

TOP STORY EDITOR'S PICK TOPICAL

## 5 ways the state's pot industry changed Wednesday

Samantha Christmann

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The application window for general cannabis licensing opened Wednesday.  
Libby March/Buffalo News



Samantha Christmann

**A**s the application window for **general cannabis licensing** opened Wednesday, Gov. Kathy Hochul announced several new ways the state would try to help legal sellers, including a crackdown on illegal sales.

"We know there's room for improvement as New York works to launch a brand-new cannabis industry and crack down on illicit operators, and I'm committed to working with all stakeholders to get the job done right," Hochul said in a release.

As cannabis licensing opened to a general audience Wednesday, the governor announced new enforcement partnerships to crack down on illegal cannabis storefronts, released new details on how it would ensure Social and Economic Equity as the state grants licenses, and shared ways the state would try to protect small businesses in the industry.

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"My Administration is laser-focused on shutting down illegal storefronts, protecting the health and safety of children, and helping small businesses thrive. We will continue working to build the most equitable adult-use cannabis industry in the nation that invests in communities and rights the wrongs of the past," Hochul said.

## Licensing opened up

The state's cannabis industry was substantially expanded Wednesday, when it opened the general cannabis cultivator, processor, distributor, microbusiness and retail dispensary licensing application window. The window will remain open until Dec. 4, with licenses being awarded at the beginning of 2024, the governor's office said.

Applications are being accepted through the **New York Business Express platform**.

Until now, only conditional adult-use licensing was available to New Yorkers who were affected by previous cannabis convictions and who had experience running a business in the state.

Now, anyone can apply.

## Determining what communities were disproportionately impacted by pot arrests

According to requirements from the Marijuana Regulation and Taxation Act, the state has said it would give half of the cannabis licenses granted in the state to people from communities disproportionately impacted by pot arrests, also known as CDIs, as well as minority- and women-owned businesses, distressed farmers and service-disabled veterans.

The governor's office announced Wednesday that the Office of Cannabis Management has come up with a formula for assessing whether an area is one of those highly impacted areas by analyzing population, arrest numbers and census tracts over the past four decades and posted an **interactive map** to outline different CDIs.

Several of those areas are within Buffalo. One is in a portion of the City of Tonawanda.

CDIs represent roughly a quarter of the state's population that experienced three quarters of the cannabis arrests over periods of time during that last four decades in certain census tracts.

## Training for municipalities to help shut down illegal shops

The Office of Cannabis Management and the Attorney General's Office will partner to provide training for local municipalities on how to use new enforcement measures signed into law in May to crack down on the unlicensed dispensaries running rampant throughout the state.

A new provision in the enforcement law, Section 16-A, allows local governments to pursue padlocking orders in State Court that would shut down illegal smoke shops. It allows municipalities, including county attorneys, to pursue the padlocking orders based on Office of

Cannabis Management and Department of Taxation and Finance inspections – without having to wait for the Office of Cannabis Management to petition the court for padlocking orders itself. "Enforcement will be necessary to help licensed operators compete with a longstanding and robust legacy market," said Patrick Hines, leader of the Cannabis and Hemp group at Hodgson Russ.

So far, most of the state's efforts to crack down on illegal shops have been focused on the New York City area.

### **Department of Labor, Workers' Compensation Board join enforcement efforts**

The state is enlisting other agencies to apply its business enforcement to the problem of unlicensed dispensaries, by checking them for compliance with other state laws when they're inspected by the Office of Cannabis Management and the Department of Taxation and Finance.

The Workers' Compensation Board can impose a Stop Work Order against smoke shops not carrying workers' compensation insurance, issuing penalties of as much as \$2,000 for every 10-day period they weren't in compliance.

The Department of Labor will check payrolls to ensure compliance with several different worker protection laws, including making sure that shops are paying workers minimum wage and overtime, allowing sick time and Covid sick pay. Businesses that don't comply can face fines of up to \$3,000 for repeated violations and, in the case of underpaid wages, up to 200% of back wages.

### **Tracking licensee interests**

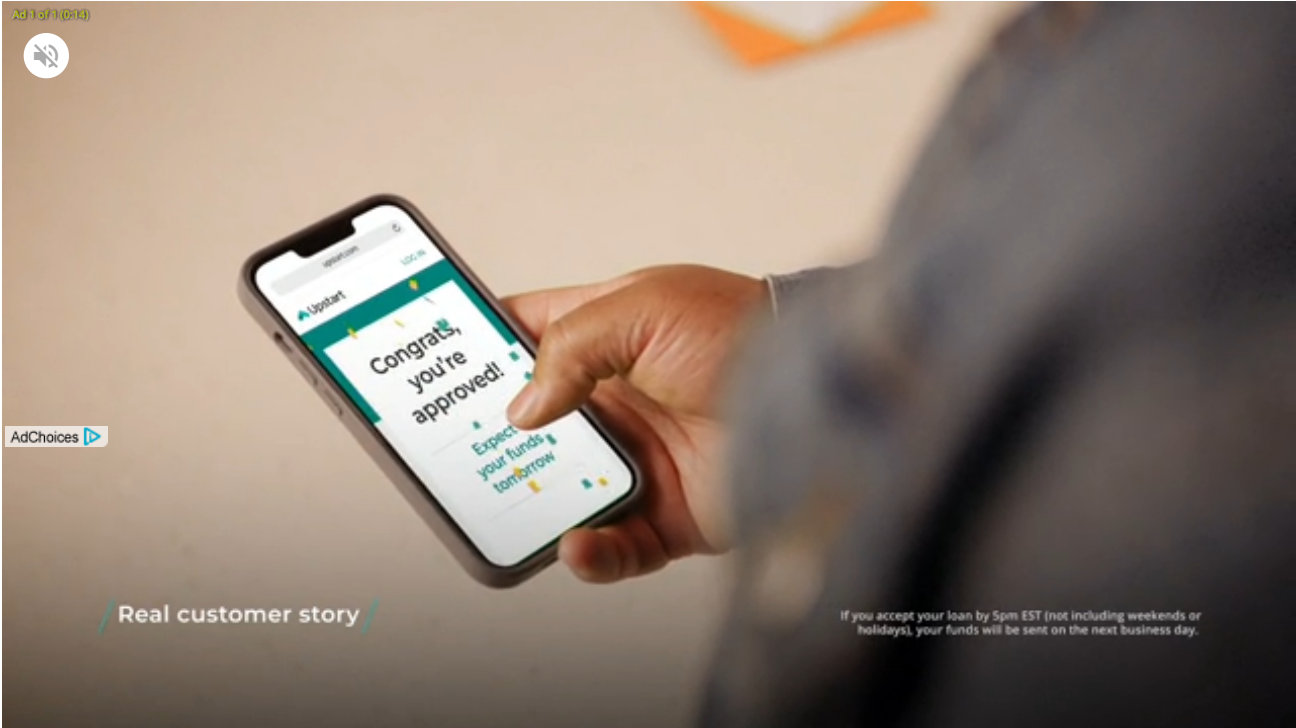
The state has tried to build a market where small businesses can establish themselves and successfully compete as larger business interests enter the state's cannabis industry, Hochul's office said.

Part of that plan included a two-tier system to prevent companies from having financial interests in both the supply and retail sides of the market. In order to protect the integrity of that system, the state said it will require applicants to list their True Parties of Interest, and implement a "robust system" that will track applicants' ownership and financial interests.

The tracking will let the Office of Cannabis Management assess the ownership stakes of individuals and businesses across both tiers of the market, the governor said.

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By Samantha Christmann  
News Business Reporter

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