcoholic beverage control law, no person shall sell cannabis at retail without a retail dispensary license.** A retail dispensary license shall authorize the acquisition, possession, sale and delivery of cannabis from the licensed premises of the retail dispensary by such licensee to cannabis consumers.

§ 3. Section 3 of the cannabis law is amended by adding a new subdivision 56 to read as follows:

56. "Low potency cannabis beverage" means a single-use beverage container that contains no more than five milligrams of total THC.

§ 4. Subdivisions 1 and 4 of section 63 of the alcoholic beverage control law, subdivision 1 as amended by section 3 of part K of chapter

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

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60 of the laws of 2004 and subdivision 4 as amended by chapter 24 of the laws of 2024, are amended to read as follows:

1. Any person may make an application to the appropriate board for a seven day license to sell liquor **or low potency cannabis beverages** at retail not to be consumed upon the premises where sold. Such application shall be in such form and shall contain such information as shall be required by the rules of the liquor authority and shall be accompanied by a check or draft in the amount required by this article for such license.

4. No licensee under this section shall be engaged in any other business on the licensed premises. The sale of lottery tickets, when duly authorized and lawfully conducted, the sale of reusable bags as defined in section 27-2801 of the environmental conservation law, the sale of corkscrews or the sale of ice or the sale of publications, including prerecorded video and/or audio cassette tapes, or educational seminars, designed to help educate consumers in their knowledge and appreciation of alcoholic beverages, as defined in section three of this chapter and allowed pursuant to their license, or the sale of non-carbonated, non-flavored mineral waters, spring waters and drinking waters or the sale of glasses designed for the consumption of wine or liquor, racks designed for the storage of wine, and devices designed to minimize oxidation in bottles of wine which have been uncorked, **low potency cannabis beverages as defined in subdivision thirty-nine of section three of this chapter,** or the sale of gift bags, gift boxes, associated gift or promotional items, or wrapping, for alcoholic beverages purchased at the licensed premises shall not constitute engaging in another business within the meaning of this subdivision. Any fee obtained from the sale of an educational seminar shall not be considered as a fee for any tasting that may be offered during an educational seminar, provided that such tastings are available to persons who have not paid to attend the seminar and all tastings are conducted in accordance with section sixty-three-a of this article. For the purposes of this section, gift or promotional items shall only include those items that are complimentary and directly associated with the sale of wine or liquor they are promoting and shall mean: (i) items that are de minimis in value, but in no instance shall merchandise be valued at more than fifteen dollars in total; (ii) items that are imprinted with the wine or liquor brand logo on the gift or promotional item; and (iii) items that are included as part of a manufactured pre-sealed package with the wine or liquor that is being gifted or promoted. Further, for the purposes of this section, promotional items shall not include any food, non-alcoholic beverage, or other drink or food mix, nor shall these items be offered for sale to the general public as individual items.

§ 5. The alcoholic beverage control law is amended by adding a new section 63-b to read as follows:

§ 63-b. Low potency cannabis beverage retail permit. 1. The authority is hereby authorized to issue a cannabis beverage retail permit to the holder of a license to sell liquor at retail for consumption off the premises pursuant to section sixty-three of this article.

2. Such permit shall authorize the permittee to sell low potency cannabis beverages, as defined in subdivision fifty-six of section three of the cannabis law, at retail for off-premises consumption.

3. (a) The annual fee for such permit shall be determined by the authority, provided that such fee shall be commensurate with the administrative costs of issuing and overseeing such permit.

(b) Such permit shall run concurrently with the underlying retail license and shall be renewed at the same time as such license.

(c) The revocation, suspension, or cancellation of the underlying retail license shall automatically result in the same for the permit issued under this section.

4. All low potency cannabis beverages shall be maintained in a separate and distinct area of the licensed premises from alcoholic beverages, clearly marked by signage as required by the authority.

5. Low potency cannabis beverage retail permittees shall maintain inventory records of all low potency cannabis beverages acquired, in the possession of the permittee, and sold using a software system determined by the office of cannabis management.

6. The authority and the office of cannabis management shall enter into a memorandum of understanding to coordinate the inspection and enforcement of provisions relating to this endorsement.

7. (a) No permittee under this section shall sell, deliver, or give away, or cause or permit or procure to be sold, delivered, or given away any low potency cannabis beverage to any person, actually or apparently, under the age of twenty-one years.

(b) It shall be an affirmative defense that such person had produced a photographic identification card issued by a governmental entity and that the beverage had been sold in reasonable reliance upon such identification, as provided in section sixty-five-b of this article.

8. A violation of the age restrictions set forth in this section shall be deemed a violation of section sixty-five of this article for the purposes of administrative proceedings to revoke, cancel, or suspend the underlying retail license.

§ 6. Section 3 of the alcoholic beverage control law is amended by adding a new subdivision 39 to read as follows:

39. "Low potency cannabis beverage" means a single-use beverage container manufactured at a premise licensed under article four of the cannabis law that contains no more than five milligrams of total THC as defined under section three of the cannabis law.

§ 7. Subdivision 16 of section 105 of the alcoholic beverage control law, as amended by chapter 621 of the laws of 1944, is amended to read as follows:

16. No retail licensee to sell liquors and/or wines for off-premises consumption shall be interested, directly or indirectly, in any premises where liquors, cannabis, wines or beer are manufactured or sold at wholesale or any other premises where liquor or wine is sold at retail for off-premises consumption, by stock ownership, interlocking directors, mortgage or lien on any personal or real property or by any other means. Any lien, mortgage or other interest or estate, however, now held by such retailer on or in the personal or real property of such manufacturer or wholesaler, which mortgage, lien, interest or estate was acquired on or before December thirty-first, nineteen hundred thirty-two, shall not be included within the provisions of this subdivision; provided, however, the burden of establishing the time of the accrual of the interest comprehended by this subdivision, shall be upon the person who claims to be entitled to the protection and exemption afforded hereby.

§ 8. Subdivision 8 of section 102 of the alcoholic beverage control law, as added by chapter 92 of the laws of 2021, is amended to read as follows:

8. [~~No~~] With the exception of low potency cannabis beverages, no alcoholic beverage retail licensee shall sell cannabis, as defined in

section three of the cannabis law, nor have or possess a license or permit to sell cannabis, on the same premises where alcoholic beverages are sold.

§ 9. Subdivision (c) of section 493 of the tax law, as added by chapter 92 of the laws of 2021, is amended to read as follows:

(c) **(i)** In addition to the taxes imposed by subdivisions (a) and (b) of this section, there is hereby imposed a tax on the sale or transfer of adult-use cannabis products to a retail customer by a person who sells adult-use cannabis products at retail at the rate of four percent of the amount charged by such person for such adult-use cannabis product, which tax shall accrue at the time of such sale or transfer. The tax imposed by this subdivision is imposed on a person who sells adult-use cannabis products at retail, and shall be paid to the commissioner in trust for and on account of a city having a population of a million or more, and counties (other than counties wholly within such a city), towns, villages, and cities with a population of less than a million in which a retail dispensary is located.

(ii) There is hereby imposed a tax on the sale or transfer of low potency cannabis beverages by a distributor to a person holding a cannabis beverage retail permit under section sixty-three-b of the alcoholic beverage control law at the rate of nine percent of the amount charged for such sale or transfer.

(iii) There is hereby imposed a tax on the retail sale of low potency cannabis beverages by a permittee under section sixty-three-b of the alcoholic beverage control law to a consumer at the rate of thirteen percent of the amount charged for such sale.

§ 10. Section 99-ii of the state finance law is amended by adding a new subdivision 3-a to read as follows:

3-a. Notwithstanding any other provision of law, the revenues derived from the thirteen percent retail tax on low potency cannabis beverages shall be distributed as follows:

(a) One percent to the state liquor authority for the costs of implementation, administration, and enforcement of the cannabis beverage retail permit;

(b) Two percent to the cannabis revenue fund, to be administered by the office of cannabis management, for the specific purpose of providing loans, grants, and technical assistance to small businesses and social and economic equity applicants;

(c) Two percent to the cannabis revenue fund to be used by the office of cannabis management for trade practice oversight and the enforcement of laws against the illicit sale of cannabis;

(d) Four percent to be distributed to the local municipality in which the sale occurred; and

(e) Four percent to the New York state cannabis revenue fund for general purposes as set forth in this section.

§ 11. The opening paragraph of subdivision 4 of section 99-ii of the state finance law, as added by chapter 92 of the laws of 2021, is amended to read as follows:

After the dispersal of moneys pursuant to [~~**subdivision**~~] **subdivisions** three **and three-a** of this section, the remaining moneys in the fund deposited during the prior fiscal year shall be disbursed into the state lottery fund and two additional sub-funds created within the cannabis revenue fund known as the drug treatment and public education fund and the community grants reinvestment fund, as follows:

§ 12. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition,

amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.