

New York State Joint Committee on NYS Budget 2021
Hearing on Economic Development, February 23, 2021

**NEW YORK CITY AND HUDSON VALLEY CANNABIS INDUSTRY ASSOCIATION'S STATEMENT
IN SUPPORT OF LEGALIZED ADULT USE CANNABIS**

Dear Honorable Senators and Assembly Members,

The New York City and Hudson Valley Cannabis Industry Associations ("CIAs") are pleased to provide the following statement about the legalization of cannabis in the State of New York. Also attached are two supporting reports by the CIAs' Regulatory Committee about proposed beneficial policy considerations, plus other States' program highlights, to help promote best practices and a sustainable legalized cannabis industry here in New York State. We've included a third report with our comments on the proposed hemp regulations as they will in many aspects mirror future comments applicable to the cannabis regulatory structure.

The Controller of California was recently heard saying that if she could re-do the legalization in California, she would have solicited more input from the industry itself. California has struggled with eradicating the legacy market as well as pulling people away from it due in large part to significant price disparities. Attached please find our Tax Analysis on the proposed tax rate and its effect on total price (the CRTA's new potency tax will alter the rate further), neighboring States effective rates and their effect on NYS marketplace. Without a competitive price and tax rate on the sale of recreational use cannabis, the legacy market will continue to thrive and new licensed operators will fail due to lack of competitively priced products (as well the limited variety of products).

If NYS is to succeed in legalization it must be mindful of creating too many barriers to entry. This also means creating easy access to social equity programs with measures in place to promote success. To this end NYS need not recreate the wheel. Job, jobs, Jobs already exist in the legacy market. To allow existing marketplace participants to operate in the registered market will create immediate tax paying jobs, more tax revenue for NYS and a way forward to fund investment in the communities most hard hit by the war on drugs. Many legacy market operators who have access to cash flow from existing operations are going to be able to transition Day 1 to licensees with services available. This in turn brings all the affiliated jobs into the NYS tax rolls plus any ancillary services which can accompany an out in the open, thriving industry.

NYCCIA and HVCIA have gathered a wealth of expertise and knowledge together under one virtual roof in its membership. From here we gather advice, guidance, success stories and pitfalls from experienced operators, service providers and former regulators. We welcome the opportunity to provide further testimony, data or experiences from other States which have already undergone legalization.

Thank you for your consideration,

Sincerely,

NYCCIA and HVCIA