

**Testimony of Cannabis Farmer's Alliance
Public Protection and General Government
February 26, 2025**

**By Joe Calderone
President**



**Testimony Prepared for Joint Budget Hearing
Economic Development
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Thank you, Chairs Krueger, Pretlow, Stirpe, and Ryan, and Members of the New York State Senate and Assembly. I am Joseph Calderone, President and Co-Founder of Cannabis Farmers Alliance (CFA), COO of Grateful Valley Farm (AUCC #34), and member of Farm Bureau.

On behalf of the Cannabis Farmers Alliance (CFA), we want to thank the Legislature for its unprecedented support in their respective 2024 Legislative Budgets. The successful repeal of the failed potency tax was a major relief for farmers.

We have felt, at times, that no one was listening to our warnings about the financial challenges faced by cannabis cultivators. And although we were not successful in our funding push in last year's Enacted Budget, we truly appreciate the dedication and commitment the Legislature demonstrated to our concerns.

We also want to thank you for passing legislation to help farmers such as annual tax elections, special event permits, and codifying cannabis as an agricultural crop.

Today I hope to discuss several issues of critical importance to cannabis cultivators. The cannabis industry continues to suffer from the ongoing challenges of product inversion and market instability. With unregulated brokers flooding New York with federally-illegal, out of state, products we are seeing distillate prices fall in New York and rise in California. This is no coincidence as out of state cannabis has landed in New York. Do we live in the Empire State or the Golden State? Enforcement must be directed combating out of state supply finding its way into the legal NY supply chains. These harms to the supply chains remain unaddressed, creating ripple effects that threaten the viability of small and medium-sized retailers, processors, laboratories and cultivators

While we appreciate the steps the Office of Cannabis Management (OCM) and Cannabis Control Board have taken to increase the rate of approvals for retail dispensaries, much remains to be done to ensure the market functions as the MRTA imagined.

To that end, we are advocating for three critical measures that will balance the market and ensure equity across the supply side and retail tiers.

First, we are seeking to transfer the cost of compliance for seed to sale tracking, through the State's vendor, Biotracks, from farmers and processors to OCM. Seed to sale tracking is critical for Market Integrity. The whole market benefits from the requirements of seed to sale; however, ONLY the supply side bears the cost of this requirement. The State is placing the costs on those least able to afford it. Biotracks is akin to a regressive tax on cultivators and processors. Margins on the supply side are much smaller than the retail side. Our margins are frequently under one percent, while retail margins are between 15-25 percent. In order to ensure fairness in the Market, the cost of this critical function should be borne by the Entire Market. Last, Although we bear the cost of OCM's Market Integrity functions, we had no say in the selection of the vendor

or the fees paid. We have no issues with Biotracks, and welcome the seed to sale tracking requirement; but we were not a part of the Biotracks contract negotiation, and we have no ability to reduce the cost, which is mandated by the State.

Next, we are seeking to establish a \$5 million revolving loan fund for the capital needs of cannabis farmers. Farmers have tremendous difficulty accessing traditional banking. We have had to mortgage our homes and borrow against our personal assets to stay in business. Unlike retailers, who can get their products on consignment from their vendors (farmers), our vendors do not accept promises to pay. We have a dire need to pay for greenhouses, equipment, fencing, security and other capital costs to ensure that we can continue to supply the market. By creating a revolving loan fund, we can utilize state resources to expand our credit capacity while making the state whole for any funds loaned. This is a modest request that barely begins to address our needs; however, we believe that a capital loan program can help struggling farms maintain operations

Last, we think the best way to combat inversion is to invest in our NYS cultivators. Further, the majority of our current farmers were formerly granted conditional cultivator licenses through a temporary statute passed by the Legislature. We are asking you to once again step in to fix a need, in a non-monetary way, by allowing expanded canopy for former conditional cultivators and authorizing a combined indoor and outdoor cultivation tier. This proposal would allow former conditional cultivators to receive an additional square footage allowance based on the highest amount of canopy they cultivated in either 2022 or 2023, as follows:

- **Mixed-Light Cultivation:** Licensees who cultivated up to 25,000 square feet of mixed-light canopy may add the same amount to their current license in 2025.
- **Outdoor Cultivation:** Licensees who cultivated up to one acre (43,560 square feet) of outdoor canopy may add the same amount to their current license in 2025.

In addition, given the financial challenges cultivators have faced, many could not afford to seek a cultivation license and sought to develop their brands through a micro-business license. This canopy expansion would apply to former conditional cultivators regardless of whether they currently hold a cultivation or micro license. Finally, we encourage the Legislature to allow outdoor cultivators to have a combined outdoor and indoor license. Currently, OCM does not have a license type for combined grow; however, it has voiced support in the past for this type of cultivation license. Since OCM has failed to act on this proposal, we are asking the Legislature to do so.