



Office of Cannabis Management

KATHY HOCHUL

Governor

TREMAINE WRIGHT

Cannabis Control Board Chair

JESSICA GARCIA

Board Member

HOPE KNIGHT

Board Member

CRYSTAL J. RODRIGUEZ DABNEY

Board Member

JENNIFER GILBERT JENKINS

Board Member

FELICIA A.B. REID

Acting Executive Director

No. 2024-114
November 12, 2024

RESOLUTION TO CONSIDER ALTERNATIVE PAYMENT METHOD FOR SPECIAL LICENSING FEES FOR REGISTERED ORGANIZATIONS DEMONSTRATING FINANCIAL NEED

WHEREAS, pursuant to Section 63 1-a of the Cannabis Law, the Cannabis Control Board (Board) is charged with establishing a one-time special licensure fee for registered organization adult-use cultivator, processor, distributor, retail dispensary licensees (also called Registered Organization with Dispensing or ROD); and

WHEREAS, pursuant to Section 99-ii (c) of the State Finance Law, revenue received from the special license fee shall be used for actual and necessary costs incurred by the Office of Cannabis Management and the Cannabis Control Board, and the Urban Development Corporation, related to the administration of incubators and other assistance to qualified social and economic equity applicants...; and

WHEREAS, pursuant to Section 120.4(b)(11) of Title 9 of the New York Codes, Rules and Regulations (9 NYCRR), the Board established a special license fee of \$20 million, with at least \$5 million due at the time the ROD license is issued; and

WHEREAS, pursuant to Section 120.4(c) (NYCRR), an applicant may pay a reduced, waived, or deferred application or license fee in certain circumstances, including demonstration of sufficient financial need; and

WHEREAS, the Board has received requests from certain ROs, who have applied and been approved to transition to a ROD license, seeking an alternative payment schedule for their special licensing fee, due to significant financial need, evidenced by to the unusual and unique circumstances faced by the New York State medical cannabis market; and

WHEREAS, the Board recognizes that the State’s ROs are vital contributors to the growth and sustainability of the State’s medical cannabis market, which provides critical services and medical cannabis products to patients in need; and

WHEREAS, the Board recognizes that the special licensing fees are a crucial component of the funding designated to support the State’s social and economic equity programs, as well as incubator assistance initiatives, which foster diversity, innovation, and sustainability within the cannabis industry; now, therefore, be it



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RESOLVED, that the Board, hereby authorizes the alterative payment schedule of the ROD special license fee as outlined with the terms and conditions listed in Attachment A, for ROD licensees who are able to demonstrate financial need to the satisfaction of the Office through the submission of all financial statements, including balance sheets, income statements cash flow statements, reserves or other information requested by the Office to determine financial need.



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[Attachment A]

Attachment A: Registered Organization Dispensing Special License Fee Alternative Payment Schedule

Registered Organization Dispensing (ROD) licensees who are able to demonstrate financial need to the satisfaction of the Office are eligible to qualify for an alternative fee payment schedule for the ROD special license fee outlined in S.63 of the Cannabis Law and Part 120.4(b)(11) of Title 9 of the New York Codes, Rules and Regulations (9 NYCRR).

- The alternative payment schedule is limited to the initial \$5 million payment for the ability to open their first co-located dispensary. If the initial \$5 million is paid through the alternative payment schedule, the ROD will not be able to open their second co-located dispensary until the ROD has paid the initial \$5 million in full.
- Payments must be made to the Office every six months after the date of ROD licensure, with the initial installment paid upon ROD licensure. The remaining three payments must be paid every 6 months, subject to certain conditions below. Payment can be made in-full or sooner if or until the \$5 million is satisfied by the ROD.
- All payments must be completed within eighteen months of receiving the ROD license. Failure to complete payments in the timeframe set forth by the Board will result in a stop-work order for all adult-use dispensing activity, and if applicable, the denial of renewal of the ROD license (if payment is not satisfied prior to license expiration), and/ or suspension of the ROD license. ROD will have 30 days from the date the payment is due before a stop-work order is issued.
- ROD will need to reestablish need for financial assistance every six months sharing with the Office updated financial statements, sale figures and other documents requested by the Office throughout the payment period.
- If on the earlier of the following, the ROD cannot reestablish need for financial assistance or ROD reaches \$100 million in revenue, including but not limited to through retail and wholesale sales, during the licensure period in which the initial payment was deferred, the balance must be paid within 30 days of the date ROD needed to reestablish need for financial assistance or reached the \$100 million milestone, whichever is applicable. Additionally, the requirement to satisfy the \$5 million installments



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paid within 30 days of each \$100 million in revenue generated by the ROD, up to \$200 million, will be required as set forth in Part 120.4(b)(11). **There are no exceptions.**

- A ROD is prohibited from closing any operational medical cannabis dispensary or reducing hours of operation at a medical dispensing facility if participating in the alternative payment methodology for the special license fee. If a ROD closes a medical dispensary, any outstanding balance for the special license fee must be paid within 30 days.
- If, at any point, the ROD is acquired, merged, or undergoes any other similar form of reorganization, the ROD must reestablish financial need with the Office in order to continue the alternative payment schedule for the special license fee.
- If, at any point, the ROD enters into bankruptcy or receivership proceedings, any outstanding balance must be paid within 30 days of the organizational change, or as determined by the bankruptcy court.
- Alternative payment approval is not authorization for exemption to the requirements set forth in Title 9 § 120.7. Licensees must comply with all applicable rules and regulations.