



NEW YORK STATE LEGISLATURE

ASSEMBLYWOMAN DONNA A. LUPARDO
123rd Assembly District

SENATOR JEREMY COONEY
56th Senate District

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Cannabis Tax Deduction Included in Assembly and Senate Budget Bills

Cannabis Industry would be allowed to deduct business expenses

(Albany, NY) – New York’s emerging cannabis industry would receive a major boost from a bill introduced by Assemblywoman Donna Lupardo (D-Endwell) & Senator Jeremy Cooney (D-Rochester) which was included in both the Assembly and Senate one house budget proposals.

[A8808/S7518](#) would amend NYS tax law to permit all licensed cannabis businesses to deduct ordinary and necessary business expenses when filing state tax returns. Currently, U.S. Internal Revenue Code 280E prohibits licensed cannabis businesses from making these types of deductions, creating an unnecessary barrier to entry for many small businesses. It is estimated that the tax credit would save businesses over \$25 million annually by 2024 and help foster long term growth in the industry.

Assemblywoman Donna Lupardo said, “NY’s cannabis industry already employs hundreds, and will be expanding significantly in the years to come. They should be treated the same as other business entities regardless of federal law. All hemp related, medical and adult-use cannabis businesses should be able to take standard business deductions. I’m pleased to see that both houses have embraced the need for advancing this change.”

Senator Jeremy Cooney said, “The State Legislature legalized adult-use cannabis with a strong commitment to social justice. We must ensure equity is a priority in the licensing and taxation of these new businesses as we create the foundation of this fast-growing sector of our economy. I am proud to sponsor legislation that will create an equitable taxation system to allow more small business owners and entrepreneurs to participate in the new cannabis market.”

Ken Pokalsky, The Business Council of New York State said, “The Business Council supports the legislature’s inclusion of the 280E provision in their budget proposals. Cannabis businesses operating under New York State law should not be barred by the Internal Revenue Code from taking advantage of state-level business expense deductions that are available to all other businesses. These companies should have equal access to state tax credits that promote in-state investments and job creation.”

Allan Gandelman, New York Cannabis Growers and Processors said, “The New York Cannabis Growers & Processors Association is encouraged to see lawmakers getting ahead of making the cannabis industry accessible to small businesses and equity applicants. 280e has proven to be crushing to the bottom line of businesses by restricting the same tax deductions for cannabis operators that’s available for every other business. We are especially concerned with the effect that 280e has on retail, resulting in upwards of 70% effective tax rates. Thank you to our partners in the legislature for making this a priority. We encourage every state legislator to support this measure.”

For more details on the Assembly’s budget proposal, [click here](#). For the Senate budget proposal, [click here](#).