



## ECMA Memo on Cannabis Beverages in Liquor Stores

### About the Empire Cannabis Manufacturers Alliance (ECMA)

We are a coalition of New York's cannabis processors representing varying operational sizes, product specialties, and regions of the state. ECMA aims to advocate for policies prioritizing product quality standards, a robust and diverse marketplace of brands, and a supply chain that brings economic development across the state.

### Background

THC beverages have soared in popularity across the country through two regulated pathways; state managed adult-use cannabis programs and by being marketed as "hemp", utilizing a loophole in the federal laws defining hemp (Whitney Economics, 2025). These laws have recently changed, resulting in hemp products containing an intoxicating level of THC deemed federally illegal by the end of 2026 (Congressional Research Service [CRS], 2025).

There have been recent efforts by lawmakers, such as S08575 (Cooney) and S5284 (Sepulveda)/A4367 (Fall), to allow for hemp beverages with intoxicating levels of THC to be sold in New York. Current cannabis regulations do not allow for any hemp products to be sold in the state that surpass 1mg of THC (a relatively low dose).

ECMA has expressed concerns about allowing the sale of intoxicating beverages produced by out-of-state companies, citing lax quality control and compliance oversight outside New York.

As a result of the recent federal changes in the legal status of hemp products, we feel that there is an opportunity to meet the consumer demand for low-dose THC beverages in channels outside of the dispensary by regulating them through the existing adult-use cannabis framework in Article 4 of the Cannabis Law.

### Summary of ECMA's Support

Allowing licensed New York liquor stores to sell low-dose cannabis beverages would benefit the state by:

1. **Increasing cannabis excise tax revenue** that will be used for:
  - a. Enforcement activity by the OCM against illegal cannabis stores and retailers selling THC beverages under the guise of hemp;
  - b. Capital access programs for social equity and small adult-use license holders;
  - c. Community Grants Reinvestment Fund;
  - d. Education grants through the State Lottery Fund;
  - e. Road safety initiatives, and the
  - f. Drug Treatment and Public Education Fund.



2. **Supporting local economic development.** By allowing licensed adult-use farmers, processors, distributors, and independent liquor stores to participate in this expanded opportunity, rather than favoring out-of-state beverage brands and big-box retailers, the State would be supporting job growth and statewide investment.
3. **Providing consumers with safe and regulated products.** Economists estimate that the total addressable market for these beverages in New York State is \$482m annually (Whitney Economics, 2025, p. 33). New York consumers are actively seeking out low-dose beverages and finding illegal and potentially unsafe products marketed as hemp in bodegas, beverage centers, and gas stations. By providing consumers with a convenient retail outlet to purchase these products in licensed liquor stores, the State would displace the illegal market while generating tax revenue to support increased enforcement.
4. **Establishing New York as the center of cannabis beverage production.** The changes in federal law surrounding hemp point towards a not-so-distant future where the federal government will regulate intoxicating cannabis products through a single regulated framework. By establishing a low-dose beverage market through the state-insulated adult-use program, New York would benefit from investment from out-of-state manufacturers and brands that partner with local manufacturers or build their own facilities within the state to access this market. When the federal government establishes a nationwide framework, production and innovation would already be established in the Empire State.

#### **Why does it matter if beverages are sold through the adult-use program (Cannabis Law - Article 4) as opposed to the hemp program (Cannabis Law - Article 5)?**

Adult-use licensees are required by law to operate within New York State. This means that the cannabis would be grown by our farmers, and manufactured, transported, and sold by licensed New York businesses. These licensees are required to adhere to strict quality-control and worker-safety standards, maintain a labor peace agreement, and implement a community impact plan.

Further, the economic development opportunity for communities across the state cannot be overstated. Seldom does the legislature have such an opportunity to target the benefits of a segment of the state's massive consumer market towards in-state businesses.

#### **Why do we recommend that liquor stores be the exclusive retail outlet for these beverages?**

Licensed liquor stores are well-suited to retail low-dose cannabis beverages due to the following reasons:

- They are, by law, independently owned and operated,
- Stores cannot be within 200 feet of a school or house of worship,
- Staff are already trained to ensure minors are unable to purchase their products,



- These independent retailers are reportedly struggling with decreased revenues (Denning, 2025), and
- The ABC law closely mirrors the Cannabis Law with respect to wholesale rules.

**Wouldn't the sale of cannabis beverages in liquor stores take away from the revenues of licensed dispensaries?**

ECMA's members have close and critical relationships with the 556 active dispensaries statewide, and would not advocate for any policy that we feel would harm dispensary sales (New York State Office of Cannabis Management [OCM], 2025). We firmly believe that an expansion of low-dose beverages to licensed liquor would benefit dispensaries by:

- Exposing new consumers to cannabis products in a low-dose format, driving new customers to their local dispensary;
- Displacing the illegal hemp beverage market in retailers where consumers often can buy illicit vapes, flower, and edibles; and
- Providing tax revenue to fund the enforcement activity of illicit stores and capital access programs for dispensaries.

Dispensaries have consistently asked our members for higher-dose beverages based on customer feedback, which has led us to believe that low-dose beverages (5mg or less) are sought by consumers who are not regularly shopping at the dispensary. We are asking the OCM to modify regulations to allow for a higher milligram limit for beverages sold in a dispensary. This change would create a new revenue opportunity for dispensaries while differentiating their offerings from the low-dose beverages we support being sold by liquor stores.

## References

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