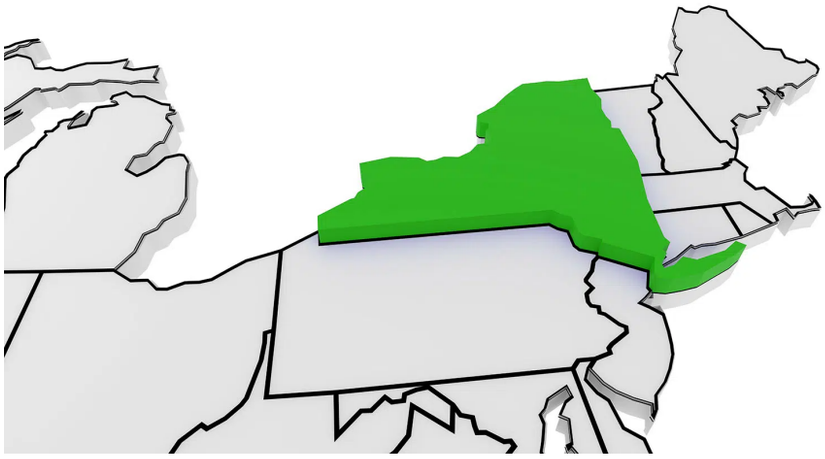
HOW TO OPEN A DISPENSARY IN NEW YORK (2023 GUIDE)

Jim White February 3, 2023



Overview

Are you wondering how to open a dispensary in New York? This page will keep you up to date on the latest news and information relevant to opening a cannabis business in New York. This includes helpful insights on what is to come next.

On Wednesday, March 31st, 2021, New York became the 15th state to legalize recreational cannabis after Gov. Andrew Cuomo signed the Marihuana Regulation & Taxation Act (MRTA). This means that one of the largest potential markets for cannabis has opened up. In December 2022, New York's legal cannabis market began with the opening of the first recreational dispensary, which is earlier than the originally expected timeline of summer 2023.

According to the state governor's office, the approach involves a comprehensive regulatory process involving:

- Creating an office of "Cannabis Management" specialized in regulation for medical, adult, and hemp programs
- Social and economic equity licensing opportunities
- Egalitarian adult-use market structure and help facilitate access to capital
- Technical assistance and incubation for equity entrepreneurs
- Intent to correct past harms to communities disproportionately affected by cannabis prohibition

On March 11th, 2022, Gov. Hochul announced that the first licenses to establish the newly authorized marijuana retail stores in the state would be reserved for those with past marijuana-related crimes. Social equity candidates will be given the state's first 100 to 200 retail marijuana licenses.

On August 15th, 2022, marijuana regulators in New York granted the first wave of licenses for cannabis processors. They also approved licenses for more cultivators on the same day. Additionally, members of the Cannabis Control Board (CCB) voted in favor of approving new regulations for laboratories and sampling.

On September 26th, 2022, the application period for conditional adult-use retail dispensary licenses in New York came to an end after being open for just one month. There were a total of 903 applications that were interested in entering the upcoming market. The state will issue a maximum of 150 CAURD licenses, with the most in Manhattan (22), Long Island (20), and Brooklyn (19). Those who are granted Conditional Adult-Use Retail Dispensaries licenses will have access to a $200 million Social Equity Cannabis Fund and will also be qualified for turnkey storefronts that the Dormitory Authority of the State of New York is currently securing and developing.

On October 28th, 2022, the New York Office of Cannabis Management issued guidelines for those seeking permits to sell cannabis for adult use. The guidelines stipulate the requirements for obtaining a Conditional Adult-Use Retail Dispensary (CAURD) license in the state. They include essential requirements for recordkeeping, personnel, training, and operating hours. Guidelines for sales, including in-store, drive-thru, and delivery, are also provided. Here is where you'll find the detailed guidelines.

On November 10th, 2022, a federal judge temporarily halted New York's first batch of recreational cannabis retail licenses in five areas awaiting resolution of a lawsuit brought by a Michigan firm contesting the program's selection procedures. While the lawsuit is ongoing, Judge Gary L. Sharpe ruled that the state cannot give conditional licenses to operate dispensaries in Brooklyn, Central New York, the Finger Lakes, the Mid-Hudson region, and Western New York. His judgment affects 63 of the state's 150 licenses for businesses and people that meet limited conditions.

On November 21st, 2022, New York authorities approved the state's first retail marijuana licenses. The Cannabis Control Board has issued licenses to 29 dispensaries operated by justice-involved individuals and 8 dispensaries run by nonprofit organizations. In addition, the CCB provided its approval to new market regulations. The new regulations encompass a range of licensing categories, including dispensary, microbusinesses, cultivation, processing, nursery, distribution, and cannabis co-ops. There will be a 60-day opportunity for public feedback on the rules prior to their formal implementation.

On December 15th, 2022, the New York State Registered Cannabis Dispensary verification tool was introduced by Governor Kathy Hochul. The tool will be displayed in the windows of licensed retail dispensaries, which are scheduled to start operating before the end of the year. The label will make it clear to customers that the dispensary they are shopping at is subject to the guidelines set out by the state of New York. In addition, a uniform emblem affixed to each product sold will demonstrate that it conforms to the criteria established by the state. The combination gives customers the peace of mind that they have purchased a product that has been examined and supervised.

December 29th, 2022, marked the beginning of the first legalized sales of marijuana to adults in the state of New York. Chris Alexander, Executive Director of New York's Office of Cannabis Management, was the one who made the very first purchase. Later, at 4:20 in the afternoon, sales to the general public got underway. The first sale occurred at Housing Works Cannabis Co, operated by Housing Works, the nation's biggest minority-controlled and community-based HIV/AIDS assistance organization.

On January 25th, New York state regulators awarded 30 more licenses for recreational marijuana stores. The Office of Cannabis Management has licensed a total of 66 retailers, however only 2 have begun operations. On January 24th, the second licensed adult-use cannabis retailer and the first to be owned by an entrepreneur who was previously criminalized by cannabis prohibition opened. A third store located in Manhattan's Union Square is set to open on February 13th.

This year, we believe more details will come to learn how to open a dispensary in New York, the requirements, the dispensary application process, and associated costs. We will add these details to this page as new information becomes available. Here's what you need to know to be ready.

New York's Path To Recreational Legalization

In recent years, former Gov. Andrew Cuomo and Democratic legislators sought to legalize marijuana, but those attempts failed. In 2019, for example, legalization crumbled because of differences over how to govern the industry and manage revenues. Former Gov. Cuomo promised in 2020 and 2021 to pass the legislation. After years of unsuccessful attempts and stalled efforts, the state of New York finally legalized recreational marijuana in March 2021.

On August 10th, 2021, New York Governor Andrew Cuomo was replaced by Governor Kathy Hochul due to a harassment scandal.

What does the appointment of Kathy Hochul as Governor mean for New York's coming recreational cannabis?

New York's legalized marijuana program was reportedly delayed because Cuomo has stalled nominating regulators. No marijuana sales can transpire in the state unless there are regulators to set the rules and make the decisions. According to lawmakers, it will take a year or more for cannabis sales to begin in New York under Cuomo's leadership.

Lt. Gov. Hochul has pledged that getting the state's marijuana sales program off the ground will be a top priority. On September 22nd, 2021, Gov. Hochul named Reuben McDaniel, III, and Jessica Garcia as her final two appointees to regulate the state's adult-use marijuana market, completing the New York marijuana regulatory board.

Gov. Kathy Hochul said on January 5th, 2022, during her State of the State speech, that the state would create a $200 million fund to assist social equity applicants pursuing adult-use cannabis company licenses. New York is working to make the state's cannabis market the most diverse and inclusive in the nation, and this fund will provide startup finance to social equity applicants as part of its efforts to do so.

We anticipate that the appointment of Lt. Governor Hochul to Governor could positively impact the state's adult-use cannabis early rollout and the speed of New York's cannabis program's growth. In an interview, she commented that legalization is "long-overdue" and "we need the money." She will gain much political capital by embracing adult-use cannabis as her first success story. It will not be surprising if the ball starts rolling rapidly.

The CCB has announced that they would begin accepting applications for social equity retail licenses starting on August 25th and ending on September 26th, 2022.

How big is the opportunity?

Most experts agree New York may be one of the hottest cannabis markets in the United States. According to the New York Comptroller, legalization may help the state make 3.1 billion dollars. Brightfield Group, a Chicago-based research firm, puts it at 2.2 billion dollars by 2023 if legalization occurs by 2021, making New York the second-largest cannabis market! The common-sense notion is that the size of the state's population, wealth, and open culture, makes it clear that the opportunity for earnings is vast.

Local Cannabis Restrictions & Laws

One of the provisions of the MRTA gave local governments the option of opting out of the state-issuing licenses for marijuana dispensaries and on-site consumption lounges until December 31st, 2021. A town, city, or village determined to outright ban or restrict marijuana must adopt a local law requesting the prohibition of dispensaries or consumption lounges in their jurisdiction.

Now that the deadline has passed, out of New York's 1,520 municipalities, 764 opted out of dispensaries, and 883 opted out of consumption sites. Please view the list of municipalities that have chosen to prohibit the establishment of adult-use marijuana stores and on-site consumption lounges in their jurisdiction here.

How much does it cost to open a dispensary in New York?

So, how much do you need to start a dispensary? Here are the costs and capital requirements associated with opening a dispensary.

To open a dispensary in New York, you must first obtain a conditional adult-use retail dispensary license. In order to apply, an applicant must meet either the qualifying business criteria or nonprofit criteria. Details on other licenses are forthcoming. Conditional adult-use retail license fee in NY costs $2000.

Real Estate & Renovation

You can buy or lease cannabis real estate to run your cannabis businesses. Because New York is such a large state with diverse property and rental values, it's essential to research where you'd like to open your dispensary business. These are the costs for New York cannabis dispensary real estate:

- Buying a property outright can vary wildly. For example, it can range from $128/sq ft to $393/sq ft.
- On the other hand, if you are limited to leasing the property, monthly costs for a marijuana store might run between $3,500 and $10,000 or even higher.

It is also necessary to factor in the construction and renovation of the property to comply with standards, maximize store flow and reflect your brand image. According to Grow America Builders, renovation of smaller dispensaries costs between $350,000 and $500,000, mid-sized dispensaries between $500,000 and $750,000, and large dispensaries above $750,000. In addition, a renovation of an existing building can cost $350,000 – $1,000,000.

How profitable is a New York dispensary?

You might wonder how profitable a dispensary is and how much an owner makes?

A Factbook found that a dispensary can make an average of $974 per square foot of dispensary space each year. In addition, Statista research estimates the average dispensary could generate up to $1.8 million in profit from approximately $3 million in revenue.

According to data published by MMJ Business Daily, 15% of dispensary owners reported annual revenue of less than $100,000, 27% reported sales of between $100,000 and $250,000, 15% reported sales of between $500,000 and $1 million, and over a quarter of dispensaries reported annual revenues of more than $1 million.

As more information about New York's Adult Cannabis program develops, we will weigh our thoughts on the state's specific profitability.

Here are some of the dispensary open now in New York and their annual revenue:

- Citiva Medical LLC Doing Business As Be. – $5.71 million
- Columbia Care NY LLC – $50.17 million
- Etain, LLC – $1.47 million

How to Apply for a Dispensary License in New York

To open a dispensary in New York, you or a family member must have a prior cannabis-related offense and have prior company ownership and operating experience. People considered to be "justice-involved" can apply for a conditional adult-use retail dispensary license. This will apply to the first 100 to 200 licenses according to Damien Fagon, Chief Equity Officer of New York's Office of Cannabis Management.

The conditional adult-use retail dispensary license is a subclass of the retail dispensary license. It is only accessible to applicants who fit the qualifying requirements and may get New York State aid in the form of a loan or help to identify and to obtain a dispensary site.

These dispensaries will be the first to operate in the state by the end of 2022, while others may follow in early 2023. The amount of retail licenses the state will issue depends on market demand, authorities said.

A conditional adult-use retail dispensary license is good for four years and must be renewed every two years. Before the expiry of conditional licenses, license holders may seek to transition to a standard retail dispensary license, as prescribed by the Office in anticipated adult-use retail dispensary rules currently under preparation.

To apply for a dispensary license in New York,

1. The submission of all applications must be done online.
2. Create an account or sign in to your existing one on NY.gov.
3. After you have submitted your application, log in to monitor the progress of your application.

Applicants seeking a conditional adult-use retail dispensary license must meet the following requirements:

- must be justice-involved, which means an individual convicted of a marijuana-related offense in New York before March 31, 2021, or had a family member or dependent who was convicted, or was a dependent of someone convicted.
- must have owned at least 10% of a thriving business for two years
- if applying as a person, must be a New York resident
- if applying as an organization, must have a significant corporate presence in New York or be created under New York laws

You can learn more about the program by visiting New York's CAURD page here.

As of September 26th, 2022, the application process for CAURD licenses in New York is closed. This section will be updated as and when new opportunities become available.

CAURD Regional Preference and Allocations

The applicants will be asked to choose up to five (5) different regions within the state of New York as their top choices for the site of a dispensary. A commuter-adjusted population estimate will be used to determine how licenses are distributed across the fourteen (14) regions. The following is a breakdown of New York State according to its regions and the maximum number of CAURD licenses available:

Region	Commuter Adjusted Population	Maximum # of CAURD Licenses	Population Per Dispensary Ratio
Manhattan	3,375,059	22	153,411
Long Island	3,110,067	20	155,503
Brooklyn	2,852,632	19	150,138
Mid-Hudson	2,603,489	17	153,146
Queens	2,525,120	16	157,820
Western New York	1,622,461	11	147,496
The Bronx	1,565,988	10	156,598
Finger Lakes	1,383,303	9	153,700
Capital Region	1,145,370	7	163,624
Central New York	1,093,219	7	156,174
North Country	586,426	4	146,606
Southern Tier	480,753	3	160,251
Staten Island	500,926	3	166,975
Mohawk Valley	281,983	2	140,991

Medical Marijuana Program Opportunities

The first move to legalize medical marijuana was in 2014 with the Compassionate Care Act. Only five licenses were granted at that time, and no new licenses have been given since the deadline of June 5th, 2015. Forty-three applicants applied to manufacture and dispense medical cannabis. The state law initially allowed five organizations to register, with each organization authorized to operate four medical marijuana dispensaries statewide. As of August 2021, there are a total of 10 registered organizations.

Since then, no new medical marijuana licenses have been granted. The focus has been exclusively on full legalization. Based on 2020 state government proposals, medical cannabis will be managed and regulated by the proposed cannabis management office.

Recreational Use Legalization

As stated, New York has become the 15th state to legalize recreational marijuana. On March 31st, 2021, Governor Andrew M. Cuomo signed a bill to legalize recreational cannabis for adults 21 years old and older. Here's the whole language of the bill: The Marihuana Regulation and Taxation Act.

Here are the key takeaways from the act:

- The act legalizes recreational cannabis for adults over 21 years old.
- We can expect retail sales of cannabis by 2022.
- As for personal use, it will also allow up to six cannabis plants at home. Up to 12 plants will be possible in a household with more than one adult.
- A system for licensure will be created (we will be updating this page as information comes in) for growers, process manufacturers, distributors, retailers (dispensaries), and co-ops.
- Another very relevant detail is that vertical integration will be prohibited. Vertical integration controls the entire supply chain, such as a business that operates a grow, manufacturer, and retail store. The only exception to this rule appears to be existing medical cannabis businesses and cannabis microbusinesses.
- Cannabis Delivery Services are allowed under this bill.
- Social Consumption Sites (cannabis lounges) will also be allowed.

Who is responsible for the regulation of Cannabis in New York?

Regulation will be under the management of the newly created Office of Cannabis Management, and they will be responsible for adult use, medical, and cannabinoid hemp industries. The Cannabis Control Board will oversee this office, including five appointed members. Three would be appointed by the governor and one each to the senate and assembly, respectively.

According to New York's Marijuana Regulation & Taxation Act, the Cannabis Advisory Board will help create the social and economic equity plan and support the Cannabis Control Board in developing laws for the broader program. On June 22nd, the appointment of additional members to New York's Cannabis Advisory Board was announced by Governor Hochul. This board will work with the Office of Cannabis Management to develop a legal cannabis business in New York that is equitable and welcoming to everyone.

According to the Marihuana Regulation & Taxation Act, eleven adult-use cannabis license types will be available. These includes:

Adult Use Cultivator License

"Cultivation" refers to the cultivation of cannabis plants, including their growth, cloning, harvesting, drying, curing, grading, and trimming.

A cannabis cultivator license permits the acquisition, possession, distribution, cultivation, and sale of cannabis to processors.

A person can only have one cultivator license at a time. A cultivator can have one processor and distributor license, but only to distribute their products.

Growers are not allowed to own or have any interest in a retail license.

Adult-use Nursery License

Nursery refers to a licensee who produces only cannabis clones, seeds, and other agricultural products for licensed adult-use cannabis cultivators, microbusinesses, cooperatives, and registered organizations to plant, propagate and cultivate their marijuana plants.

An adult-use nursery license permits the sale, production, and distribution of cannabis clones, immature plants, cannabis seeds, and other agricultural products used for the planting, propagation, and cultivation of marijuana by licensed adult-use cultivators, and cooperatives, microbusinesses, or registered organizations.

One nursery license may be held by an adult-use cultivator.

Adult-use Processor License

Concentrated cannabis extraction and/or compounding, blends, extractions, infusions, or other manufacturing of concentrated cannabis and/or cannabis products are referred to as "processing."

An adult-use cannabis processor license permits the acquisition, possession, processing, and sale of cannabis from adult-use cultivators to licensed distributors.

No one can own more than one processing business license. A processor can also get a distributor's license to sell their products.

It's not allowed for processors to own or have any interest in a retail license.

Adult-use Distributor License

A "distributor" is any individual selling cannabis products wholesale.

An adult-use distributor license permits acquisition, possession, distribution, and cannabis sale from cultivator, processor, cooperative, microbusiness, or RO to licensed retail dispensaries, delivery, and on-site consumption sites.

A person may not have more than one distributor license simultaneously. In the cannabis retail tier, distributors are not permitted to own or have any involvement in a licensee.

Adult-use Cooperative License

An adult-use cooperative license permits the acquisition, possession, cultivation, processing, and sale from the adult-use cooperative to licensed distributors, on-site consumption sites, registered organizations, and retail dispensaries.

A cooperative license should be structured under cooperative principles, including democratic governance by members, one vote per member.

There should be no more than one cooperative license per individual. Cannabis retail licenses may not be owned by cooperatives.

Adult-use Microbusiness License

"Microbusiness" refers to a person with a license to grow, process, distribute, and sell cannabis.

An adult-use microbusiness license permits limited cultivation, processing, distribution, delivery, and sale of own adult-use cannabis and cannabis products.

A person may not have more than one microbusiness license at the same time. No microbusiness may be interested in or own any other sort of adult-use license.

Adult-use Retail Dispensary License

"Retailer" refers to any individual who sells any cannabis product to cannabis customers in a retail location. "Retailer" refers to any individual who sells any cannabis product to cannabis customers in a retail location.

An adult-use retail dispensary permits the acquisition, possession, sale, and delivery of cannabis from the retail dispensary to cannabis consumers.

No one may own more than three retail marijuana dispensary licenses. Retail licensees are prohibited from owning or holding an interest in a licensee in the processing, cultivation, or distribution tiers.

Adult-use On-site Consumption License

The term "on-site consumption" refers to the act of consuming cannabis at a location that has been licensed by the Cannabis Control Board.

An on-site consumption license permits the acquisition, possession, cultivation, processing, and sale from the adult-use cooperative to licensed distributors, on-site consumption sites, registered organizations, and retail dispensaries.

A person may not have more than three on-site consumption permits in his or her possession. Licensees for on-site consumption are not permitted to have any ownership or interest in a licensee in the cultivation, processing, or distribution tiers of the cannabis industry.

Adult-use Delivery License

An adult-use delivery license permits the delivery of cannabis and cannabis products to cannabis consumers.

A delivery license cannot have more than twenty-five persons offering full-time compensated delivery services to cannabis users weekly.

A delivery license may only be owned by one individual at a time. Other adult-use license types may not be owned by a delivery licensee.

Registered Organization Adult-use Cultivator Processor Distributor Retail Dispensary License

A license permits a registered organization to have the same privileges and conditions as an adult-use cultivator, processor, distributor, and retail dispensary licensee.

The site of adult-use retail dispensaries operated by registered organizations will be restricted to three of the organization's medical dispensaries, and the organization will only be authorized to distribute its products.

No registered organization may own or hold any other adult-use license types.

Registered Organization Adult-use Cultivator Processor Distributor License

A license permits a registered organization to have the same privileges as an adult-use cultivator, processor, and distributor licensee.

There can be no interest in or ownership of any other adult-use license type from a registered organization.

Social Equity

The bill sets out 50% of licenses given to "social equity applicants."This means individuals from communities disproportionately impacted by cannabis prohibition, minorities, women-owned businesses, service-disabled veterans, distressed NY farmers, and service-disabled veterans.

Lt. Governor Hochul expressed support for the importance of social equity provisions in the state's new legalization law and being on the right side of history.

As stated by Freeman Klopott, the Office of Cannabis Management's director of communications, the office will continue to move forward as swiftly as possible while also ensuring that they do things the right way and provide equitable chances in which other states have failed.

On June 22nd, Governor Kathy Hochul announced the next measures that will be taken to advance equity in New York's rapidly expanding cannabis business. The Social Equity Impact Ventures, LLC, a leading minority-led investment team, is selected as the sponsor and manager of the $200 million New York Social Equity Cannabis Investment Fund.

In the upcoming weeks and through 2023, we anticipate many new events that will affect how quickly this happens, what the requirements will look like to start a marijuana dispensary, and when the state will begin accepting license applicants. By adding yourself to our **New York Cannabis Mailing List (Below)**, we will keep you updated on all relevant news that matters, and not so easy to find news and comments based on New York Legalization below. This includes but is not limited to:

- What are the requirements to get a marijuana business license and open a dispensary in New York?
- How do I open a medical dispensary in New York?
- When will recreational dispensaries in my area open?
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