

Enforcing Change: New York's Power Play Against Unregulated Cannabis Markets

In a bid to dismantle illicit cannabis operators while strengthening the licensed, adult-use market, New York lawmakers have introduced a series of reforms, including the use of padlocks to shutter unregulated businesses. Here's a breakdown of the key points:

Governor Hochul's Pledge to Combat Unlicensed Cannabis Sales

Gov. Kathy Hochul announced the initiative as part of the state's \$237 billion budget for fiscal year 2025.

Hochul emphasized the need for stronger measures, stating that fines alone have not been effective in curbing illegal activities.

Components of the Initiative

The initiative consists of five main measures:

Immediate Padlocking Authority

The Office of Cannabis Management (OCM) and localities can padlock illicit storefronts upon inspection if they pose a threat to health and safety.

Crackdown on Landlords

Landlords turning a blind eye to illegal activities can face consequences.

Establishment of a Statewide Task Force

A task force will enforce civil actions to close illegal stores.

Expanded Local Authority

Cities and counties gain the power to regulate unlicensed cannabis businesses.

Enforcement Powers for New York City

Immediate enforcement powers granted to inspect, issue violations, seize cannabis, and padlock stores.

Governor Hochul's Perspective

Hochul expressed determination to protect communities and legal cannabis licensees from the proliferation of unlicensed dispensaries.

She highlighted the goal of supporting businesses most harmed by unfair enforcement of cannabis laws, with a focus on minority- and women-owned dispensaries.

Enforcement Parameters

The OCM and authorities can padlock businesses immediately following an inspection for various infractions, including sales to minors, unlicensed processing, violent conduct, proximity to sensitive areas, and product safety concerns.

Penalties and Amendments

Landlords hosting non-compliant businesses may face fines and other penalties.

Amendments to the New York City Administrative Code expedite enforcement actions, including inspection, violation issuance, and padlocking.

Industry Reaction

Industry stakeholders expressed gratitude for proactive measures to address unlicensed cannabis sales.

The initiative aims to promote inclusivity and support legal cannabis businesses.

Fiscal Changes

The fiscal year 2025 executive budget repeals the potency-based cannabis tax and introduces a wholesale excise tax to support the expansion of the legal adult-use market.

New York's initiative represents a comprehensive approach to regulate the cannabis market, safeguard communities, and foster the growth of licensed operators.

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