

NEW YORK STATE OFFICE OF CANNABIS MANAGEMENT ANNOUNCES CANNABIS GROWERS SHOWCASE PROGRAM AND ISSUES 212 NEW PROVISIONAL RETAIL LICENSES TO SUPERCHARGE CANNABIS RETAIL MARKET

**Cannabis Control Board Approves a First-in-the-Nation Initiative to Allow Licensed Sales
Outside of Dispensaries**

CCB Provisionally Approves 212 Conditional Adult Retail Dispensary Licenses

**CCB Grants Extension of Emergency Regulations to Address Violations, Penalties, and
Enforcement Procedures within New York State**

**CCB Approves Vital Emergency Regulations for Public Safety and Amendments to Enhance
Patient Access and Care**

**CCB Approves and Finalizes Cannabis Research Regulations to Drive Scientific
Advancements in the Cannabis Industry**

Cannabis Control Board Approves One Additional Laboratory Testing Permit

Hope Knight Joins New York State Cannabis Control Board

New York State's Cannabis Control Board (CCB) and the Office of Cannabis Management (OCM) today announced bold actions to swiftly grow the state's legal cannabis market. In addition to a significant expansion of the number of Conditional Adult Retail Dispensary (CAURD) licenses to increase the rate at which retail locations will open across the State, the launch of the "Cannabis Growers' Showcase" (CGS) was outlined. This initiative is a partnership that will enable cannabis growers and existing, licensed retailers to sell cannabis to consumers. New York State is the first in the nation to allow the sale of cannabis at state and locally-sanctioned locations.

Also in support of the expansion of the legal cannabis market, OCM announced the results of aggressive enforcement action it has taken in the last six weeks following the implementation of new powers granted to the agency by the FY2024 State Budget.

To fast track CAURD applicants who in many cases are well prepared to open dispensaries faster, OCM presented, and the CCB approved 212 additional provisional CAURD licenses to bring the total number of such licenses to 463.

"The provisional approval of today's 212 CAURD licenses by the Cannabis Control Board marks a momentous leap forward in our pursuit of an inclusive and fair cannabis industry. These

licensees are demonstrative of the innovation and diversity of New York State," **said Tremaine Wright, Chair of the Cannabis Control Board.** "We want to thank Governor Hochul for her steadfast support as New York forges ahead in expanding its cannabis market and fulfilling our social equity objectives."

The CAURD license is a central pillar of the Seeding Opportunity Initiative, introduced by Governor Hochul in March 2022. Through the initiative, New York's first legal adult-use cannabis retail dispensaries will be operated by individuals most impacted by the unjust enforcement of the prohibition of cannabis or nonprofit organizations whose services include support for the formerly incarcerated. The Cannabis Control Board will continue reviewing CAURD license applications for consideration on a rolling basis as more applications are being reviewed. To be eligible, applicants were required to either have had a cannabis conviction, or be the family member of someone with a cannabis conviction, in addition to having owned a profitable business, and meeting other criteria. Nonprofits with a history of serving formerly incarcerated or currently incarcerated individuals were eligible to apply for a CAURD license.

CCB Approves Cannabis Grower's Showcase to Allow Licensed Sales Outside of Dispensaries

The Cannabis Growers' Showcase (CGS) initiative will allow for the first legal in-person sales of cannabis in New York beyond the walls of a licensed dispensary. This initiative allows growers to partner with conditional adult-use retailers and processors across New York to organize events for showcasing New York brands and selling adult-use cannabis products to consumers.

The implementation of the CGS is a crucial next step in expanding the State's cannabis market, and will accrue important benefits to growers, retailers, and consumers. Not only does it allow farmers to process and sell their crops much faster, it enables consumers to have legal access to cannabis in parts of the state that currently do not have dispensaries. In addition, the markup a retailer may charge will be capped, thus ensuring prices remain competitive for consumers. Each CGS event will feature a minimum of three Adult-Use Conditional Cultivators, partnering with a licensed adult-use dispensary to sell licensed and tested cannabis products to customers. These events are only allowed in municipalities that allow for retail cannabis sales, and must have a predominantly adult population. Only New Yorkers age 21 and over may purchase cannabis and cannabis products. For every three cultivators with an adult-use retailer selling products at these events, one processor will also be able to sell their value-added products like edibles, drinkables and vape cartridges. To ensure compliance and adherence to regulations, CGS participants are required to obtain municipal approval unless the event is held at a licensed retail dispensary where cannabis sales typically occur.

The CGS initiative marks an important milestone in New York's cannabis industry, fostering collaboration and allowing licensed cultivators to engage directly with consumers. The Office is committed to ensuring that all CGS events are held in accordance with the approved guidelines, promoting transparency, safety, and an enhanced consumer experience.

"As a former New York hemp farmer, I know firsthand how devastating it can be when a hard-fought harvest struggles to get to market. The Cannabis Growers Showcase was informed by those lived experiences, as well as by many difficult conversations with our growers and processors who justifiably wanted more avenues to share their products with New Yorkers," said Damian Fagon, Chief Equity Officer of the New York State Office of Cannabis Management. "This initiative will not only increase sales and retail access throughout the state, but it will also connect New York consumers directly with local cannabis farmers and homegrown brands. But this isn't just about helping farmers; it will also make tested cannabis more accessible to consumers across the state, bringing licensed cannabis sales to communities where a local dispensary has yet to open."

As OCM Enforcement Teams Partner with Department of Taxation & Finance to Inspect Unlicensed Dispensaries, CCB Grants Extension of Emergency Regulations to Address Violations, Penalties, and Enforcement Procedures

The Cannabis Control Board today approved emergency regulations to allow these regulations to continue for another 120 days, ensuring a seamless transition and reinforcing the commitment to maintain a robust regulatory framework. In November 2022, the CCB approved emergency regulations to address violations, penalties, and enforcement procedures within the state. These regulations establish clear guidelines for conditional licensees who infringe upon the law. The CCB voted to maintain their emergency effectiveness until August 4, 2023. By leveraging the administrative law judge framework and incorporating best practices from other regulatory agencies in New York State, the CCB ensures a comprehensive and effective process. These emergency regulations are in line with the legislative measures Governor Hochul championed and signed as part of the FY2024 Budget. Since those measures were put into law, OCM and the New York State Department of Taxation and Finance (DTF) have been routinely and jointly inspecting storefront businesses across the state. The Office of Attorney General is also working with OCM and DTF regarding these initiatives.

The two agencies have now inspected 53 shops across the State of New York. Those shops were inspected and found to be selling cannabis without a license and were issued Notices of Violation and Orders to Cease Unlicensed Activity. These new enforcement tools have authorized OCM to assess civil penalties against unlicensed cannabis businesses, with fines starting at \$10,000 per day, and rising up to \$20,000 per day for the most egregious conduct. The new law has also authorized the agency to seek a State court order to ultimately padlock businesses found to be in repeated violation of the law, among other penalties. In addition, the law makes it a crime to sell cannabis and cannabis products without a license.

In addition to the powers granted to OCM, the enhanced law empowers DTF to conduct regulatory inspections of unlicensed businesses selling cannabis to determine if appropriate taxes have been paid and to levy civil penalties in cases where they have not. The legislation also establishes a new tax fraud crime for businesses that willfully fail to collect or remit required cannabis taxes or knowingly possess for sale any cannabis on which tax was required to be paid but was not. By taking decisive action against unlicensed cannabis businesses, New York State is

making a significant stride toward ensuring the integrity of New York State's legal cannabis market. To aid in these continuing efforts, the FY 2024 Budget also provides \$5M for an additional 37 OCM staff to carry out enforcement.

CCB Approves Vital Emergency Regulations to Safeguard Cannabinoid Hemp Products and Public Safety

Today, the CCB approved proposed emergency regulations that ensure the safety and quality of cannabinoid hemp products offered for sale in New York. These regulations introduce significant changes, including instituting a minimum ratio of CBD to THC that all cannabinoid hemp products must meet, and places limits on the total THC in milligrams allowed for certain types of cannabinoid hemp products. These changes will help ensure that intoxicating cannabinoid hemp products are not sold in the cannabinoid hemp program where the regulations differ in the provisions and safeguards that exist in the adult-use program.

Additionally, these revisions prohibit the sale of cannabinoid hemp products with over 0.5 mg of total THC per serving to individuals under 21. The laboratory testing requirements have also been updated to align with testing limits in the adult-use and medical cannabis programs. Furthermore, packaging, labeling, marketing, and advertising rules have been revised to discourage the attractiveness of cannabinoid hemp products to individuals under the age of 21, prevent false statements or health claims, and align with certain provisions in the adult-use and medical cannabis programs. The adoption of these regulations is a crucial step towards protecting public health, safety, and the welfare of consumers from the immediate threats posed by intoxicating cannabinoid hemp products sold in New York State.

CCB Approves Medical Cannabis Regulation Amendments to Enhance Patient Access and Care, Regulations Now Go to Public Comment Period

The CCB also voted to approve proposed regulations to improve patient access and care within New York's medical cannabis market. With the CCB's vote, these regulations will now enter a 60-day public comment period. The primary changes to the medical program regulations include:

- Updates to lab testing requirements, including a requirement to report terpene content
- Language to allow for bulk dispensing of medical cannabis products by dispensary pharmacists
- Technical fixes and updates to conform with the adult-use industry when it comes to worker health and safety standards, disclosure requirements, and packaging and labeling regulations

CCB Approves and Finalizes Cannabis Research Regulations to Drive Scientific Advancements in the Cannabis Industry

Also today, the CCB voted to adopt the finalized regulations governing licenses for researchers to produce, process, purchase and/or possess cannabis for limited research purposes. The draft

regulations were introduced at the March 2, 2023 CCB meeting and went out for a 60-day public comment period that concluded on June 5. OCM received 22 public comments, overwhelmingly in support of the regulations and New York's efforts to stimulate cannabis research. Because no substantive changes were made as a result of the public comment, they will be made effective following their adoption in the state register. These licenses will help further research into cannabis, a space of research that has been severely limited by a century of cannabis prohibition in the United States.

Cannabis Control Board Approves One Additional Laboratory Testing Permit

The Cannabis Control Board approved one additional laboratory permit today Coral Reef Labs in Johnson City, NY, bringing the total number of laboratories permitted to conduct adult-use and medical cannabis testing in New York State to 15.

The approval of this permit serves as a critical part of New York's equity-first supply chain, helping to bring safer cannabis products onto the shelves of New York's first adult-use cannabis retail dispensaries.

Hope Knight Joins New York State Cannabis Control Board

In June, Governor Kathy Hochul announced the appointment of Hope Knight as a board member of the New York State Cannabis Control Board, overseeing the regulation and implementation of the state's cannabis policies. Hope is the President, CEO, and Commissioner of Empire State Development, brings extensive experience in economic development and a proven track record of driving sustainable growth and innovation. Today was Commissioner Knight's first meeting as a member of the CCB.

"We are thrilled to announce the appointment of Hope Knight to the New York State Cannabis Control Board. Bringing a wealth of experience in economic development and a demonstrated ability to drive sustainable growth and innovation, Knight's inclusion on our team is highly valued," said Chris Alexander, Executive Director of the New York State Office of Cannabis Management. "Her profound expertise will play a pivotal role in overseeing the regulation and implementation of cannabis policies, ensuring the adoption of responsible practices, and stimulating economic growth while upholding public safety as a top priority."