



THE Cannabis COUNSELOR
WITH ALEECE BURGIO

Episode 10: “Update on MRTA”
Speaker: Aleece Burgio

[Aleece Burgio] 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, everybody? This is Episode 10 of The Cannabis Counselor. Today we’re going to be recapping. We haven’t done a finalized episode of what was passed for the Marijuana Regulation Taxation Act so we’re going to dive in and just talk briefly about the things that have changed since our last podcast.

We had a chance to talk with Assemblywoman Crystal Peoples-Stokes about the Marijuana Regulation Taxation Act. We talked with Senator Jeremy Cooney about it. But, you know, you and me—let’s break it down and talk about what has changed so that we feel we can put our best foot forward in applying for these licenses.

So the Marijuana Regulation Taxation Act: It passed when it was signed by Governor Cuomo on March 31, 2021. What’s interesting about this bill is it’s probably the most progressive in the country, I would say, definitely with social equity provisions, we really got a chance to see a bill that included so many different components to it, so you have social equity applicants, you have a community reinvestment fund. Some of the money that’s generated from the tax revenue will go back to communities who’ve been disproportionately impacted by the prohibition. You’ve got expungement, automatic expungement. So a bunch of different things that have really been at the forefront of giving back to New Yorkers who have been discriminated through this prohibition.

What else I think is important is to talk about timeline today. And so let’s break that down. What does this timeline look like? I’ve probably gotten about a hundred calls in the last three weeks from people going, “Hey, can you apply for me today?” No bud, I can’t apply for you today because here’s what the timeline is going to look like: Starting from April, we’re going to have about six months, maybe more, before we’re ever going to even see the rules and regulations. And so why are the rules and regulations so important? Well, the rules and regulations are really where the specificity comes into play. And so what I mean by that is, we don’t actually know right now what is going to need to be a part of your application.

They’re definitely going to talk about energy usage. So we’re going to have to have an energy plan. You’re going to have to have a waste plan. You’ll have to show where your water is coming from, because those are three big topics that, unfortunately have hindered the cannabis industry because they take up a lot of usage.



The other things we'll need to think about is investment, how your company is going to be set up, where your real estate is, where it's zoned, all very important things. So when I say, "investment is important," why am I suggesting that? Well, as we know, we've talked about this and it hasn't changed. But social equity applicants, we know and—I've probably talked about this in five episodes so far, so don't be shocked when I mention this—but social equity applicants in New York are going to be categorized as women, minorities, disadvantaged service veterans. I'm sorry, disabled service veterans ... And so what that means is those categories ... and disadvantaged farmers. And I'm forgetting one, communities who have been disproportionately impacted by the prohibition—those five categories you're going to have preferential treatment when applying for a cannabis adult use license. And when I say prioritized and priority, I mean, you might have reduced licensing fees, you might jump to the top of the line in the review process. You'll have access to grants or zero interest or low interest loans. They'll help business plans, community investment, a bunch of different things.

And so it's interesting because this wasn't talked about prior, but both the sponsors—Assemblywoman Crystal Peoples-Stokes and Senator Krueger—have mentioned ideally, they want 50% of the licenses to go back to social equity applicants. And that's a goal, right? Their goal is to get that, they can't say in writing "50% of the licenses are definitely going to social equity applicants." They can't say that. But there will be a goal to achieve that. And I don't think it's far-fetched that they'll be able to get to that number.

So when you're a social equity applicant and, you know what? Assemblywoman Crystal Peoples-Stokes talked about this when she was on the podcast and she was saying, "Hey, there's going to be a lot of requirements for social equity applicants." You're most likely going to have to show that there was some investment opportunity for a social equity applicant.

So what do I mean by that? Fifty-one percent of your company will have to be owned by that social equity applicant of one of those categories, they're going to have to be considered like the CEO of the company. They can't just be a name, they can't just be a figurehead. That person will have to do the day-to-day operations, make the decisions, have some money, you know, stake in the game. And overall, you know, will have to be a decision-maker, which is very important because I think we're all kind of getting caught up in the fact that we're like, how do we structure this in a way that makes us a social equity applicant, even though we aren't, even though we're trying to be. I mean, there's a whole laundry list of things that you'll have to achieve in order to qualify as that applicant.

What else is going to be interesting is that these licenses are really geared for those who are in a social equity application scenario.

So retails, on-site consumption lounges ... on-site consumption lounges are incredibly progressive. If you talk to anybody from the West Coast, there were no on-site consumption lounges in the original bill. This is a very first impression concept. So these cannabis cafés that people are all going to be able to go to, to smoke marijuana. And it makes total sense, right? When you think about it, because people live in federal housing, they live in housing that prohibits them from smoking in their home. So where are people smoking marijuana?



Well, now there's going to be on-site consumption lounges for people to go and smoke their marijuana safely. Really important characteristic to this bill. And I think it goes right directly to the social equity component because it's being used for people who might not own their own home. They rent. They're just looking for a safe space. So that's a really great characteristic of this bill. Don't forget, you can only have up to three if you want to be a license holder you can only have up to three licenses, both on the retail and on the on-site consumption lounges.

So rules and regs—I'm going back to timeline here—we all know what the bill is comprised of, but the rules and regs, we're not going to see for six months. So we don't know all the things that are necessary for the application. So we're thinking fall, right after fall, once that drops, what happens next?

Well, after that happens, most likely we're going to see is medical marijuana dispensaries. So there's 10 registered organizations that are currently operating right? You've got ... PharmaCann, you've got MedMen, you've got Columbia Care, you've got Etain there are four dispensaries that are currently an infrastructure will most likely be able to sell adult use. I mean, it doesn't say that explicitly right now, but I will be shock, "shooketh," if that's not the case.

Medical dispensaries. So medical marijuana registered organizations got a lot of perks in this bill. They're getting payback for losing money for the last four years, five years.

What I mean by that is the registered organizations—currently at four dispensaries—they're going to be able to add another four dispensaries. So those medical marijuana dispensaries, there'll be eight total, and then they're able to take of those eight ... three of them will be able to be adult use licenses, and they can be vertically integrated. Which, other than the micro license, those are the only licenses allowed to be vertically integrated. When I say vertically integrated, I mean, you're able to have every license. You can be a grower, a processor, a distributor, retail, and delivery.

So overall, they get a lot of benefits, especially because they're most likely going to be the first people to sell to consumers. Once that happens ... So now, you know, we could be nearing the end of the year, it's the end of 2021, we're most likely being able to be purchasing marijuana from medical marijuana dispensaries. But we're waiting for that application period to open now. Now, the Office of Cannabis Management, that website has been opened, which is great, super-fast. I've never seen a website move so quickly in New York State, but it did. That website is up.

That is where you're going to see the application come up. And it's going to be, you know, who knows? It could be a link, the application. It could be pretty short. It depends again, won't see till the rules and regs—once that application period comes up is when basically all hell breaks loose! Yeah. It's just ... it's going to be crazy.

I think that they're going to have most likely one to two months where they start permitting this application process. I think they'll close it off and review the applications that have been submitted. And it's going to be a lot for each person to make sure they have all the documents ready to go.



Things you can do to prepare while we wait for this application period is make sure you get your real estate up and running. When I say real estate up and running, I don't mean you have to buy the real estate. I don't mean that you have to be in possession of the real estate, but you will need to have that real estate within 30 days of when you received your license. So, you have to be able to get inside of that building within 30 days of getting your license. That could mean you just have a letter of intent. That can mean you have a lease, but you don't start paying until you occupy the building. Maybe you have to put a small fee down to keep your space; it could mean a laundry list of those things so that real estate is going to be big.

Talking with your local governments is really important. Are you going to be in a town, a city, or village that says, "Hey, we don't want marijuana in our town, village, or city"? Some places have already come out and said this, Long Island is a place you should be aware of that for retail and on-site consumption lounges and some of the other places that have come out and said, "Hey, not our gig. We don't want the revenue that's going to be generated from marijuana." Make sure you're having those conversations with town planners, with town officials. If you're in a small town, those are relations that you probably already have. Just get your best foot forward for that.

And then, you know, and that's what happens in the next six months. And then once those rules and regs comes out, boom. On your way you go, you're going to know what you need to have to apply. You're going to have all the requirements for security, for what will be in the application. And just overall, you'll be able to facilitate this process for yourself a lot easier than feeling kind of ...

Right now everyone kind of feels like they don't know what they're doing, right? I mean, I don't feel like, but like, I'm assuming people who don't know the legislation, are kind of feeling like they're not totally sure what's going to happen next. And so you have time.

So everyone just recognize that we have time. There are things you can be doing, but you're not behind the curve. So if you want to get into the retail, you want to get to grow, you want to get into processing or delivery, or a co-op license, I recommend talking with your business partners, talking with an attorney, and figuring out what your next steps are, because you know, once the fall comes, and once those rules and regs come out, you're going to be hustling, and then ... you don't want to be behind the curve then.

So, thanks for tuning in. This was a quick update, but I thought it was important. And if you have any feedback or questions or anything that you want to know on this podcast, feel free to drop me a message on LinkedIn. You know, write a comment or reach out on Twitter ... anything, and we will touch base and talk about the topics you want to hear about. Great. Thanks for listening.

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