



**NYCCIA & HVCIA JOINT STATEMENT
IN SUPPORT OF ADULT-USE CANNABIS LEGALIZATION**

The New York City Cannabis Industry Association (NYCCIA) and the Hudson Valley Cannabis Industry Association (HVCIA) promote commerce with a conscience. We want a new cannabis marketplace to thrive, while ensuring that the industry is committing to resolving critical community concerns that we all share, such as preventing access of adult-use cannabis and marketing to minors, and ensuring that businesses are sited and regulated in ways that are in harmony with local community standards. To create a successful marketplace means balancing many valid but sometimes competing interests. There are core issues that we need to get right if the market is to be successful, including, critically, legislation and regulation that ensures economic growth for communities that have been disproportionately impacted by the war on drugs, and striking the right taxation balance to drive consumers toward the legal market.

We applaud the legislature for all of its work in tackling the policy issues underlying the proposed Marijuana Regulation & Taxation Act (MRTA, S.1527/A.1617) that regulates adult use, production, sale, and other activities related to cannabis products in New York. While we believe that the MRTA can and should still be improved to maximize the new marketplace's chances for success, on the whole we recognize the importance of not letting the perfect be the enemy of the good. The good here is enacting legislation that gives birth to a new legal marketplace which in turn creates economic opportunity when we need it the most. Legalization carries the promise for New York of a new, taxable revenue stream, and creates jobs and opportunities for community economic and social revitalization. So while the Associations' membership is not unanimous on the MRTA, because there are those of us who justifiably feel that we should strive to get closer to perfection before taking the next steps, on the whole we recognize that now is the time to bring adult-use cannabis to New York, because our State needs the economic and social stimulus that will come with this new marketplace.

To be clear, we see the MRTA as a critical first step in the right direction. Following its passage, we urge legislators and policymakers to be transparent with the public about where they see room for improvement in the legislation, through amendments as well as in the regulations to follow, so that organizations like ours can understand where the impasses lie, and then offer suggestions that are data-driven and that represent perspectives from the on-the-ground businesses, individuals and advocates in the cannabis community.

NYCCIA and HVCIA support enacting an adult-use cannabis program now, especially in the wake of the current economic devastation to New York State, with millions of jobs lost and billions in unpaid tax revenues. According to the Department of Labor, as of April 2020, New York State lost



1.834 million private-sector jobs on a year-to-year basis, while the number of new unemployment insurance filings points to a jobless rate approaching 20 percent.¹ According to the Division of Budget, New York’s economy will lose \$243 billion due to the coronavirus, or 14 percent of its annual gross domestic product.² The Boston Consulting Group estimates that the State’s revenues will drop by \$13.3 billion this fiscal year and more than \$60 billion over the next four years.³

The NYCCIA and HVCIA, along with many other industry stakeholders, stand ready to work with the State on developing pragmatic solutions for any challenges posed by the creation of this new market.

SUPPORT

Legalization of adult-use cannabis is overwhelmingly popular in New York. The latest polling in January 2020 by Sienna College shows the highest-ever support for legalization in the State at 58 percent supporting, with only 38 percent opposed.

There is no need for the State to rely on public coffers or advance outlays of earning tax revenues. If the State indicates interest in participating in a cannabis municipal bond program, the funds to establish the State’s oversight of the cannabis program can be advanced to the State before any tax revenues are collected.

TAX REVENUE

The need for additional tax revenues in New York State is urgent. Legalization in other states shows what is possible. In 2019, Nevada collected \$99 million; Oregon, \$102 million; Colorado, \$302 million; Washington state, \$390 million; and California, \$635 million in cannabis taxes and fees. Illinois has collected more than \$10 million a month in taxes and fees since legalizing for adult use in January 2020.⁴ These tax figures do not take into account the payroll and income taxes from newly-created cannabis industry employees. The NYC Comptroller’s Office estimated in a

¹ <https://labor.ny.gov/stats/pressreleases/pruistat.shtm>

² <https://www.budget.ny.gov/pubs/archive/fy21/ny-covid19-economic-impact-prelim.pdf>

³ <https://spectrumlocalnews.com/nys/central-ny/news/2020/04/25/covid-pandemic-will-lead-to-billions-in-state-spending-cuts>

⁴ <https://www.inquirer.com/business/weed/pennsylvania-marijuana-legalization-recreational-use-gop-20200521.html>



May 2018 report that adult-use legalization in New York could “conservatively yield annual tax revenues of as much as \$1.3 billion total at the State and City levels.”⁵

New York can also follow the Illinois precedent, where that state generated \$10.5 million in tax revenue from marijuana sales in the first month,⁶ and by the end of the first quarter, adult-use cannabis stores enjoyed nearly \$110 million in product sales.⁷ This sustained consumer demand is significantly driven by increased consumer confidence in product safety, quality and consistency. Illinois’ Cannabis Regulation and Tax Act incorporates robust regulatory compliance standards for product safety, accurate labeling and promotion, as well as certified third party lab testing. Creating a regulatory framework that ensures responsible and compliant cannabis manufacturing and marketing is achievable in the State of New York, and the Cannabis Industry Associations’ membership includes experienced subject matter experts who are prepared to work with the State to that end.

JOB CREATION

Currently, the US cannabis industry employs about 250,000 people. According to a study by the Rockefeller Institute on Government, New York State would create 37,000 jobs by legalizing adult-use.⁸

Legalization will create opportunities for all kinds of participants across all demographic, and we are committed to working out the details of how the industry will ensure inclusivity. Failure to act ensures that nobody will reap the benefits of legalization, especially communities who stand to benefit the most, which are the same communities most urgently in need of positive socio-economic change. Legalizing serves as a vehicle to ameliorate the harms inflicted by the War on Drugs and eliminates unequal law enforcement policies that have targeted people of color and caused arrests which have tragic consequences to communities.

The special interests of certain stakeholders should not prevent progress for the greater good. Further, legalization will cause economic growth, new sectors of economy, systemic growth, and community revitalization while focused on restorative justice measures.

⁵<https://comptroller.nyc.gov/newsroom/new-comptroller-stringer-analysis-legalizing-marijuana-could-lead-to-millions-in-tax-revenue-for-city-and-state/>

⁶ <https://patch.com/illinois/across-il/first-month-marijuana-sales-generate-10-5-million-tax-revenue>

⁷ <https://mjbizdaily.com/illinois-adult-use-marijuana-stores-sell-110-million-in-first-three-months/>

⁸<https://www.poughkeepsiejournal.com/story/news/local/2019/05/14/ny-marijuana-what-know-cannabis-jobs-pot-college/1194807001/>



EXPAND MEDICAL PROGRAM

With legalization of adult-use cannabis, New York should also expand its medical program by increasing demand and supply. Expansion of the medical program will increase the ability to provide fair and affordable access to palliative care to a growing number of patients in our State, while creating a sustainable, profitable framework for Registered Organizations (“RO”) to provide this medicine. New York can accomplish this goal by: (i) increasing the number qualifying conditions, (ii) allowing all licensed medical doctors to write prescriptions (with more discretion), (iii) increasing the number of available product form factors (primarily, by permitting dry flower and edibles), (iv) allowing for out-of-state medical cannabis patient reciprocity in light of New York’s high level of tourism, (v) expanding the number of permitted retail locations per RO, and (vi) last but not least, increasing the number of ROs (ideally with priority given to RO applicants who are minority owned and/or operated).

CROSS STATE PARTNERSHIP

On November 3, New Jersey residents will vote on a ballot measure to decide whether to legalize cannabis in the Garden State after both houses of the state legislature voted on December 15, 2019 to put the question on the ballot. According to a Monmouth University poll reported in April 2020, more than six in ten registered voters intended to vote in favor of the measure.⁹ Should New York fail to move forward with legalization while New Jersey does, our State will squander hundreds of millions of dollars in tax revenue to New Jersey, and also leave New York’s law enforcement in the lurch by forcing them to navigate issues like highway safety concerns without the appropriate funding.

We urge New York legislators to recognize that now, more than ever, we cannot afford to prioritize the agendas of special interest groups that have outsized influence attempting to preserve the status quo of unbridled and unequal enforcement. We urge our representatives to move past political gamesmanship and finally achieve the legislature’s and governor’s stated policy goal of legalizing adult-use cannabis in 2020. Our State needs the tax revenues and job creation from a new robust cannabis industry that New Yorkers overwhelmingly support. Legalizing will not only serve as a vehicle to ameliorate some of the devastating harms inflicted by the drug war, but also eliminate unequal law enforcement policies which have disproportionately targeted people of color and caused hundreds of thousands of arrests having tragic collateral consequences to people and communities as a result. Passage of the MRTA can help change that.

⁹ https://www.monmouth.edu/polling-institute/reports/monmouthpoll_NJ_042320/



Let us unite to bring this multi-billion dollar industry out of the shadows and create a regulated industry that offers safe products for the benefit of all New Yorkers.

For more information, or to join the conversation, please contact info@nyccia.org or info@hvcia.org. For press inquiries, please contact David Holland at (212) 842-2480.