



**THE Cannabis COUNSELOR**  
FEATURING ALEECE BURGIO

## Episode 2: Marijuana Regulation Taxation Act (MRTA)

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Hey, everyone! This is a Barclay Damon Live broadcast. You're listening to the Cannabis Counselor and I'm your host Aleece Burgio. Let's get into it!

What's up, everyone? We're on the second episode of the Cannabis Counselor. Today we're going to be talking about the Marijuana Regulation and Taxation Act. This bill has been sponsored by Senator Krueger and Assemblywoman Crystal Peoples-Stokes. It's a bill that's been put in to the legislature for voting since 2013—hasn't been passed yet. We're gonna dive in and, if you have a chance, check out Episode 1 in which we talked about the Cannabis Regulation Taxation Act which was sponsored by Governor Cuomo and has been...this is his third attempt now, so we're talking about both bills. We're trying to digest. They're both in play right now, which is an interesting scenario for New York State.

Okay, social equity! This is going to be a huge topic when we discuss the MRTA, when we talk about the CRTA, and that's because the MRTA puts a really big preferential treatment on communities who have been disproportionately impacted by the prohibition of cannabis. How do they do this? So, the use of revenue is really what centralized on how these bills differentiate. The MRTA kind of goes outside of any scope. It's not in any other bill that we've seen for adult-use cannabis and they decided to break up the tax revenue, meaning all the revenue generated from the adult-use program for New York State is now broken up into three categories. The first and most important is 50 percent would go back to a reinvestment fund for communities who have been disproportionately impacted. Another 25 percent would go to the lottery and the other 25 percent would be for drug treatment and public education.

The CRTA doesn't mention any of this. Instead they have their own social equity program that they would put in place. The MRTA also has this program as well, and it includes the same groups: minority, women, disadvantaged farmers, disabled veterans, and, again, any community who has...or any community member who has been disproportionately impacted by the prohibition. 51 percent of the business would need to be held by one of these five groups in order for them to be considered a social equity applicant.

Now, if you're a social equity applicant, you get some preferential treatment. You're heading to the first of the line, you could get a zero-interest loan, there's grants that would be available, you might have waived license fees. So it is...it looks like that might be the route for a lot of people who not necessarily...might not have enough money, who want to be part of the cannabis industry that don't think that they could be given how the medical program was situated. It's a nice avenue to get an inclusive group of people into New York's marijuana market.

The other thing that we really need to look at is home grow, which I think is kind of directly correlated with how we're going to treat adult-use cannabis. Now when I say home grow, I mean how many plants any person holding a medical marijuana card could grow at their own home. The CRTA, as we mentioned, gives no plant rights. So even if you had a medical marijuana card, you wouldn't be able to grow in your house. The MRTA on the other hand would allow you to grow up to six plants. So, if you



have a medical marijuana card and you're finding that you're having a really really tough time buying marijuana from a dispensary. Why would you have a tough time? Well, maybe you're not close to one. Maybe it's too expensive. There's no insurance covering your medical marijuana. You don't want to foot a \$200 bill every other month. Maybe, you like what you grow and you want to be able to grow for yourself. These are all really important rights that should be part of the legalization bill. Now, six plants is a lot. We haven't seen six in many other states, but home grow is a really important provision that the MRTA does touch up on.

Finally, we're looking at the taxation provisions. The taxation provision is I think where the MRTA meets it's problem area, and the CRTA doesn't do a much better part on this, but the MRTA basically has a tax that's between 22 and 25 percent on overall the cannabis to the consumer/wholesaler. And the problem with that is if the taxation is too high on recreational marijuana, we are going to struggle to eliminate the black market. So I think we need to take a really strong look. The MRTA does have a lower tax than the CRTA at this point, but it still needs a lot of work. I think talking to tax professionals, people in outside states, that number needs to continue to come down because if the number's too high people are going to go to Massachusetts, they're going to go to New Jersey, and they're not going to stick in New York.

Best part I would say about the MRTA at this point—in addition to the social equity—is the licenses. We talked about in Episode 1 the on-site consumption lounges, what that would look like, and the MRTA does permit on-site consumption lounges. Now, you wouldn't be able to hold a license as a cultivator, you wouldn't be able to hold a license as a processor, or even a retailer, but you would be able to host a cannabis cafe in the locality that would approve it in the right zoning. The other would be the delivery license. Now this is an important license structure for those who might not necessarily want to get into a plant-touching operation. They would want to be part of the delivery from point A to point to B. Getting it to possibly people in their homes taking away from, you know, that inconvenience of having to go to the dispensary, which is important. Again, what if you're in a locality that doesn't have any really dispensaries in it. Do you want to be driving, you know, two hours or so. There could be a lot of opportunity to put delivery in towns that doesn't allow dispensaries.

So those are kind of the big points of the MRTA. We will be talking about this more in depth. If you felt like I only kind of touched on these topics a little bit, we will be hosting myself, Jason Klimek from Boylan Code, and Zack Sarkis from HempLab; we'll be having I think it's a four-part series going in depth on the CRTA and the MRTA, because guys we're gonna know which bills passed by April. We're going to see if the MRTA is passed by the legislature this month and we will see if the budget includes the CRTA by April.

So this is a continual, you know, trial and error. I think things are gonna be changed quite a bit in the next few weeks and few months. And so it's important to stick with us and we'll provide updates as much as possible with what's going on.

So, for those of you who are new to the podcast, thanks for tuning in. We hope that we're reaching you in the right ways in terms of what you want to listen to, the questions you may have, any feedback you have, please let us know. Find me on LinkedIn, find me on Twitter, and I look forward to talking to you on Episode 3.

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