

Risks for New York's New Legal Cannabis Businesses, Risk Management

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Published by Risk Management Magazine, June 1, 2021

On March 31, the Marijuana Regulation and Tax Act (MRTA) was officially signed into law in New York. The act legalizes recreational marijuana use for adults and ushers in a billion-dollar industry, paving the way for economic opportunities across many business sectors. From agriculture and manufacturing to retail and hospitality, the MRTA could create up to 60,000 new jobs and generate as much as \$350 million in annual tax revenue in New York, according to projections from the office of Governor Andrew Cuomo.

However, there are considerable risks any new market entrants must consider and prepare to address before opening a marijuana-related business in New York. First, it is essential to ensure you understand and comply with the regulatory framework that will govern the issuance of licenses and permits to new businesses. While the MRTA legalized adult use of cannabis in a broad sense, implementation and regulation will be the responsibility of a newly formed, and yet to be determined, Cannabis Control Board (CCB). The CCB will be responsible for developing and administering a licensing and permitting approval process and will also have the authority to determine which applicants receive such licenses and permits.