Good afternoon. Thank you Chairman Cooney and Chairs Krueger, Skoufis, Hinchey, and all the Senators here today for convening this hearing regarding NY's Adult-Use (AU) cannabis roll out.

My name is Katie Neer, and I'm here on behalf of my client, the Medical Cannabis Industry Association. The MCIA represents 9 of the 10 operating ROs in the medical cannabis program. Collectively, our members employ nearly 1,000 unionized jobs and serve a total of 125k patients.

As the Board continues a comprehensive roll-out of the AU market and the medical expansion, let me make a few MCIA positions abundantly clear:

1. MCIA supported, and continues to support, the MRTA;
2. MCIA supported Chairman Cooney's CAUTA bill and supports the codification of CAURD;

Despite New York being one of the most progressive states in the Union, it has operated the most conservative medical cannabis program for nearly a decade. MCIA's member companies know the challenges that a limited-retail market presents all too well. With only 40 operating medical dispensaries statewide, the medical program has been losing patients to the unregulated market… that's despite the MRTA at least doubling the amount of dispensaries authorized and mandating additional ROs be issued. These medical expansions have taken a backseat to other priorities of the OCM, but we are eager to continue to advocate for full implementation of the MRTA's medical improvements.

In regards to the ROs' role in adult-use: the MRTA provides them a few potential ways to participate:

1. They can participate in AU only on the supply-side of the market (ROND: grow; process; distribute); or
2. They can pay a special licensing fee ($20M), to be assessed by the Board, in an amount adequate to fund social and economic equity, and participate in AU vertically integrated with 3 of their medical dispensaries co-locating AU product for sale; or of course
3. They can remain medical-only operators

With the adoption of the AU regulations last month, further details around these options were finalized. ROs wishing to participate in AU vertically integrated must pay a $20M fee and dedicate at least 50% of their AU shelf space for non-ROD brands.

Once authorized as a ROD, the licensee may:

- Begin AU supply-side activities right away; and
- Offer AU products at its first of three co-located dispensaries on/after 12/29/23; and its 2nd/3rd on/after July 1, 2024.
- It is THIS retail rollout of AU co-located sales that changed in the adopted AU regulations and has caused a lot of the concern you heard voiced earlier today. It is

important to point out that the main policy objective of the MRTA permitting limited co-location of AU products at up to three medical dispensaries was to protect and preserve the sustainability of the medical program.

- It is well established that when an AU program is launched after a medical market exists, patients are lost to the AU channels- this will be especially true in NY with such limited medical retail options for patients. This co-location is meant to protect the medical market, NOT allow the ROs to dominate the AU market.
- In fact, once fully implemented, the ROs retail presence in the AU market will amount to less than 2% of total dispensaries.
- Moreover, there are several mandates upon the CCB and OCM codified in the MRTA that should help prevent any one licensee or license category from disproportionately controlling, or dominating, the AU market. (2-year market analysis report; annual report; OCM price quota authority; anti-inducement regulations; TPI rules etc.)

MCIA supports a robust, competitive, and diverse marketplace in both the medical and AU programs, and its members look forward to being able to do business with new licensees; and

MCIA has always, and will continue to, work with all stakeholders to support policies that achieve the goals of the MRTA and create a cannabis industry that reaches its potential.

Thank you and I'm happy to answer any questions.