

GOVERNOR CUOMO ANNOUNCES AMENDMENTS TO ADULT-USE CANNABIS PROGRAM PROPOSAL

Hodgson Russ Hemp and Medical Cannabis Alert
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On February 16, New York State Governor Cuomo announced he was amending his proposal to legalize adult-use cannabis. The full text of the amendments was released on February 22. The changes allow home delivery services, reduce some criminal penalties, and clarify the allocation of funds for social equity.

Delivery Services

Citing social and economic equity as the underlying goal, Cuomo amended his proposal to permit delivery services of adult-use cannabis products as a way to “open up access to this new industry even further so more New Yorkers can participate as it grows.” Cuomo’s February 16 announcement explains that delivery services offer a low-cost entry point into the industry, particularly in communities that have been especially impacted by the war on drugs.

Under the amended proposal, the Office of Cannabis Management Board may approve adult-use retail dispensaries that solely intend to deliver product without an approved storefront location. An adult-use dispensary with a storefront cannot deliver products unless it is specifically approved and licensed to do so. Although Cuomo’s announcement implied that local governments would be able to opt out from delivery services operating within their jurisdictions, the text of the proposed amendment does not provide any clarity into which municipalities will be allowed to opt out, the parameters for doing so, or how an opt-out will impact deliveries originating from outside the municipality.

Criminal Penalties

The amended proposal reduces specific criminal penalties for the criminal sale of cannabis. By reducing criminal sale penalties, Cuomo aims to ensure that the effort to decriminalize cannabis is not inadvertently reversed. The revisions provide that sale to persons under 21 years old will be a misdemeanor, and illegal sale of one pound or more will remain a felony.

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Social Equity Fund Allocation

In our January 27 [alert](#), we mentioned that Cuomo proposed revenues from adult-use cannabis taxes be distributed to fund the social and economic equity plan, which he calls the “bedrock” of his proposal to legalize cannabis. Under the schedule created by Cuomo’s initial budget, the social equity fund would receive \$10 million in its first fiscal year, with a \$10 million increase every subsequent year until plateauing at \$50 million in the 2026-2027 fiscal year. The fund is capped at \$100 million, and the amended legislative language does not indicate any change to that scale.

The amendment provides guidance on how the social equity funds will be distributed. Under the amended proposal, the Department of State would work in collaboration with the departments of Labor and Health, the Division of Housing and Community Renewal, and the offices of the Addiction Services, to allocate funding through grants to qualified community-based nonprofit organizations and approved local governments. These nonprofit organizations and local government entities would use the funds to support community revitalization efforts.

For more information, please contact [Melissa Subject](#) (716.848.1719), [Patrick Hines](#) (716.848.1679), or any member of Hodgson Russ’s [Hemp & Medical Cannabis Practice](#).

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