

Cracking Down on Illicit Cannabis Shops in New York: Governor's Move Amidst Surge in Legal Sales

Governor Kathy Hochul of New York has announced a significant increase in legal marijuana sales at licensed retailers, attributing the rise to the state's intensified enforcement actions against illicit cannabis shops. Despite facing criticism from equity-focused activists who staged a protest, Hochul remains steadfast in promoting the legal cannabis industry while defending the state's efforts to eliminate the unregulated market.

Legal Sales Surge

Hochul highlighted a notable correlation between the heightened enforcement measures and a “dramatic” increase in legal sales. She reported a 27% uptick in legal sales from the first week of May to the first week of June. For the 24 stores in the enforcement areas, this surge translates to over a million dollars in additional revenue, or \$35,000 per store, in just one month. Hochul emphasized the positive impact on businesses, stating that the increased revenue allows store owners to continue paying good wages to their workers and support local farmers.

Progress and Revenue

The state has witnessed over \$200 million in legal cannabis sales so far in 2024, surpassing the full-year total of about \$160 million in 2023. Hochul expressed optimism, projecting that the state is on track to exceed \$13 million in sales weekly. She emphasized that the benefits extend beyond revenue, highlighting how the industry supports small business owners in taking care of their families.

Criticism and Response

Despite the progress, some activists and lawmakers are dissatisfied with the administration's regulatory work, accusing the governor and corporate lobbyists of prioritizing large multi-state operators over equity-centered small businesses. Critics also pointed to concerns over a “predatory” private equity loan deal approved by the state to fund startup cannabis retailers. The governor's recent removal of Chris Alexander as executive director of the Office of Cannabis Management has also drawn criticism.

Ensuring Equity

Senator Julia Salazar emphasized the need for Governor Hochul to ensure the equitable implementation of the Marijuana Regulation and Taxation Act (MRTA), highlighting the threat posed by big cannabis corporations to small legal cannabis businesses. Salazar called for the Cannabis Control Board to function independently and for the Office of Cannabis Management to implement the MRTA equitably.

Future Plans

Governor Hochul and Mayor Eric Adams of New York City reiterated their commitment to combating illegal cannabis sales and promoting legal operations. They highlighted the collaborative efforts between state and city governments in addressing unlicensed retailers, which have been linked to crime and underage sales.

Legislative Developments

New York regulators recently approved rules allowing adults 21 and older to grow their own cannabis plants for personal use. Lawmakers have also proposed making marijuana farmers markets a permanent feature of the state's cannabis market. Additionally, a bill has been introduced to empower individuals to take legal action against entities violating state marijuana laws.

In conclusion, while New York's legal cannabis market continues to grow, Governor Hochul and stakeholders remain focused on ensuring equity, supporting small businesses, and eradicating illicit cannabis operations.

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