



EMPOWERING NY PROCESSORS

**Association of New York Cannabis Processors
Economic Development Joint Budget Hearing
February 26, 2026**

**Testimony By John Vavalo
President, ANYCP**

Thank you, Chairs Krueger, Pretlow, Baskin, Stirpe, and Members of the New York State Senate and Assembly. My name is John Vavalo. I appreciate the opportunity to, for the second year in a row speak on behalf of the Association of New York Cannabis Processors. In addition to serving as the President of the Association, I am also the founder and CEO of Central Processors NY, which is based in Syracuse and is currently the only unionized processor and cultivator in the State.

As we enter our fourth full year of the adult use cannabis market, it is more important than ever to speak plainly about what is working in the industry, what is improving, and what needs help.

ANYCP, along with our fellow industry associations, have been vocal over the years on the dangers posed to the adult use market by unchecked inversion. For those of you who are unaware, this is the process by which out of state cannabis is illegally brought into New York and sold on our licensed shelves. Beyond the public health and safety concerns associated with untested cannabis being sold to consumers, this also directly harms our supply side licensees, by preventing them from being able to get their product to market.

To combat this, the OCM has implemented a track and trace program across the entire market to ensure product integrity. We applaud this action, though the costs associated with it are mounting and difficult for licensees to bear alone. It is important to note that we are **not** advocating for an elimination of track and trace, nor would any serious licensee. There is a legislative solution, which I will discuss momentarily, that will help both keep these licensees operational and protect the safety of New York consumers.

We are grateful that the New York market is coming into its own after an uneven few years. Though things could always be better, we appreciate the willingness of the OCM to engage us in thoughtful dialogue. As we work with the agency to further improve the market, we would also

like to advocate for the following pieces of legislation, which will help the whole industry to grow and thrive:

OCM Track and Trace Coverage (S.8264/A.8820): As I stated, track and trace is currently covered entirely by licensees, to the tune of tens-to-hundreds of thousands of additional dollars a month. These costs are, in turn, passed along to the customer. This is incredibly dangerous in a time when we are seeing real progress in bringing customers out of illicit market stores, and the economics are incredibly fragile. ANYCP strongly supports this legislation, which would shift the cost of our track and trace program onto the Office of Cannabis Management. Given they are already authorized to cover any “reasonable costs” associated with the program, we urge swift passage of this bill.

Manufacturer Tax Credit (S.7838/A.8233): Though the potency tax was repealed, many of our members operated in the first year of the adult use market and were punished with a tax rate exceeding 20%. Our ask is the creation of tax credit, applicable to the 25-35 operational processors through the conditional program that were on at least one shelf in 2023 and have filed with the Department of Tax and Finance. This tax credit, tied to the potency tax that a processor would have incurred in the first full year of adult use sales and capped at \$400,000 per licensee, would be a literal lifeline.

The ability of our members to climb out of the hole created by the potency tax would allow them to invest in their businesses, their workforces, and their communities. As it stands now, many are drowning in debt and are being preyed upon by unscrupulous out-of-state actors, offering predatory terms that will kill their businesses. We believe the New York cannabis market should be run by New York operators, and ensuring the long term viability of these businesses is the best way to achieve just that.

I have been coming to Albany, consistently, for four years now. In that time, we have made significant gains in this industry, while also facing incredible hardships. We value our partnership with the State, and appreciate the ability to speak about what is happening in New York cannabis. Thank you all for the opportunity to testify here today, and I look forward to continuing to work together to improve this space for all.