FTI Consulting

New York State Cannabis Wage Analysis

Summary of Results

FTI CONSULTING

September 2026

Executive Summary

Despite structural challenges in the sector, cannabis licensees already pay higher than average wages and devote a significant share of gross revenue to labor costs.

- FTI Consulting performed a survey of over 40 cannabis licensees to gather data on revenues, business health, and wages by occupation.

- The resulting data shows that, compared to similar occupations in New York State, cannabis sector jobs pay higher wages across all nine occupation groups examined.
  - On average, retail cannabis dispensary jobs pay $25.55/hour, excluding tips and bonuses, which is **25% higher** than the average New York retail worker earning $20.47/hour. Actual cannabis sector earnings are most likely higher due to tips.
  - In total, cannabis sector jobs pay, on average, **nearly 20% more** than similar non-cannabis sector occupations.

- On average, cannabis licensees who responded to the survey devote roughly 22% of gross revenues to labor costs, in line with the New York State average of 23% across all types of businesses, and higher than other similar sectors such as retail.
  - This is despite the fact that cannabis businesses face significant regulatory costs and are unable to deduct many common business expenses like non-cannabis businesses due to IRS Section 280E.

Purpose and Background

FTI Consulting was engaged by a group of cannabis companies to evaluate the competitiveness of business and wages in the cannabis industry relative to other sectors in New York State.

- **New York Senate Bill 10643 (June 2026):** Proposes to overhaul labor requirements for the state's cannabis industry by eliminating the requirement that cannabis licensees enter into and maintain "labor peace agreements" (LPAs) with labor organizations as a condition of licensure, shifting towards established wage and employment standards.
  - In place of LPA requirements, the bill would create a three-member Cannabis Industry Wage Board to hold public hearings and submit recommendation regarding minimum hourly wages for workers in the cannabis industry, including cultivation, processing, distribution, retail, and delivery.
  - These recommendations would be submitted to the Governor and Legislature by **December 31, 2027.**
- FTI Consulting was engaged by key stakeholders from New York's cannabis sector to assess current wages in the state**.**
- FTI Consulting designed and conducted a confidential survey of NYS cannabis licensees to estimate average wages across different occupations in the cannabis sector and to contextualize total labor costs and the overall profitability of licensees.
- Key survey questions covered:
  - license type and business structure;
  - years of operation in NYS;
  - total locations;
  - revenue and profitability;
  - total headcount by employment type;
  - employees and wages by occupation category;
  - and total wages paid.

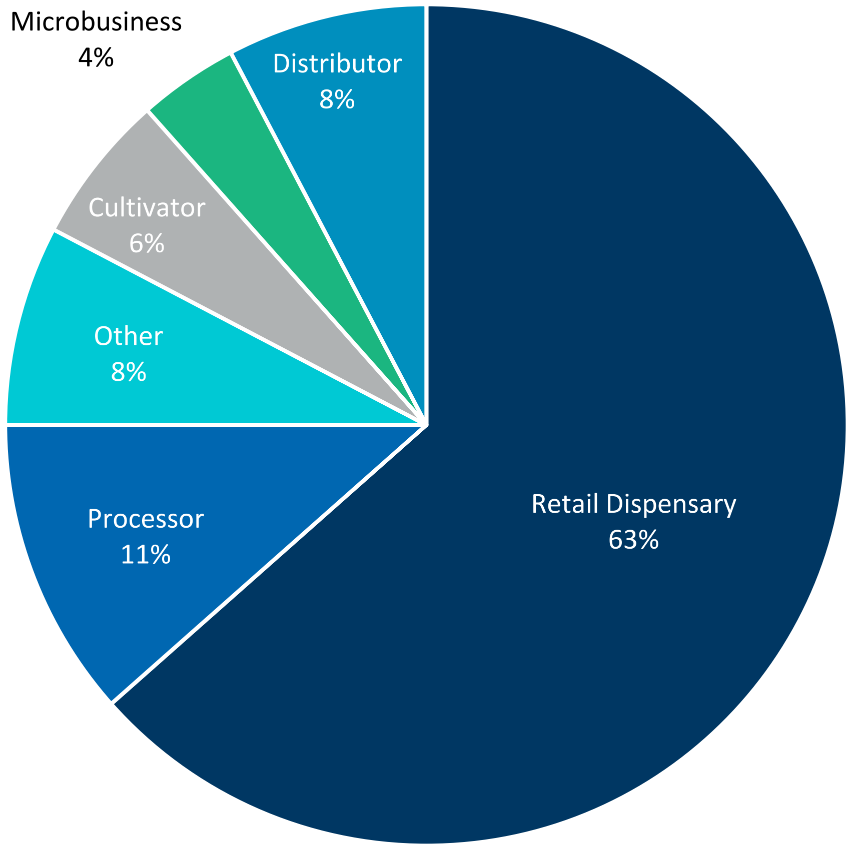
Source: NY State Senate Bill 2025-S10643

Survey Methodology and Responses

FTI Consulting designed and administered a confidential survey to capture general cost and profitability data, as well as average wages by occupation across all types of cannabis business licensees in New York State.

- In total, over 40 licensees responded to the survey, who combined, employ more than 1,400 employees in New York.
  - Most respondents (63%) were retail dispensary licensees, though other licensee types were well represented.
  - Most respondents (93%) are independently owned businesses.
- Over half (52%) of respondents have been operating in New York for 1-3 years, with an additional 19% operating for more than 3 years.
  - This suggests that the survey was able to capture both new and more mature licensees.
- The total employees captured by the survey comprised:
  - 1,000+ full-time employees,
  - 300+ part-time employees
  - 30+ seasonal or temporary employees.

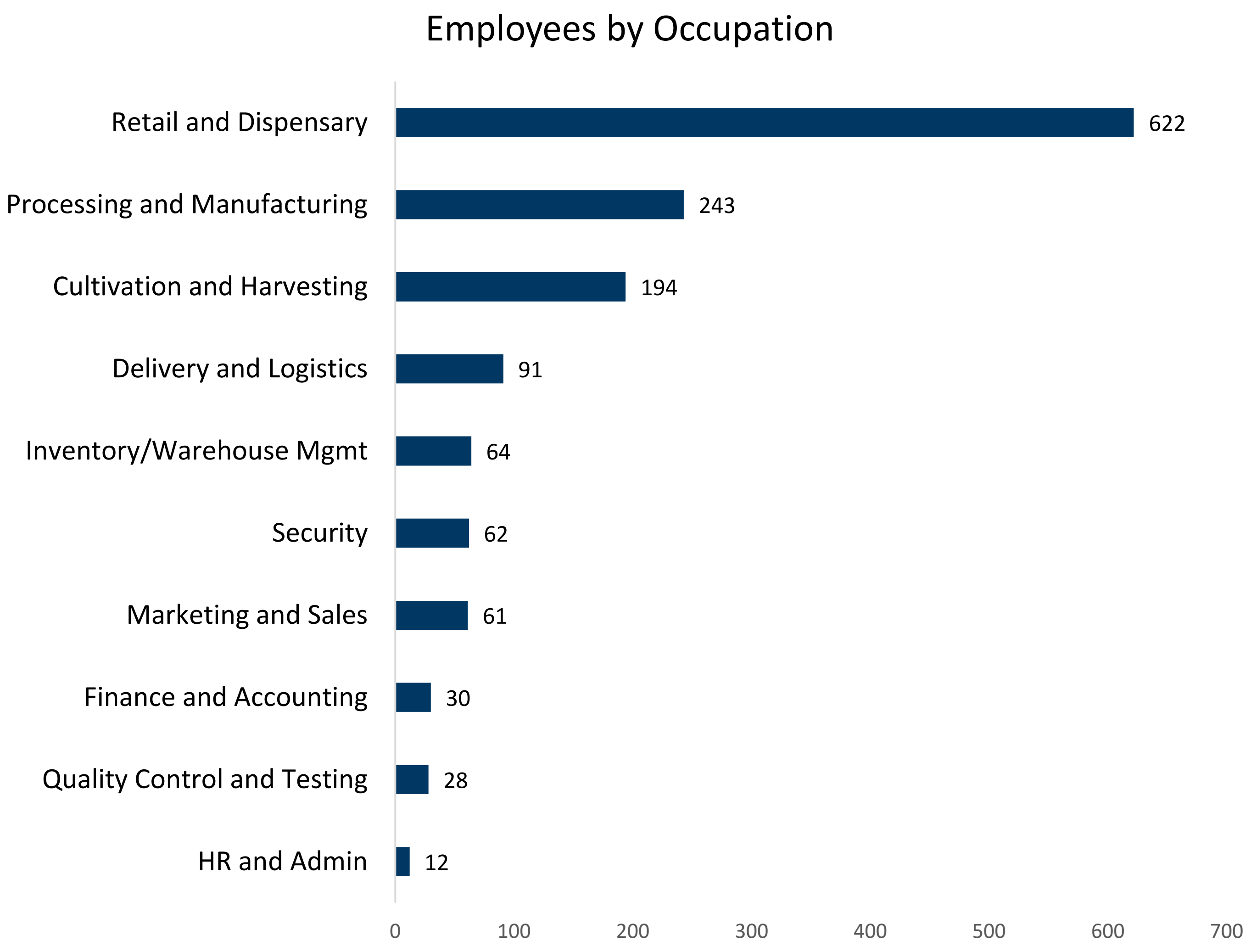
Respondents by License Type



Note: To protect the confidentiality of the surveyed businesses, all responses were collected anonymously.

Workforce Overview and Trends

Cannabis businesses in New York are generally not growing their workforces, despite increased sales in the state.



- Of the 1,400+ employees captured by the survey, the top three occupation categories represented were Retail and Dispensary, Processing and Manufacturing, and Cultivation and Harvesting.
  - Combined, these account for approximately 87% of the measured cannabis workforce.
- 57% of respondents reported unchanged (33%) or decreased (24%) headcount in the past 12 months.
  - Among those decreasing headcount, 80% cite business contraction or financial pressure as the dominant reason.
  - Even among those who maintained headcount, some cited financial pressure alongside business growth as motivations.
- Only 43% of respondents reported growing their workforces.

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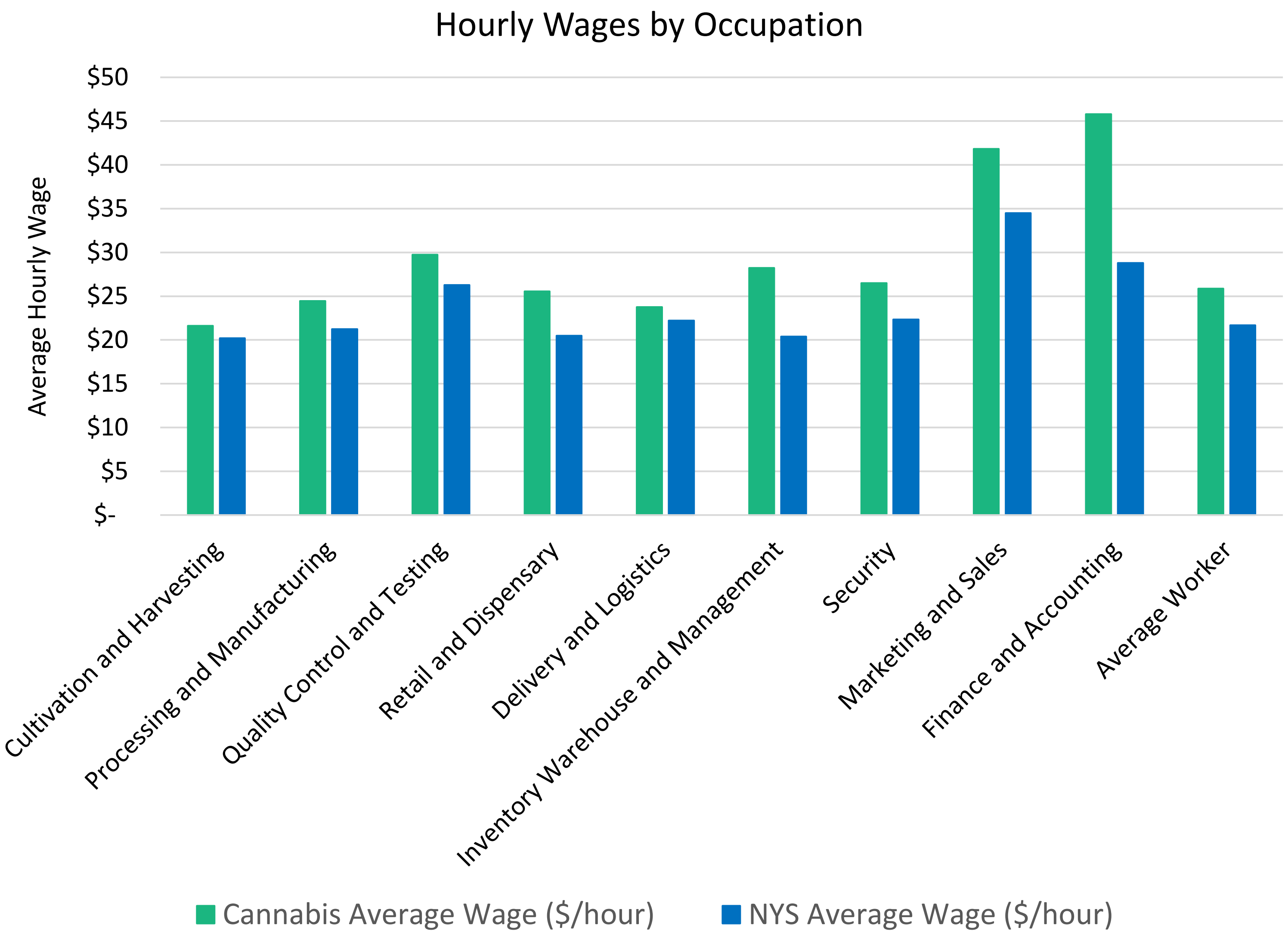
Wages by Occupation

Occupation-specific wages in the state's cannabis sector all exceed comparable occupation average wages.

- FTI calculated average hourly wages for cannabis employees across nine occupation categories, finding that all exceed the average wage in an analogous non-cannabis occupation in New York State.
  - The overall average wage of cannabis workers ($25.87/hour) is roughly 19% higher than the average wage across analogous occupations in New York State ($21.67/hour).
  - These comparable occupations were identified using the Bureau of Labor Statistics (BLS) occupation codes in the Occupational Employment and Wage Statistics (OEWS) dataset.
- This wage premium in the cannabis sector is consistent across all occupations.
  - For example, the average cannabis Retail and Dispensary worker earns approximately $25.55/hour, which is 25% higher than the average New York retail worker earning $20.47/hour.
- In addition to hourly wages, many cannabis sector workers may receive performance bonuses, which are not included in the wage figures.
  - Budtenders (cannabis retail workers) also frequently receive tips that are not captured in the hourly wage data but can significantly increase their total take-home pay.



Source: May 2025 Occupational Employment and Wage Statistics

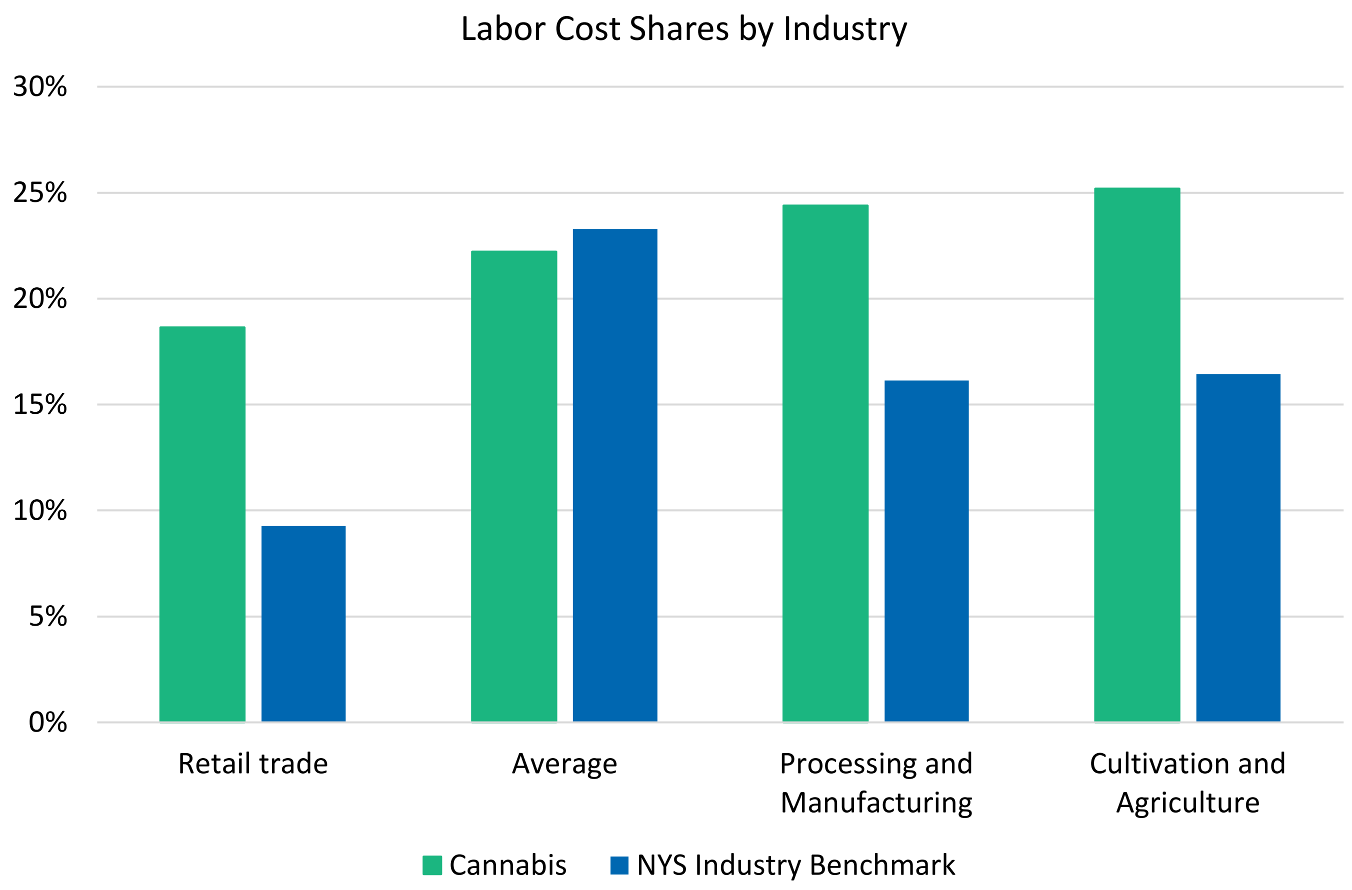
Labor Costs

Labor costs for cannabis operators represent a similar share of total revenue compared to similar industries in New York.

- Among survey respondents who reported both total wages paid and gross revenue, labor costs represent approximately **22% of gross revenue.**

- The cannabis industry's labor cost share is consistent with, or exceeds, the labor share of several comparable industries that perform similar business functions in New York State.
  - For retail and dispensary licensees, representing 63% of surveyed businesses, average labor costs represent 19% of gross revenue, more than double the total labor costs for the retail trade industry in the state (9%).

- Labor cost share for New York State average encompassing all sectors is approximately 23%, placing cannabis operators near the statewide average, despite cost structure disadvantages such as high effective tax rates.



Note: Businesses with multiple licenses (e.g. cultivation and processing licenses) are included in multiple categories above.
Source: https://www2.census.gov/programs-surveys/abs/data/2023/

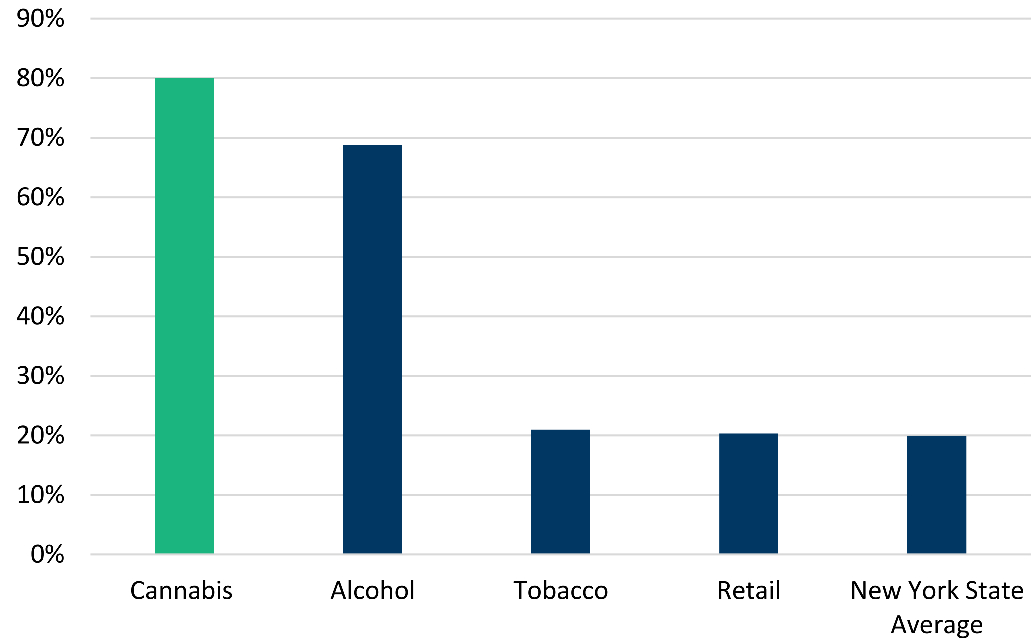
The Cannabis Sector’s Unique Financial Burden

Higher effective tax burdens, regulatory compliance costs, and competition from the illicit market put legal cannabis businesses under significant financial burden relative to other businesses.

- Regulated cannabis businesses face disadvantages compared to other businesses, including competition from illicit markets, the rise of hemp-derived THC products, and a comparatively burdensome cost structure that reflects their unique federal tax treatment and regulatory compliance requirements.

- Under **Section 280E of the Internal Revenue Code**, cannabis businesses subject to the provision cannot deduct many ordinary operating expenses, such as payroll, rent, marketing, and certain administrative costs, unlike businesses in other sectors.
  - This can lead to a disproportionately high effective tax burden, up to 80%, and reduce after-tax cash flow.
  - The effective tax rate on cannabis is higher relative to alcohol, tobacco, and other comparable retail industries in New York.

Effective Tax Rate by Industry



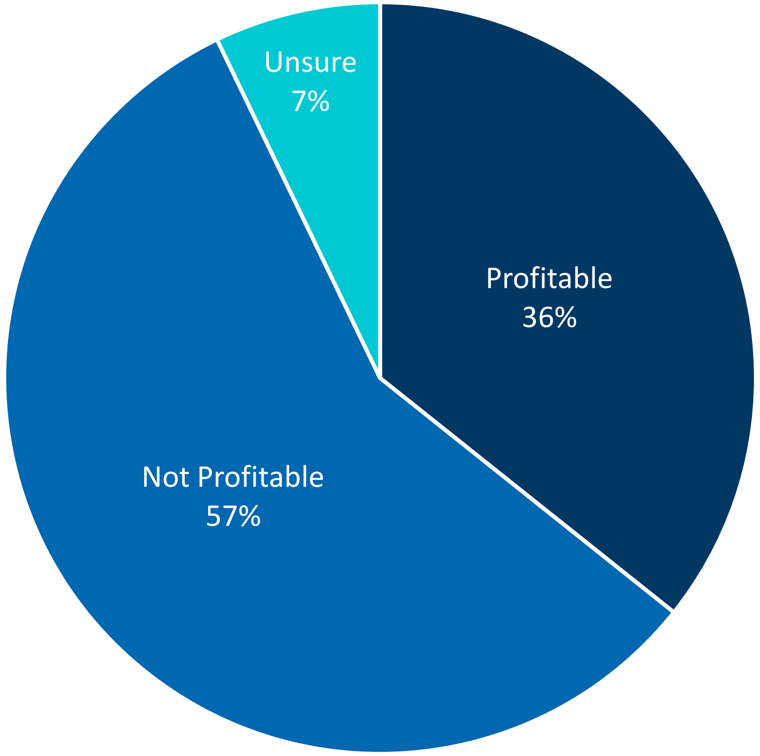
- Licensed cannabis operators can also incur significant regulatory and compliance costs, including licensing fees, product testing, seed-to-sale tracking, packaging, and other requirements.
  - These costs place regulated operators at a disadvantage relative to illicit market operators that do not bear these tax and compliance obligations.

Source: https://hartfordbusiness.com/article/effective-tax-rate-on-cannabis-companies-can-be-fatal-proposed-bill-would-offer-relief/

Revenue and Financial Performance

Over half of the surveyed cannabis operators indicated financial troubles in the most recent fiscal year, despite revenue generation.

Q: Has your business been profitable in the most recently completed fiscal year?



- More than 30 respondents reported their most recent annual revenue.
  - The survey captured a wide variety of licensees. Average gross revenue was roughly $9 million, with reported revenues ranging from less than $100,000 to over $75 million.
  - In total, the survey captured a combined gross revenue of over $300 million.
- 57% of operators, or 24 out of all 42 licensees who participated, reported net losses in their most recent fiscal year, demonstrating widespread financial uncertainty.
  - Of the businesses that were not profitable, 79% of them reported that they have been, on average, experiencing losses for an average of 15 months.
  - The duration of reported losses ranged from as short as one month up to three years.
  - Only 36% of licensees reported being profitable in the previous fiscal year.
  - Many businesses may also face increasing costs at the end of 2026 due to the expiration of subsidies for POS software that had been provided to the initial wave of social equity stores.

Key Takeaways and Policy Implications

Cannabis licensees already pay better-than-average wages based on occupation type and many do not have the margin to increase wages further.

- New York's cannabis sector already pays competitive, above average wages when comparing with similar occupations in non-cannabis sectors.
  - Retail workers make up most of the employees covered by the survey – they earn roughly 25% more than non-cannabis retail workers.

- Cannabis businesses already spend a significant share of their gross revenue on labor costs, despite structural disadvantages.
  - Unlike non-cannabis businesses, cannabis businesses can not deduct many business expenses due to IRS Section 280E, resulting in significantly higher effective federal tax rates.

- Legal cannabis prices are falling due to oversupply and price compression, leading many businesses to struggle with profitability.
  - Cannabis is unique in that licensed producers face the risk of customers turning to the illicit market if prices rise too high.

- Adding additional costs to cannabis licensees may further endanger the profitability of these businesses and drive consumers out of regulated channels.

Appendix – Analogous Occupation Codes

Cannabis Sector Occupation	Analogous NYS Occupation	Occupation Code
Cultivation and Harvesting	Farmworkers and Laborers, Crop, Nursery, and Greenhouse	45-2092
Processing and Manufacturing	Food Processing Workers, All Other	51-3099
Quality Control and Testing	Inspectors, Testers, Sorters, Samplers, and Weighers	51-9061
Retail and Dispensary	Retail Salespersons	41-2031
Delivery and Logistics	Laborers and Freight, Stock, and Material Movers, Hand	53-7062
Inventory Warehouse and Management	Stockers and Order Fillers	53-7065
Security	Security Guards	33-9032
Marketing and Sales	Sales and Related Occupations	41-0000
Finance and Accounting	Bookkeeping, Accounting, and Auditing Clerks	43-3031

Source: May 2025 State Occupational Employment and Wage Estimates

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