



## Community Board 12 Manhattan (CB12M)

### Business Development Committee

#### Meeting Minutes

Tuesday, March 1, 2022 @ 7PM

<https://www.youtube.com/watch?v=S9Y3Yy4pnVQ>

#### Committee members present:

- Francisco Lopez, Chair, Cimary Hernández, Joel Abreu

#### **A. Welcome & Opening Remarks – Francisco Lopez, Chair**

- Here to learn about opportunities and types of cannabis licenses authorized by the [Marijuana Regulation and Taxation Act \(MRTA\)](#). The bill includes three major racial justice provisions: a community reinvestment fund, a social equity provision for licensing, and an automatic expungement program.
  - [MRTA is 128 pages long, read it here.](#)
- Also to learn about ancillary businesses. You can touch the flower or not. To be in the industry, you don't necessarily have to touch the flower. In some cases you don't need a cannabis license only a business license.

#### **B. The Business of Cannabis 101, Understanding the different types for your future business :**

- Michelle Fields: Practicing Cannabis Attorney in the area of Regulatory/Compliance and Business Development/Licensing. A proud litigator who is committed to Social Justice Reform and Global Social Equity and Equality. Attorney, cannabis regulatory compliance, the global strategy strategic advisor, a board member of the new york best industry association, co-chair of their social equity, and chair of their sustainability committee and i'm also the legal cannabis writer for words at magazine here in queens new york from the borough brooklyn and i have been in this space over five and a half years with a stance on equitable inclusion in the market place.
- Pilar De Jesus: Founder of All That Jive NYC (ATJNYC), an organization that coordinates educational forums and town halls in partnership with the community and small businesses while advocating on the state and city levels. ATJNYC is about cannabis, community, education, culture, and building and healing together. Co-founder of a Women of Color Marijuana Worker Co-op and a proud community educator/organizer for the plant.
- Washington Heights is a prime location for cannabis.
- Types of New York adult-use cannabis licenses authorized by the Marijuana Regulation and Taxation Act (MRTA). Under the new law, the Cannabis Control Board (CCB) will oversee the Office of Cannabis Management (OCM), which will develop regulations and issue the licenses. OCM posted describing the different licenses and the ownership limits placed on each (i.e., MRTA's vertical integration limits).
  - Will be rolling out regulations slowly, giving time for public input.
- Pilar DeJesus was a panelist at a recent Cannabis Forum held in the Bronx. Here are the adult-use license types in order of interest expressed by participants from our community who registered the event:

##### **1. Microbusiness**

- Employee numbers are small. You can have limited cultivation, processing, distribution, delivery, and dispensing of your own adult-use cannabis and cannabis products.
  - Unsure on what limited is? We don't have that information yet. Limited capacity.
- "Microbusiness" means a licensee that may act as a cannabis producer for the cultivation of cannabis, a cannabis processor, a cannabis distributor and a cannabis retailer under this article;

provided such licensee complies with all requirements imposed by this article on licensed producers, processors, distributors and retailers to the extent the licensee engages in such activities (MRTA § 3-34).

- What to do with a Microbusiness License: limited ability to cultivate, process, distribute, deliver, and dispense its own cannabis (MRTA § 73-1). The CBB will determine the size, scope, and eligibility criteria for microbusinesses, and in a manner than promotes social and economic equity applicants (MRTA § 73-3).
- License Limitations: Microbusinesses may not own (directly or indirectly) more than one microbusiness or any other type of adult-use license.
  - **In New York state you cannot stack your license.** Unless you are a cultivator processor or distributor even those in that license category cannot have any interest directly or indirect interest in retail um the adult retail dispensaries micro businesses or consumption lounges now with the
  - You are going to be limited. Only Business to business not business to consumer.

## 2. Retail Dispensary

- What to do with a Dispensary License: acquire, possess, sell and deliver cannabis from the licensed premises of a retail dispensary to cannabis consumers (MRTA § 72-1).
- License Limitations: Retail Dispensaries may not own (directly or indirectly) a Cultivator, Processor, Microbusiness, Cooperative, or Distributor license (MRTA § 72-3). No person may own more than three Retail Dispensary licenses (MRTA § 72-2)
  - General requirements that we know right now. Just sell weed and deliver.
  - Don't have to have physical space when applying but at least a letter of intent from the landlord. To demonstrate you have property for your business. Cannot be within 500ft of a school or houses of worship.
  - Importance of role of community board. Similar to liquor license, written recommendation or denial for cannabis in your district community board. You will assess viability of that business.
  - If you own the property before 2019, fine print detail in the bill on interests
  - CB12M: Washington Heights and Inwood is prime real estate. Prime border location to GW Bridge. Location accessibility. Importance of our geography in this market place.
  - MRTA has protection clauses for social equity when it comes to their license. Protect prime spaces in the community. Inform local business owners and land owners.
  - Community land trusts recommended to be given to social equity applicants. California: giving back the land.

## 3. On-site Consumption

- "On-site consumption" means the consumption of cannabis in a licensed area (MRTA § 3-37).
- What to do with on On-site Consumption License: acquire, possess and sell cannabis to consumers for on-site consumption (MRTA § 75).
- License Limitations: On-site Consumption licensee may not own (directly or indirectly) more than one On-site Consumption license or any other type of adult-use license (MRTA § 77(2-3)).
- There are other statutory limitations for On-site Consumption licenses (see MRTA § 1-14) and I suspect OCM will regulate this space extensively. For example, On-site Consumption premises may not be within 500 feet of a school or 200 feet from a house of worship (MRTA § 77-4) and no on-site gambling or fireworks (MRTA § 77-9).
- The statute lists several factors, some or all of which the CBB may consider when reviewing an On-site Consumption license application:
  - a) that "it is a privilege, and not a right, to cultivate, process, distribute, and sell cannabis"
  - b) the quantity and types of other licenses in the proximity to the location
  - c) evidence that all other required licenses and permits have been obtained
  - d) whether there is a general need for on-site cannabis consumption

- e) its effect on traffic
- f) noise levels
- g) any other relevant factor that would help “promote public convenience and advantage and the public interest of the community” (MRTA § 77-5).
- Consume cannabis only. No alcohol. Cannot sell both. Similar to Amsterdam.
- Only allowed from those license, cultivator, distributors, or processors: from flower, to edible, to concentrates, and other cannabis products that have to be from a licensee.
- Safe space to consume for the public. Although legal to consume outside, not fun in winter.
- Public housing tenants cannot
- Can have two (2) additional consumption licenses only. No indirect or indirect interests in the three consumption licenses. If you have consumption license, you are not allowed dispensary, cultivation, processor, micro business, cooperative, or distributor licenses.
- No integration between licenses.

#### **4. Cultivator**

- "Cultivation" means growing, cloning, harvesting, drying, curing, grading, and trimming of cannabis plants for sale to certain other categories of cannabis license- and permit-holders. (MRTA § 3-19)
- What to do with a Cultivator License: plant, grow, clone, harvest, dry cure, grade and trim cannabis (MRTA § 68-2). CCB may also create rules to allow Cultivators “to perform certain types of minimal processing” without a processor license (MRTA § 68).
- License Limitations: a Cultivator can also own a Processor license and Distributor license, but only to process and distribute its own products (MRTA § 68-3). A Cultivator may not own (directly or in directly) a Dispensary (MRTA § 68-4).
  - NY is a buyer state.
  - Licenses you may carry while a cultivator licensee: processor, distribution solely to distribute own product, nursery to sell to other cultivator, cooperative, microbusiness, or regulated organizations.

#### **5. Delivery**

- "Delivery" means the direct delivery of cannabis products by a retail licensee, microbusiness licensee, or delivery licensee to a cannabis consumer (MRTA § 3-20).
- What to do with a Delivery License: deliver cannabis and cannabis products to cannabis consumers (MRTA § 74). No more than 25 individuals (providing full-time delivery services in a week) per Delivery license (MRTA § 74).
- License Limitations: Delivery Licensees may not own (directly or indirectly) more than one Delivery license or any other type of adult-use license (MRTA § 74).
  - Part-time employees are not the loophole. Must be full-time employees.
  - Municipalities cannot opt out of delivery. For example: Nassau county opted out of cannabis, but they can still receive delivery. No municipality can opt out of delivery.

#### **6. Distributor**

- "Distributor" means any person who sells at wholesale any cannabis product, except medical cannabis (MRTA § 3-24).
- What to do with a Distributor License: acquire, possess, distribute and sell cannabis (MRTA §§ 71).
- License Limitations: a Distributor can also have a Cultivator or Processor license, but only to distribute cannabis and cannabis products cultivated or processed by that Cultivator or Processor license (MRTA § 71-3). A Distributor may not also own (directly or indirectly) a Dispensary, Microbusiness, or On-site Consumption site (MRTA § 71-2).

## **7. Processor**

- “Processor” means a licensee that extracts concentrated cannabis and/or compounds, blends, extracts, infuses, or otherwise manufactures 48 concentrated cannabis or cannabis products, but not the cultivation of the cannabis contained in the cannabis product. (MRTA § 3-42)
- What to do with a Processor License: blend, extract, infuse, package, label, brand and otherwise make or prepare cannabis and cannabis products (MRTA § 69-2).
- License Limitations: a Processor can also own a Distributor license, but only to distribute its own products (MRTA § 69).
- Limitation: a Processor may not also own (directly or indirectly) a Dispensary (MRTA § 69-5).
  - What type of person can get this license? A chef someone who makes edibles?
    - Extraction machines are \$1M

## **8. Cooperative**

- Caveat: Like non-cannabis cooperatives, a cannabis cooperative must qualify as a NY cooperative. Specifically, under MRTA § 70-2, a cannabis cooperative must:
  - Be comprised of New York residents as a New York LLC or LLP (or other appropriate business structure allowed by the CCB)
  - Subordinate capital (i.e., returns to investors are limited)
  - Be democratically controlled with one vote per member
  - Apportion interests in proportion to a member’s active participation
  - Operate according to the 7 principles of the International Cooperative Alliance (1995)
- What to do with a Cooperative License: cultivate, process, and sell cannabis to Distributors and On-site Consumption sites, but not directly to cannabis consumers (MRTA § 70)
- Limitations: Cooperatives may not own (directly or indirectly) a Dispensary, Microbusiness, or On-site Consumption site (MRTA § 70-5). Also, no member of a Cooperative can have a direct or indirect interest in any adult-use cannabis license (MRTA § 70-4).
  - Members cannot be part of more than one cooperative license.
  - Structurally similar to microbrewery. Strictly business to business. May be limited in size and how much you harvest or produce. Cannot have interest in a retail dispensary.
  - Recommend team building, conflict resolution, communication trainings.
  - Limitations on number? Don’t know yet, no regulations yet.
  - Think about capacity, competency, and capital.

## **9. Nursery**

- “Nursery” means a [cultivator] that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis by licensed adult use cannabis cultivators, microbusinesses, cooperatives and registered organizations (MRTA § 3-35).
- What to do with a Nursery License: produce, sell, and distribute clones, immature plants, seeds, and other agriculture products used for cannabis cultivation (MRTA § 75).
- License Limitations: a Cultivator may apply for and hold a Nursery license to sell to other Cultivators, Cooperatives or Microbusinesses (MRTA § 74).
  - One question: Other agriculture products, say something used in vegetation state, are those products included? If a soil nutrient, yes it will fall under that.
  - NY has homegrown. It is legal to grow in your home, up to three (3) mature and three (3) immature plants for a total of six (6). You also have the right to store up to five (5) pounds.
  - Where will people purchase seeds for home grow?
- NY has an entire synthetic cannabis market. K2. Huge industry, hopefully with MRTA is will be reduced.

- Legacy to legal will have to be incentivized. Embassy and a safe harbor where they can transition based on their competency. Costs from legacy to legacy is a lot to deal with. We will have to provide a more cost efficient way on both sides. Reduction tax. Need assistance.
- Public safety issue. Commercial and residential buildings share roof. Not having banking is a public safety issue.
- Ideas for ancillary businesses in Washington Heights and Inwood: lawyers, graphic artists, architects and general contractors to help build out dispensaries, data privacy since most hacked industry, doctors and nurses for in-patient treatment, engineers, cleaning services, merchandise, water rights attorney since cannot use federal water for cultivation, food truck outside of consumption lounge, technology, software, apps, security guards, marketing, consulting, brand ambassador, event planners and MUCH MORE. So many different avenues besides having a license.
  - Question if ancillary business list will be given by the state? How will they be incentivized? Any tax credit? Make them part of the process? Technical assistance will be required.
- We need much better representation in ancillary businesses. There is so much. Many have no start-up costs. We need us to be a part of that supply chain diversity.
- Tap into the community of high net worth individuals. Identify owners of commercial spaces that will want to participate as landlords. What the community can do? One thing is to set aside 50% for social & equity applicants it is another to help them to capitalize that license to profitability and scalability. That capital is going to have to be there for start-up, operational costs, and scalability.
- Ramon Reyes – Co-Founder creator - Happy Munkey LLC-
  - A legacy operator to go into the legal market. Company represents Harlem and Washington Height with Latino and Black owners.
  - Washington Heights is a bridge to many other places. In legacy market it has already. We have a real strong buying powere as far as consumers and serving the tristate community.
  - Don't feel intimidated about this new business happening. Treat it as a business, not we are entitles because we have been around. This business is changing. If you do not adapt you will be left out.

#### **Adjournment:**