



## Support Cannabis Tax Reform

Governor Hochul's Executive Budget proposed a 9% wholesale tax to replace the cannabis potency tax.

NYCRA believes the cannabis marketplace is too small, and illicit store competition too great, to shoulder such a high rate right away.

Alternatively, **NYCRA supports phasing in a tax at the distribution level over 8 years, as provided in S.4831-B (Cooney), as follows:**

- 5% in 2024
- 7% in 2028
- 9% in 2031

In addition, NYCRA recommends that the Office of Cannabis Management (OCM) produce a market study highlighting key indicators of market health in order to guide the legislature in whether an increase is prudent or not.

Allowing this tax to gradually increase over 8 years is critical for the legal market to compete with illicit stores that charge no taxes.

A market study would inform lawmakers of the effects that increasing the tax would have on the market ahead of planned increase.

### *About NYCRA*

*The New York Cannabis Retail Association (NYCRA) represents 270 members retailers from across the state seeking to create cannabis policies that will allow small and social equity retailers to thrive in the New York marketplace.*

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