



## Legislation Text

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### Res. No. 738

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, legislation prohibiting vertical integration and promoting small business growth in the recreational marijuana industry.

By Council Members Kallos, Ampry-Samuel, Lander, Rivera, Ayala and Miller

Whereas, In January 2018, Governor Cuomo launched a multi-agency taskforce, headed by the New York Department of Health, to study the legalization of recreational marijuana; and

Whereas, In July 2018, the taskforce reported its findings to the public and recommended legalizing marijuana for recreational purposes, concluding that the positive impacts of a regulated marijuana market in the state outweigh the potential negatives; and

Whereas, Governor Cuomo launched a working group to draft legislation to legalize the use of marijuana for recreational purposes following the release of the taskforce's findings; and

Whereas, In legalizing recreational marijuana New York State has the opportunity to establish regulatory and licensing schemes that provide individuals of diverse economic backgrounds with meaningful access to market participation in the marijuana industry; and

Whereas, Vertical integration of an economic market, whereby a single entity controls ownership of each stage of the supply chain, can limit competition within an industry; and

Whereas, Permissive regulations that allow vertical integration to thrive present an increased risk of a single entity monopolizing a market, manipulating prices, and preventing small-scale competitors from fair market participation; and

Whereas, Other States have taken steps to limit vertical integration in the recreational marijuana market to prevent the industry from being dominated by politically and financially powerful businesses; and

Whereas, Establishing a recreational marijuana regulatory scheme that creates licenses for each stage within the supply chain, such as production, distribution, and retail, and limits the number of different licenses a single entity can obtain will prevent large-scale entities from dominating the recreational marijuana market; and

Whereas, Along with regulations that prevent vertical integration in the recreational marijuana industry, clear exceptions should be made for small-scale producers in order to promote a favorable environment for small business participation and ensure low barriers of entry for individuals with less access to capital and financing; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign, legislation prohibiting vertical integration and promoting small business growth in the recreational marijuana industry.

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