

# STATE OF NEW YORK

9220

## IN SENATE

February 17, 2026

Introduced by Sen. COONEY -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

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:

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

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

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

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

18 § 3. Section 3 of the cannabis law is amended by adding a new subdivi-  
19 sion 56 to read as follows:

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

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

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1 § 4. Subdivisions 1 and 4 of section 63 of the alcoholic beverage  
2 control law, subdivision 1 as amended by section 3 of part K of chapter  
3 60 of the laws of 2004 and subdivision 4 as amended by chapter 24 of the  
4 laws of 2024, are amended to read as follows:

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

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

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

48 § 63-b. Low potency cannabis beverage retail permit. 1. The authority  
49 is hereby authorized to issue a cannabis beverage retail permit to the  
50 holder of a license to sell liquor at retail for consumption off the  
51 premises pursuant to section sixty-three of this article.

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

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

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

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

9 4. All low potency cannabis beverages shall be maintained in a sepa-  
10 rate and distinct area of the licensed premises from alcoholic beverag-  
11 es, clearly marked by signage as required by the authority.

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

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

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

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

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

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

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

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

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

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

4 8. ~~[No]~~ With the exception of low potency cannabis beverages, no alco-  
5 holic beverage retail licensee shall sell cannabis, as defined in  
6 section three of the cannabis law, nor have or possess a license or  
7 permit to sell cannabis, on the same premises where alcoholic beverages  
8 are sold.

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

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

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

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

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

34 3-a. Notwithstanding any other provision of law, the revenues derived  
35 from the thirteen percent retail tax on low potency cannabis beverages  
36 shall be distributed as follows:

37 (a) One percent to the state liquor authority for the costs of imple-  
38 mentation, administration, and enforcement of the cannabis beverage  
39 retail permit;

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

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

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

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

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

54 After the dispersal of moneys pursuant to ~~[subdivision]~~ subdivisions  
55 three and three-a of this section, the remaining moneys in the fund  
56 deposited during the prior fiscal year shall be disbursed into the state

1 lottery fund and two additional sub-funds created within the cannabis  
2 revenue fund known as the drug treatment and public education fund and  
3 the community grants reinvestment fund, as follows:

4 § 12. This act shall take effect on the one hundred eightieth day  
5 after it shall have become a law. Effective immediately, the addition,  
6 amendment and/or repeal of any rule or regulation necessary for the  
7 implementation of this act on its effective date are authorized to be  
8 made and completed on or before such effective date.