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2 **NYSAC 2024 Fall Seminar**  
3 **Standing Committee on Taxation and Finance**  
4 **Resolution #4**

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6 **Resolution Urging Governor Hochul and the State Legislature to Amend the**  
7 **Sales Tax Sharing Arrangement Under Adult-Use Recreational Cannabis to**  
8 **a More Balanced Split to Recognize the Additional Responsibilities Counties**  
9 **have in Addressing Illegal Cannabis Stores and Providing Substance Use**  
10 **Disorder and Mental Health Services**

11  
12 **WHEREAS**, the Marihuana Regulation & Taxation Act (MRTA) was signed into law on  
13 March 31, 2021, legalizing adult-use cannabis; and

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15 **WHEREAS**, that legislation provides for a system where municipalities agree to host  
16 retail dispensaries of adult-use cannabis, providing a four percent sales tax on retail  
17 sales for host communities and counties to share based on the volume of sales from  
18 dispensaries in each jurisdiction; and

19  
20 **WHEREAS**, the local sales tax is split three percent for the host municipality and one  
21 percent for the host county in recognition of additional resources each will need to  
22 contribute to fully manage the repercussions of hosting such facilities including public  
23 safety, traffic control, public health, mental health, and substance abuse treatment; and

24  
25 **WHEREAS**, in the SFY 2025 Enacted Budget the state expanded public safety  
26 authorization only to counties and New York City allowing them to close illegal cannabis  
27 retail dispensaries which have proliferated across the state due to lax enforcement from  
28 the state and a slow rollout of legal licenses to state authorized retailers created  
29 opportunities for illegal shops to flourish, often with minimal risks for illegal operators;  
30 and

31  
32 **WHEREAS**, these illegal operators are often also selling other illegal narcotics,  
33 products and adding such illegal substances to the cannabis they are selling  
34 compromising public safety and public health as well as stealing local revenues due to  
35 host communities because legal operators cannot compete; and

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37 **WHEREAS**, the state also has a vested interest in shutting down illegal operators for  
38 the same reasons identified here including the hundreds of millions in annual revenues  
39 the state is counting on in their Financial Plan from the sale of legal adult-use cannabis  
40 products; and

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42 **WHEREAS**, in addition to counties being provided new public safety functions  
43 counties are also solely responsible at the local level for ensuring public health, mental

1 health, substance abuse treatments, and other social services are available for people  
2 struggling with addiction; and

3  
4 **WHEREAS**, the current split of local sales tax of only one percent to the host county  
5 undermines the ability of counties to ensure illegal operators are shut down and  
6 essential public health, mental health, substance abuse, and other social services remain  
7 available in the community.

8  
9 **NOW, THEREFORE, BE IT RESOLVED**, the New York State Association of  
10 Counties call upon the Governor and State Legislature to modify the current adult-use  
11 cannabis sales tax sharing to an even two percent for the host community and two  
12 percent for the county in recognition of the counties' larger role in enforcement and  
13 treatment; and

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15 **BE IT FURTHER RESOLVED**, counties support additional penalties for illegal  
16 operators to discourage the incentive to reopen even after being shut down; and

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18 **BE IT FURTHER RESOLVED**, copies of this resolution be sent to the counties of  
19 New York State encouraging them to enact similar resolutions; and

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21 **BE IT FURTHER RESOLVED**, NYSAC shall forward copies of this resolution to  
22 Governor Kathy Hochul, the New York State Legislature and, all others deemed  
23 necessary and proper.