



Testimony of the New York Cannabis Retail Association Public Protection and General Government Joint Budget Hearing February 26, 2025

Presented by Britni Tantalo, President

Good Morning. My name is Britni Tantalo. I am the owner of Flower City Dispensary near Rochester, NY. I am also the President of the New York Cannabis Retail Association (NYCRA), which represents over 350 members statewide.

Thank you Chairs Krueger, Pretlow, Stirpe, and Ryan, and Members of the New York State Senate and Assembly, for the opportunity to present testimony today.

On behalf of NYCRA, I want to thank the Governor, the Assembly and the Senate for the significant actions you took in the 2024-25 state budget. Enacting stronger laws to empower the OCM and local law enforcement to shut down the illegal market was a positive step forward. Illegal stores remain a huge problem in New York, but that action was a necessary action that our members very much appreciate.

However, much work remains to be done.

As you debate the 2025-26 state budget NYCRA urges you to consider the following initiatives that our members feel are necessary to improve the legal adult use cannabis market:

- **Close Down the Illegal Market.** Illegal stores continue to be a huge problem in New York. The New York cannabis market is estimated to be \$5-7 billion. With current annual legal sales of approximately \$1 billion, that means that anywhere from 80-85% of the cannabis market is occurs in the illegal market. Our members are living this reality daily: despite the new laws, many are still surround by illegal stores, and it is still common for an illegal store to be closed down, only to re-open a few days later. If New York is serious about closing illegal cannabis stores, NYCRA recommends that the legislature consider the following:
 - Increase the budget for OCM enforcement staff. The Governor has proposed expanding OCM staff authorization in her budget, and NYCRA supports that proposal. We recommend doubling that number, as the breadth and depth of the illegal market is far beyond the current capacity of OCM to deal with.
 - Increase the cost of deciding to enter the illegal market by enacting a law to forever prohibit anyone operating an illegal store from receiving any cannabis license. Those of us who entered the legal market played by the rules and risked our own financial futures to do business; people who chose to break the law, sell dangerous products to children

and don't pay taxes should never be allowed work within the system that they chose to ignore.

- Consider a limited asset forfeiture system, targeted at the largest illegal operators. According to Manhattan prosecutors, their ability to close illegal cannabis retailers is limited to small stores. The larger, highly-profitable operators—who have numerous stores—have the legal bandwidth and financial resources to make their closure next to impossible. To close down these hugely profitable illegal operators, prosecutors need the ability to go after their money. The MRTA should be amended to permit asset forfeiture in limited cases, involving large illegal operators, with the money seized going into a special revenue account to provide grants to help legal social equity cannabis licensees open and sustain their businesses.
- Establish a private right of action. OCM and local law enforcement do not have the capacity to close illegal cannabis operators. Just as in numerous other areas of the law, individuals who suffer direct financial harm due to illegal operators—i.e., licensed stores—should have the right to seek damages in court if they choose to do so.
- **Reform the DASNY Social Equity Fund.** The DASNY Social Equity Fund, established to support social equity licensees, has been a failure and requires reform. Consistent with the requirements of the MRTA, the state must establish a viable path for social equity licensees to access capital through low interest loans and grants. That system must be transparent and not predatory. NYCRA believes the Comptroller must audit the existing DASNY Social Equity Fund so that stakeholders and policymakers can assess the dimensions of the problem and implement needed reforms. In addition, the twenty-four CAURD licensees who are currently participating in the DASNY Social Equity Fund deserve some form of relief from their existing predatory loans.
- **Provide Financial Support for the State-Mandated Track-and-Trace System**
As a state mandate, the state should help cover the cost of implementing and maintaining the track-and-trace system statewide, relieving farmers, processors, and retailers of some of this financial burden. NYCRA proposes that \$5 million be set aside to provide grants to cannabis licensees to defray the cost of training and implementation expenses that licenses will incur as a result of this mandate.

Finally, NYCRA wants to take this opportunity to draw the legislature's attention to two significant challenges retailers face:

- **Establish Proximity Protection Guardrails**
OCM has proposed amendments to existing proximity protection regulations that would allow waivers to proximity protection for any reason. The Legislature should consider legislation to limit the extent to which proximity protection waivers can be issued, require that a public process be established to enable licensee and community input, and establish an appeal process for adverse decisions. Such provisions currently exist in the alcohol market.
- **Codify the CAURD Program**
The CAURD program has been the target of legal challenges since its inception. To enable this program to move forward, and to protect the millions of dollars in private investments pending CAURD applicants and licensees have made to establish a legal cannabis retail business, the CAURD program must be established in statute. The recent lawsuit that has frozen consideration of conditional retail licenses confirms the need for this action.

Thank you again for the work the legislature has done to improve New York's cannabis market, and for the opportunity to present this testimony. I would be happy to respond to any questions you may have.