

[First Reprint]

ASSEMBLY, No. 4151

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED JUNE 2, 2022

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

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District 15 (Hunterdon and Mercer)

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District 35 (Bergen and Passaic)

Senator TROY SINGLETON

District 7 (Burlington)

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

Co-Sponsored by:

Assemblywoman Jasey

SYNOPSIS

Revises certain restrictions on cannabis establishments' owners; expands scope of review of cannabis establishment license applications and related materials.

CURRENT VERSION OF TEXT

As reported by the Assembly Oversight, Reform and Federal Relations Committee on September 29, 2022, with amendments.

(Sponsorship Updated As Of: 6/20/2023)

1 AN ACT concerning cannabis and amending P.L.2021, c.16 ¹and
2 P.L.2009, c.307¹.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 19 of P.L.2021, c.16 (C.24:6I-36) is amended to read
8 as follows:

9 19. Application For License or Conditional License.

10 a. Each application for an annual license to operate a cannabis
11 establishment, distributor, or delivery service, or conditional license
12 for a proposed cannabis establishment, distributor, or delivery
13 service, shall be submitted to the commission. A separate license or
14 conditional license shall be required for each location at which a
15 cannabis establishment seeks to operate, or for the location of each
16 premises from which a cannabis distributor or delivery service
17 seeks to operate. Renewal applications for another annual license
18 shall be filed no later than 90 days prior to the expiration of the
19 establishment's, distributor's, or delivery service's license. A
20 conditional license shall not be renewed, but replaced with an
21 annual license upon the commission's determination of qualification
22 for the annual license, or otherwise expire, as set forth in paragraph
23 (2) of subsection b. of this section.

24 b. (1) Regarding the application for and issuance of annual
25 licenses, the commission shall:

26 (a) begin accepting and processing applications within 30 days
27 after the commission's initial rules and regulations have been
28 adopted pursuant to subparagraph (a) of paragraph (1) of subsection
29 d. of section 6 of P.L.2021, c.16 (C.24:6I-34);

30 (b) forward, within 14 days of receipt, a copy of each
31 application to the municipality in which the applicant desires to
32 operate the cannabis establishment, distributor, or delivery service;
33 and

34 (c) verify the information contained in the application and
35 review the qualifications for the applicable license class, set forth in
36 section 20, 22, 23, 24, 25, or 26 of P.L.2021, c.16 (C.24:6I-37,
37 C.24:6I-39, C.24:6I-40, C.24:6I-41, C.24:6I-42, or C.24:6I-43), and
38 regulations concerning qualifications for licensure promulgated by
39 the commission for which the applicant seeks licensure, and not
40 more than 90 days after the receipt of an application, make a
41 determination as to whether the application is approved or denied,
42 or that the commission requires more time to adequately review the
43 application.

44 The commission shall deny a license application to any applicant

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AOF committee amendments adopted September 29, 2022.

1 who fails to provide information, documentation and assurances as
2 required by P.L.2021, c.16 (C.24:6I-31 et al.) or as requested by the
3 commission, or who fails to reveal any material fact to
4 qualification, or who supplies information which is untrue or
5 misleading as to a material fact pertaining to the qualification
6 criteria for licensure. The commission shall approve a license
7 application that meets the requirements of this section unless the
8 commission finds by clear and convincing evidence that the
9 applicant would be manifestly unsuitable to perform the activities
10 for the applicable license class for which licensure is sought.

11 (i) If the application is approved, upon collection of the license
12 fee, the commission shall issue an annual license to the applicant no
13 later than 30 days after giving notice of approval of the application
14 unless the commission finds the applicant is not in compliance with
15 regulations for annual licenses enacted pursuant to the provisions of
16 paragraph (1) of subsection d. of section 6 of P.L.2021, c.16
17 (C.24:6I-34) or the commission is notified by the relevant
18 municipality that the applicant is not in compliance with ordinances
19 and regulations made pursuant to the provisions of section 31 of
20 P.L.2021, c.16 (C.24:6I-45) and in effect at the time of application,
21 provided, if a municipality has enacted a numerical limit on the
22 number of cannabis establishments, distributors, or delivery
23 services and a greater number of applicants seek licenses, the
24 commission shall solicit and consider input from the municipality as
25 to the municipality's preference or preferences for licensure.

26 (ii) If the application is denied, the commission shall notify the
27 applicant in writing of the specific reason for its denial, and provide
28 the applicant with the opportunity for a hearing in accordance with
29 the "Administrative Procedure Act, P.L.1968, c.410 (C.52:14B-
30 1 et seq.).

31 (2) Regarding the application for and issuance of conditional
32 licenses, the commission shall:

33 (a) begin accepting and processing applications from applicants
34 within 30 days after the commission's initial rules and regulations
35 have been adopted pursuant to subparagraph (a) of paragraph (1) of
36 subsection d. of section 6 of P.L.2021, c.16 (C.24:6I-34), and
37 ensure that at least 35 percent of the total licenses issued for each
38 class of cannabis establishment, and for cannabis distributors and
39 delivery services, are conditional licenses, which 35 percent figure
40 shall also include any conditional license issued to an applicant
41 which is subsequently replaced by the commission with an annual
42 license due to that applicant's compliance for the annual license
43 pursuant to subparagraph (i) of subparagraph (d) of this
44 paragraph;

45 (b) forward, within 14 days of receipt, a copy of each
46 application to the municipality in which the applicant desires to
47 operate a proposed cannabis establishment, or to the municipality in

1 which the premises is located from which the applicant desires to
2 operate a proposed cannabis distributor or delivery service; and
3 (c) verify the information contained in the application and
4 review the following qualifications for a conditional license:
5 (i) that the application include at least one significantly
6 involved person who has resided in this State for at least two years
7 as of the date of the application;
8 (ii) a listing included with the application, showing all persons
9 with a financial interest who also have decision making authority
10 for the proposed cannabis establishment, distributor, or delivery
11 service detailed in the application;
12 (iii) proof that the significantly involved person and any other
13 person with a financial interest who also has decision making
14 authority for the proposed cannabis establishment, distributor, or
15 delivery service is 21 years of age or older;
16 (iv) the name, address, date of birth, and resumes of each
17 executive officer, all significantly involved persons, and persons
18 with a financial interest who also have decision making authority
19 for the proposed cannabis establishment, distributor, or delivery
20 service, as well as a photocopy of their driver's licenses or other
21 government-issued form of identification, plus background check
22 information in a form and manner determined by the commission in
23 consultation with the Superintendent of State Police; concerning the
24 background check, an application shall be denied if any person has
25 any disqualifying conviction pursuant to subparagraph (c) of
26 paragraph (4) of subsection a. of section 20, 22, 23, 24, 25 or 26 of
27 P.L.2021, c.16 (C.24:6I-37, C.24:6I-39, C.24:6I-40, C.24:6I-41,
28 C.24:6I-42, or C.24:6I-43), based upon the applicable class of
29 cannabis establishment for which the application was submitted, or
30 based upon the application being for a cannabis distributor or
31 delivery service, unless the commission determines pursuant to
32 subsubparagraph (ii) of those subparagraphs that the conviction
33 should not disqualify the application;
34 (v) proof that each person with a financial interest who also has
35 decision making authority for the proposed cannabis establishment,
36 distributor, or delivery service has, for the immediately preceding
37 taxable year, an adjusted gross income of no more than \$200,000 or
38 no more than \$400,000 if filing jointly with another;
39 (vi) a certification that each person with a financial interest who
40 also has decision making authority for the proposed cannabis
41 establishment, distributor, or delivery service does not have any
42 financial interest in an application for an annual license under
43 review before the commission or a cannabis establishment,
44 distributor, or delivery service that is currently operating with an
45 annual license;
46 (vii) the federal and State tax identification numbers for the
47 proposed cannabis establishment, distributor, or delivery service,

1 and proof of business registration with the Division of Revenue in
2 the Department of the Treasury;

3 (viii) information about the proposed cannabis establishment,
4 distributor, or delivery service including its legal name, any
5 registered alternate name under which it may conduct business, and
6 a copy of its articles of organization and bylaws;

7 (ix) the business plan and management operation profile for the
8 proposed cannabis establishment, distributor, or delivery service;

9 (x) the plan by which the applicant intends to obtain appropriate
10 liability insurance coverage for the proposed cannabis
11 establishment, distributor, or delivery service; and

12 (xi) any other requirements established by the commission
13 pursuant to regulation; and

14 (d) not more than 30 days after the receipt of an application,
15 make a determination as to whether the application is approved or
16 denied, or that the commission requires more time to adequately
17 review the application.

18 The commission shall deny a conditional license application to
19 any applicant who fails to provide information, documentation and
20 assurances as required by P.L.2021, c.16 (C.24:6I-31 et al.) or as
21 requested by the commission, or who fails to reveal any material
22 fact to qualification, or who supplies information which is untrue or
23 misleading as to a material fact pertaining to the qualification
24 criteria for licensure. The commission shall approve a license
25 application that meets the requirements of this section unless the
26 commission finds by clear and convincing evidence that the
27 applicant would be manifestly unsuitable to perform the activities
28 for the applicable license class for which conditional licensure is
29 sought.

30 (i) If the application is approved, upon collection of the
31 conditional license fee, the commission shall issue a conditional
32 license to the applicant, which is non-transferable for its duration,
33 no later than 30 days after giving notice of approval of the
34 application, unless the commission finds the applicant is not in
35 compliance with regulations for conditional licenses enacted
36 pursuant to the provisions of paragraph (1) of subsection d. of
37 section 6 of P.L.2021, c.16 (C.24:6I-34) or the commission is
38 notified by the relevant municipality that the applicant is not in
39 compliance with ordinances and regulations made pursuant to the
40 provisions of section 31 of P.L.2021, c.16 (C.24:6I-45) and in effect
41 at the time of application, provided, if a municipality has enacted a
42 numerical limit on the number of marijuana cannabis
43 establishments, distributors, or delivery services and a greater
44 number of applicants seek licenses, the commission shall solicit and
45 consider input from the municipality as to the municipality's
46 preference or preferences for licensure. For each license issued, the
47 commission shall also provide the approved licensee with
48 documentation setting forth the remaining conditions to be satisfied

1 under section 20, 22, 23, 24, 25, or 26 of P.L.2021, c.16 (C.24:6I-
2 37, C.24:6I-39, C.24:6I-40, C.24:6I-41, C.24:6I-42, or C.24:6I-43),
3 or relevant regulations, based upon the applicable class of cannabis
4 establishment for which the conditional license was issued, or based
5 upon the conditional license issued for a cannabis distributor or
6 delivery service, and which were not already required for the
7 issuance of that license, to be completed within 120 days of
8 issuance of the conditional license, which period may be extended
9 upon request to the commission for an additional period of up to 45
10 days at the discretion of the commission. If the commission
11 subsequently determines during that 120-day period, or during any
12 additional period granted, that the conditional licensee is in
13 compliance with all applicable conditions and is implementing the
14 plans, procedures, protocols, actions, or other measures set forth in
15 its application, the commission shall replace the conditional license
16 by issuing an annual license, which will expire one year from its
17 date of issuance; if the conditional licensee is not in compliance
18 with all applicable conditions or not implementing the plans,
19 procedures, protocols, actions, or other measures set forth in its
20 application, the conditional license shall automatically expire at the
21 end of the 120-day period, or at the end of any additional period
22 granted by the commission;

23 (ii) If the application is denied, the commission shall notify the
24 applicant in writing of the specific reason for its denial, provide
25 with this written notice a refund of 80 percent of the application fee
26 submitted with the application, and provide the applicant with the
27 opportunity for a hearing in accordance with the "Administrative
28 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.);

29 c. The commission shall require all applicants for cannabis
30 licenses, other than applicants for a conditional license for any class
31 of cannabis establishment, or for a cannabis distributor or delivery
32 service, or for either a conditional or annual license for an
33 establishment, distributor, or delivery service that is a
34 microbusiness pursuant to subsection f. of this section, to submit an
35 attestation signed by a bona fide labor organization stating that the
36 applicant has entered into a labor peace agreement with such bona
37 fide labor organization. The maintenance of a labor peace
38 agreement with a bona fide labor organization by a licensed
39 cannabis establishment, distributor, or delivery service, other than
40 an establishment that is a microbusiness, shall be an ongoing
41 material condition of the establishment's, distributor's, or delivery
42 service's license. The submission of an attestation and maintenance
43 of a labor peace agreement with a bona fide labor organization by
44 an applicant issued a conditional license for a cannabis
45 establishment, distributor, or delivery service, other than an
46 establishment that is a microbusiness, shall be a requirement for
47 final approval for an annual license. Failure to enter, or to make a
48 good faith effort to enter, into a collective bargaining agreement

1 within 200 days of the opening of a licensed cannabis
2 establishment, distributor, or delivery service, other than an
3 establishment that is a microbusiness, shall result in the suspension
4 or revocation of the establishment's, distributor's, or delivery
5 service's license.

6 As used in this subsection, "bona fide labor organization" means
7 a labor organization of any kind or employee representation
8 committee, group, or association, in which employees participate
9 and which exists and is constituted for the purpose, in whole or in
10 part, of collective bargaining or otherwise dealing with medical or
11 personal use cannabis employers concerning grievances, labor
12 disputes, terms or conditions of employment, including wages and
13 rates of pay, or other mutual aid or protection in connection with
14 employment, and may be characterized by: it being a party to one or
15 more executed collective bargaining agreements with medical or
16 personal use cannabis employers, in this State or another state; it
17 having a written constitution or bylaws in the three immediately
18 preceding years; it filing the annual financial report required of
19 labor organizations pursuant to subsection (b) of 29 U.S.C. s.431, or
20 it having at least one audited financial report in the three
21 immediately preceding years; it being affiliated with any regional or
22 national association of unions, including but not limited to state and
23 federal labor councils; or it being a member of a national labor
24 organization that has at least 500 general members in a majority of
25 the 50 states of the United States.

26 d. (1) Each license application shall be scored and reviewed
27 based upon a point scale with the commission determining the
28 amount of points, the point categories, and the system of point
29 distribution by regulation. The commission shall assign points and
30 rank applicants according to the point system. The commission
31 may, pursuant to a process set forth in regulation and consistent
32 with this subsection, adjust the point system or utilize a separate
33 point system and rankings with respect to the review of an
34 application for which a conditional license is sought, or for which a
35 microbusiness license is sought. If two or more eligible applicants
36 have the same number of points, those applicants shall be grouped
37 together and, if there are more eligible applicants in this group than
38 the remaining number of licenses available, the commission shall
39 utilize a public lottery to determine which applicants receive a
40 license or conditional license, as the case may be.

41 (a) An initial application for licensure shall be evaluated
42 according to criteria to be developed by the commission. There
43 shall be included bonus points for applicants who are residents of
44 New Jersey.

45 (b) The criteria to be developed by the commission pursuant to
46 subparagraph (a) of this paragraph shall include, in addition to the
47 criteria set forth in subparagraphs (c) and (d) of this paragraph and
48 any other criteria developed by the commission, an analysis of the

1 applicant's operating plan, excluding safety and security criteria,
2 which shall include the following:

3 (i) In the case of an applicant for a cannabis cultivator license,
4 the operating plan summary shall include a written description
5 concerning the applicant's qualifications for, experience in, and
6 knowledge of each of the following topics:

- 7 - cultivation of cannabis;
- 8 - conventional horticulture or agriculture, familiarity with good
9 agricultural practices, and any relevant certifications or degrees;
- 10 - quality control and quality assurance;
- 11 - recall plans;
- 12 - packaging and labeling;
- 13 - inventory control and tracking software or systems for the
14 production of personal use cannabis;
- 15 - analytical chemistry and testing of cannabis;
- 16 - water management practices;
- 17 - odor mitigation practices;
- 18 - onsite and offsite recordkeeping;
- 19 - strain variety and plant genetics;
- 20 - pest control and disease management practices, including plans
21 for the use of pesticides, nutrients, and additives;
- 22 - waste disposal plans; and
- 23 - compliance with applicable laws and regulations.

24 (ii) In the case of an applicant for a cannabis manufacturer
25 license, or, as applicable, a cannabis wholesaler license, cannabis
26 distributor license, or cannabis delivery service license, the
27 operating plan summary shall include a written description
28 concerning the applicant's qualifications for, experience in, and
29 knowledge of each of the following topics:

- 30 - manufacture and creation of cannabis products using
31 appropriate extraction methods, including intended use and sourcing
32 of extraction equipment and associated solvents or intended
33 methods and equipment for non-solvent extraction;
- 34 - quality control and quality assurance;
- 35 - recall plans;
- 36 - packaging and labeling;
- 37 - inventory control and tracking software or systems for the
38 manufacturing, warehousing, transportation, or delivery of cannabis
39 and cannabis items;
- 40 - analytical chemistry and testing of cannabis items;
- 41 - water management practices;
- 42 - odor mitigation practices;
- 43 - onsite and offsite recordkeeping;
- 44 - a list of product formulations or products proposed to be
45 manufactured with estimated cannabinoid profiles, if known,
46 including varieties with high cannabidiol content;
- 47 - intended use and sourcing of all non-cannabis ingredients used
48 in the manufacture and creation of cannabis products, including

- 1 methods to verify or ensure the safety and integrity of those
2 ingredients and their potential to be or contain allergens;
- 3 - waste disposal plans; and
 - 4 - compliance with applicable laws and regulations.
- 5 (iii) In the case of an applicant for a cannabis retailer license, the
6 operating plan summary shall include a written description
7 concerning the applicant's qualifications for, experience in, and
8 knowledge of each of the following topics:
- 9 - sales of cannabis items to consumers;
 - 10 - cannabis product evaluation procedures;
 - 11 - recall plans;
 - 12 - packaging and labeling;
 - 13 - inventory control and point-of-sale software or systems for the
14 sale of cannabis items;
 - 15 - the routes of administration, strains, varieties, and cannabinoid
16 profiles of cannabis and cannabis items;
 - 17 - odor mitigation practices;
 - 18 - onsite and offsite recordkeeping;
 - 19 - waste disposal plans; and
 - 20 - compliance with applicable laws and regulations.
- 21 (c) The criteria to be developed by the commission pursuant to
22 subparagraph (a) of this paragraph shall include, in addition to the
23 criteria set forth in subparagraphs (b) and (d) of this paragraph and
24 any other criteria developed by the commission, an analysis of the
25 following factors, if applicable:
- 26 (i) The applicant's environmental impact plan.
 - 27 (ii) A summary of the applicant's safety and security plans and
28 procedures, which shall include descriptions of the following:
 - 29 - plans for the use of security personnel, including contractors;
 - 30 - the experience or qualifications of security personnel and
31 proposed contractors;
 - 32 - security and surveillance features, including descriptions of any
33 alarm systems, video surveillance systems, and access and visitor
34 management systems, along with drawings identifying the proposed
35 locations for surveillance cameras and other security features;
 - 36 - plans for the storage of cannabis and cannabis items, including
37 any safes, vaults, and climate control systems that will be utilized
38 for this purpose;
 - 39 - a diversion prevention plan;
 - 40 - an emergency management plan;
 - 41 - procedures for screening, monitoring, and performing criminal
42 history record background checks of employees;
 - 43 - cybersecurity procedures;
 - 44 - workplace safety plans and the applicant's familiarity with
45 federal Occupational Safety and Health Administration regulations;
 - 46 - the applicant's history of workers' compensation claims and
47 safety assessments;
 - 48 - procedures for reporting adverse events; and

1 - a sanitation practices plan.

2 (iii) A summary of the applicant's business experience, including
3 the following, if applicable:

4 - the applicant's experience operating businesses in highly-
5 regulated industries;

6 - the applicant's experience in operating cannabis establishments
7 or alternative treatment centers and related cannabis production,
8 manufacturing, warehousing, or retail entities, or experience in
9 operating cannabis distributors or delivery services, under the laws
10 of New Jersey or any other state or jurisdiction within the United
11 States; and

12 - the applicant's plan to comply with and mitigate the effects of
13 26 U.S.C. s.280E on cannabis businesses, and for evidence that the
14 applicant is not in arrears with respect to any tax obligation to the
15 State.

16 In evaluating the experience described under this
17 subparagraph, the commission shall afford the greatest weight to
18 the experience of the applicant itself, controlling owners, and
19 entities with common ownership or control with the applicant;
20 followed by the experience of those with a 15 percent or greater
21 ownership interest in the applicant's organization; followed by
22 significantly involved persons in the applicant's organization;
23 followed by other officers, directors, and current and prospective
24 employees of the applicant who have a bona fide relationship with
25 the applicant's organization as of the date of the application.

26 (iv) A description of the proposed location for the applicant's
27 site, including the following, if applicable:

28 - the proposed location, the surrounding area, and the suitability
29 or advantages of the proposed location, along with a floor plan and
30 optional renderings or architectural or engineering plans;

31 - the submission of zoning approvals for the proposed location,
32 which shall consist of a letter or affidavit from appropriate officials
33 of the municipality that the location will conform to local zoning
34 requirements allowing for activities related to the operations of the
35 proposed cannabis cultivator, cannabis manufacturer, cannabis
36 wholesaler, cannabis distributor, cannabis retailer, or cannabis
37 delivery service as will be conducted at the proposed facility; and

38 - the submission of proof of local support for the suitability of
39 the location, which may be demonstrated by a resolution adopted by
40 the municipality's governing body indicating that the intended
41 location is appropriately located or otherwise suitable for activities
42 related to the operations of the proposed cannabis cultivator,
43 cannabis manufacturer, cannabis wholesaler, cannabis distributor,
44 cannabis retailer, or cannabis delivery service.

45 An application for a cannabis retailer shall not include in that
46 application a proposed site that would place the retailer's premises
47 in or upon any premises in which operates a grocery store,
48 delicatessen, indoor food market, or other store engaging in retail

1 sales of food, or in or upon any premises in which operates a store
2 that engages in licensed retail sales of alcoholic beverages, as
3 defined by subsection b. of R.S.33:1-1; any application presented to
4 the commission shall be denied if it includes that form of proposed
5 site.

6 Notwithstanding any other provision of this subsubparagraph, an
7 application shall be disqualified from consideration unless it
8 includes documentation demonstrating that the applicant will have
9 final control of the premises upon approval of the application,
10 including, but not limited to, a lease agreement, contract for sale,
11 title, deed, or similar documentation. In addition, if the applicant
12 will lease the premises, the application will be disqualified from
13 consideration unless it includes certification from the landlord that
14 the landlord is aware that the tenant's use of the premises will
15 involve activities associated with operations as a cannabis
16 cultivator, cannabis manufacturer, cannabis wholesaler, cannabis
17 distributor, cannabis retailer, or cannabis delivery service.

18 (v) A community impact, social responsibility, and research
19 statement, which may include, but shall not be limited to, the
20 following:

21 - a community impact plan summarizing how the applicant
22 intends to have a positive impact on the community in which the
23 proposed cannabis establishment, distributor, or delivery service is
24 to be located, which shall include an economic impact plan and a
25 description of outreach activities;

26 - a written description of the applicant's record of social
27 responsibility, philanthropy, and ties to the proposed host
28 community;

29 - a written description of any research the applicant has
30 conducted on the adverse effects of the use of cannabis items,
31 substance abuse or addiction, and the applicant's participation in or
32 support of cannabis-related research and educational activities; and

33 - a written plan describing any research and development
34 regarding the adverse effects of cannabis, and any cannabis-related
35 educational and outreach activities, which the applicant intends to
36 conduct if issued a license by the commission.

37 In evaluating the information submitted pursuant to this
38 subsubparagraph, the commission shall afford the greatest weight to
39 responses pertaining to the applicant itself, controlling owners, and
40 entities with common ownership or control with the applicant;
41 followed by those with a 15 percent or greater ownership interest in
42 the applicant's organization; followed by significantly involved
43 persons in the applicant's organization; followed by other officers,
44 directors, and current and prospective employees of the applicant
45 who have a bona fide relationship with the applicant's organization
46 as of the date of the application.

47 (vi) A workforce development and job creation plan, which may
48 include information on the applicant's history of job creation and

1 planned job creation at the proposed cannabis establishment,
2 distributor, or delivery service; education, training, and resources to
3 be made available for employees; any relevant certifications; and an
4 optional diversity plan.

5 (vii) A business and financial plan, which may include, but shall
6 not be limited to, the following:

7 - an executive summary of the applicant's business plan;

8 - a demonstration of the applicant's financial ability to implement
9 its business plan, which may include, but shall not be limited to,
10 bank statements, business and individual financial statements, net
11 worth statements, and debt and equity financing statements; and

12 - a description of the applicant's plan to comply with guidance
13 pertaining to cannabis issued by the Financial Crimes Enforcement
14 Network under 31 U.S.C. s.5311 et seq., the federal "Bank Secrecy
15 Act," which may be demonstrated by submitting letters regarding
16 the applicant's banking history from banks or credit unions that
17 certify they are aware of the business activities of the applicant, or
18 entities with common ownership or control with the applicant, in
19 any state where the applicant has operated a business related to
20 personal use or medical cannabis. For the purposes of this
21 subparagraph, the commission shall consider only bank
22 references involving accounts in the name of the applicant or of an
23 entity with common ownership or control with the applicant. An
24 applicant who does not submit the information about a plan of
25 compliance with the federal "Bank Secrecy Act" shall not be
26 disqualified from consideration.

27 (viii) Whether any of the applicant's majority or controlling
28 owners were previously approved by the commission to serve as an
29 officer, director, principal, or key employee of an alternative
30 treatment center or personal use cannabis establishment, distributor,
31 or delivery service, provided any such individual served in that
32 capacity for six or more months;

33 (ix) Any other information the commission deems relevant in
34 determining whether to grant a license to the applicant.

35 (2) In ranking applications, in addition to the awarding of points
36 as set forth in paragraph (1) of this subsection, the commission shall
37 give priority to the following, regardless of whether there is any
38 competition among applications for a particular class of license:

39 (a) Applicants that include a significantly involved person or
40 persons lawfully residing in New Jersey for at least five years as of
41 the date of the application.

42 (b) Applicants that are party to a collective bargaining
43 agreement with a bona fide labor organization that currently
44 represents, or is actively seeking to represent cannabis workers in
45 New Jersey.

46 (c) Applicants that are party to a collective bargaining
47 agreement with a bona fide labor organization that currently
48 represents cannabis workers in another state.

1 (d) Applicants that submit a signed project labor agreement with
2 a bona fide building trades labor organization, which is a form of
3 pre-hire collective bargaining agreement covering terms and
4 conditions of a specific project, including labor issues and worker
5 grievances associated with that project, for the construction or
6 retrofit of the facilities associated with the licensed entity.

7 (e) Applicants that submit a signed project labor agreement with
8 a bona fide labor organization for any other applicable project
9 associated with the licensed entity.

10 As used in this paragraph, "bona fide labor organization" means
11 "bona fide labor organization" as defined in subsection c. of this
12 section, and includes a bona fide building trades labor organization.

13 (3) In reviewing an initial license application, unless the
14 information is otherwise solicited by the commission in a specific
15 application question, the commission's evaluation of the application
16 shall be limited to the experience and qualifications of the
17 applicant's organization, including controlling owners, any entities
18 with common ownership or control with the applicant, those with a
19 15 percent or greater ownership interest in the applicant's
20 organization, significantly involved persons in the applicant's
21 organization, the other officers, directors, and current or prospective
22 employees of the applicant who have a bona fide relationship with
23 the applicant's organization as of the date of the application, and
24 consultants and independent contractors who have a bona fide
25 relationship with the applicant as of the date of the application.
26 Responses pertaining to applicants who are exempt from the
27 criminal history record background check requirements of
28 P.L.2021, c.16 (C.24:6I-31 et al.) shall not be considered. Each
29 applicant shall certify as to the status of the individuals and entities
30 included in the application.

31 (4) The commission shall give special consideration to any
32 applicant that has entered into an agreement with an institution of
33 higher education to create an integrated curriculum involving the
34 cultivation, manufacturing, wholesaling, distributing, retail sales, or
35 delivery of personal use cannabis or cannabis items, provided that
36 the curriculum is approved by both the commission and the Office
37 of the Secretary of Higher Education and the applicant agrees to
38 maintain the integrated curriculum in perpetuity. An integrated
39 curriculum license shall be subject to revocation if the license
40 holder fails to maintain or continue the integrated curriculum. In the
41 event that, because of circumstances outside a license holder's
42 control, the license holder will no longer be able to continue an
43 integrated curriculum, the license holder shall notify the
44 commission and shall make reasonable efforts to establish a new
45 integrated curriculum with an institution of higher education,
46 subject to approval by the commission and the Office of the
47 Secretary of Higher Education. If the license holder is unable to
48 establish a new integrated curriculum within six months after the

1 date the current integrated curriculum arrangement ends, the
2 commission shall revoke the entity's license, unless the commission
3 finds there are extraordinary circumstances that justify allowing the
4 license holder to retain the license without an integrated curriculum
5 and the commission finds that allowing the license holder to retain
6 the license would be consistent with the purposes of P.L.2021, c.16
7 (C.24:6I-31 et al.). The commission may revise the application and
8 license fees or other conditions for a license pursuant to this
9 paragraph as may be necessary to encourage applications for
10 licensure which involves an integrated curriculum.

11 (5) Application materials submitted to the commission pursuant
12 to this section shall not be considered a public record pursuant to
13 P.L.1963, c.73 (C.47:1A-1 et seq.), P.L.2001, c.404 (C.47:1A-5 et
14 al.), or the common law concerning access to government records.

15 (6) If the commission notifies an applicant that it has performed
16 sufficiently well on multiple applications to be awarded more than
17 one license, the applicant shall notify the commission, within seven
18 business days after receiving such notice, as to which class of
19 license it will accept. For any license award that is declined by an
20 applicant pursuant to this paragraph, the commission shall, upon
21 receiving notice from the applicant of the declination, award the
22 license to the applicant for that license class who, in the
23 determination of the commission, best satisfies the commission's
24 criteria while meeting the commission's determination of Statewide
25 marketplace need. If an applicant fails to notify the commission as
26 to which license it will accept, the commission shall have the
27 discretion to determine which license it will award to the applicant,
28 based on the commission's determination of Statewide marketplace
29 need and other applications submitted for cannabis establishments,
30 distributors, or delivery services to be located in the affected
31 regions.

32 e. (1) The commission shall also prioritize applications on the
33 basis of impact zones, for which past criminal marijuana enterprises
34 contributed to higher concentrations of law enforcement activity,
35 unemployment, and poverty, or any combination thereof, within
36 parts of or throughout these zones, regardless of whether there is
37 any competition among applications for a particular class of license.
38 An "impact zone" means any municipality that:

39 (a) has a population of 120,000 or more according to the most
40 recently compiled federal decennial census as of the effective date
41 of P.L.2021, c.16 (C.24:6I-31 et al.);

42 (b) based upon data for calendar year 2019:

43 (i) ranks in the top 40 percent of municipalities in the State for
44 marijuana- or hashish-related arrests for violation of paragraph (4)
45 of subsection a. of N.J.S.2C:35-10;

46 (ii) has a crime index total of 825 or higher based upon the
47 indexes listed in the annual Uniform Crime Report by the Division
48 of State Police; and

1 (iii) has a local average annual unemployment rate that ranks in
2 the top 15 percent of all municipalities in the State, based upon
3 average annual unemployment rates estimated for the relevant
4 calendar year by the Office of Research and Information in the
5 Department of Labor and Workforce Development;

6 (c) is a municipality located in a county of the third class, based
7 upon the county's population according to the most recently
8 compiled federal decennial census as of the effective date of
9 P.L.2021, c.16 (C.24:6I-31 et al.), that meets all of the criteria set
10 forth in subparagraph (b) other than having a crime index total of
11 825 or higher; or

12 (d) is a municipality located in a county of the second class,
13 based upon the county's population according to the most recently
14 compiled federal decennial census as of the effective date of
15 P.L.2021, c.16 (C.24:6I-31 et al.):

16 (i) with a population of less than 60,000 according to the most
17 recently compiled federal decennial census, that for calendar year
18 2019 ranks in the top 40 percent of municipalities in the State for
19 marijuana- or hashish-related arrests for violation of paragraph (4)
20 of subsection a. of N.J.S.2C:35-10; has a crime index total of 1,000
21 or higher based upon the indexes listed in the 2019 annual Uniform
22 Crime Report by the Division of State Police; but for calendar year
23 2019 does not have a local average annual unemployment rate that
24 ranks in the top 15 percent of all municipalities, based upon average
25 annual unemployment rates estimated for the relevant calendar year
26 by the Office of Research and Information in the Department of
27 Labor and Workforce Development; or

28 (ii) with a population of not less than 60,000 or more than
29 80,000 according to the most recently compiled federal decennial
30 census; has a crime index total of 650 or higher based upon the
31 indexes listed in the 2019 annual Uniform Crime Report; and for
32 calendar year 2019 has a local average annual unemployment rate
33 of 3.0 percent or higher using the same estimated annual
34 unemployment rates.

35 (2) In ranking applications with respect to impact zones, the
36 commission shall give priority to the following:

37 (a) An application for a cannabis establishment, distributor, or
38 delivery service that is located, or is intended to be located, within
39 an impact zone, and that impact zone has less than two licensees, so
40 that there will be a prioritized distribution of licenses to at least two
41 licensees within each impact zone.

42 (b) An applicant who is a current resident of an impact zone and
43 has resided therein for three or more consecutive years at the time
44 of making the application. To the extent reasonably practicable, at
45 least 25 percent of the total licenses issued to applicants for a
46 cannabis establishment, distributor, or delivery service license shall
47 be awarded to applicants who have resided in an impact zone for
48 three or more consecutive years at the time of making the

1 application, regardless of where the cannabis establishment,
2 distributor, or delivery service is, or is intended to be, located.

3 (c) An applicant who presents a plan, attested to, to employ at
4 least 25 percent of employees who reside in an impact zone, of
5 whom at least 25 percent shall reside in the impact zone nearest to
6 the location, or intended location, of the cannabis establishment,
7 distributor, or delivery service; failure to meet the requisite
8 percentages of employees from an impact zone within 90 days of
9 the opening of a licensed cannabis establishment, distributor, or
10 delivery service shall result in the suspension or revocation of a
11 license or conditional license, as applicable, issued based on an
12 application with an impact zone employment plan.

13 f. (1) The commission shall ensure that at least 10 percent of
14 the total licenses issued for each class of cannabis establishment, or
15 for cannabis distributors and cannabis delivery services, are
16 designated for and only issued to microbusinesses, and that at least
17 25 percent of the total licenses issued be issued to microbusinesses.
18 The determination of the percentage for each class of license issued
19 to microbusinesses shall include the number of conditional licenses
20 issued to microbusinesses for each class, as the percentage of
21 conditional licenses issued for each class pursuant to subparagraph
22 (a) of paragraph (2) of subsection b. of this section shall not be
23 mutually exclusive of the percentage of licenses issued to
24 microbusinesses pursuant to this subsection. There shall not be any
25 cap or other numerical restriction on the number of licenses issued
26 to microbusinesses pursuant to P.L.2021, c.16 (C.24:6I-31 et al.),
27 and this prohibition on a cap or other numerical restriction shall
28 apply to every class of license issued. The maximum fee assessed
29 by the commission for issuance or renewal of a license designated
30 and issued to a microbusiness shall be no more than half the fee
31 applicable to a license of the same class issued to a person or entity
32 that is not a microbusiness.

33 (2) A microbusiness shall meet the following requirements:

34 (a) 100 percent of the ownership interest in the microbusiness
35 shall be held by current New Jersey residents who have resided in
36 the State for at least the past two consecutive years;

37 (b) at least 51 percent of the owners, directors, officers, or
38 employees of the microbusiness shall be residents of the
39 municipality in which the microbusiness is located, or to be located,
40 or a municipality bordering the municipality in which the
41 microbusiness is located, or to be located;

42 (c) concerning business operations, and capacity and quantity
43 restrictions:

44 (i) employ no more than 10 employees;

45 (ii) operate a cannabis establishment occupying an area of no
46 more than 2,500 square feet, and in the case of a cannabis
47 cultivator, grow cannabis on an area no more than 2,500 square feet
48 measured on a horizontal plane and grow above that plane not

1 higher than 24 feet; provided, that a cannabis cultivator's grow
2 space may, if approved by the commission, be part of a larger
3 premises that is owned or operated by a cannabis cultivator that is
4 not a licensed microbusiness, allowing for the sharing of a physical
5 premises and certain business operations, but only the
6 microbusiness cannabis cultivator shall grow cannabis on and above
7 the cultivator's grow space;

8 (iii) possess no more than 1,000 cannabis plants each month,
9 except that a cannabis distributor's possession of cannabis plants for
10 transportation shall not be subject to this limit;

11 (iv) in the case of a cannabis manufacturer, acquire no more than
12 1,000 pounds of usable cannabis each month;

13 (v) in the case of a cannabis wholesaler, acquire for resale no
14 more than 1,000 pounds of usable cannabis, or the equivalent
15 amount in any form of manufactured cannabis product or cannabis
16 resin, or any combination thereof, each month; and

17 (vi) in the case of a cannabis retailer, acquire for retail sale no
18 more than 1,000 pounds of usable cannabis, or the equivalent
19 amount in any form of manufactured cannabis product or cannabis
20 resin, or any combination thereof, each month;

21 (d) no owner, director, officer, or other person with a financial
22 interest who also has decision making authority for the
23 microbusiness shall hold any financial interest in any other licensed
24 cannabis establishment, distributor, or delivery service, whether or
25 not a microbusiness;

26 (e) no owner, director, officer, or other person with a financial
27 interest who also has decision making authority for a licensed
28 cannabis establishment, distributor, or delivery service, whether or
29 not a microbusiness, shall hold any financial interest in a
30 microbusiness;

31 (f) the microbusiness shall not sell or transfer the license issued
32 to it; and

33 (g) the microbusiness shall comply with such other requirements
34 as may be established by the commission by regulation.

35 (3) A license designated and issued to a microbusiness shall be
36 valid for one year and may be renewed annually, or alternatively
37 replaced, while still valid, with an annual license allowing the
38 microbusiness to convert and continue its operations as a licensed
39 person or entity that is not a microbusiness subject to the provisions
40 of this subsection, based upon a process and criteria established by
41 the commission in regulation for the conversion.

42 (a) Any microbusiness that meets the criteria established by the
43 commission for conversion may submit an application to convert its
44 operations. Upon review of the application to confirm the
45 commission's criteria have been met, the commission shall issue a
46 new annual license to the person or entity, and the previously issued
47 license for the microbusiness shall be deemed expired as of the date
48 of issuance of the new annual license. If the commission

1 determines that the criteria have not been met, the conversion
2 application shall be denied, and the commission shall notify the
3 microbusiness applicant of the specific reason for its denial, and
4 provide the applicant with the opportunity for a hearing in
5 accordance with the "Administrative Procedure Act," P.L.1968,
6 c.410 (C.52:14B-1 et seq.).

7 (b) Any new annual license issued pursuant to this paragraph
8 allowing a microbusiness to convert and continue its operations as a
9 licensed person or entity that is not a microbusiness subject to the
10 provisions of this subsection shall be counted towards the
11 percentages of licenses that are designated for and only issued to
12 microbusinesses as set forth in paragraph (1) of this subsection,
13 notwithstanding the microbusiness' converted operations.

14 g. In addition to any other information required to be submitted
15 to the commission pursuant to this section, the commission shall
16 require all license applicants to submit a copy of any services
17 agreement entered into by the applicant with a third party entity,
18 which agreement shall be subject to review as provided in
19 subsection h. of this section.

20 h. The commission shall have the authority to review any
21 services agreement submitted pursuant to subsection g. of this
22 section and any agreement to provide significant financial or
23 technical assistance or the significant use of intellectual property to
24 an applicant, to determine whether the terms of the agreement,
25 including interest rates, returns, and fees, are commercially
26 reasonable and consistent with the fair market value for the terms
27 generally applicable to agreements of a comparable nature. In the
28 event the commission determines the terms of an agreement are not
29 commercially reasonable or consistent with the fair market value
30 generally applicable to the services to be provided under the
31 agreement, the commission shall have the authority to withhold
32 approval of the license application until the parties renegotiate a
33 new agreement that, as determined by the commission, is
34 commercially reasonable and consistent with the fair market value
35 for the terms generally applicable to agreements of a comparable
36 nature. The parties to the agreement may request that the
37 commission provide guidance as to what terms it would find to be
38 commercially reasonable and consistent with the fair market value
39 generally applicable to agreements of a comparable nature. Nothing
40 in this subsection shall be construed to require the commission to
41 award a license to an applicant if the commission determines the
42 applicant does not otherwise meet the requirements for issuance of
43 the license.

44 (cf: P.L.2021, c.16, s.19)

45
46 2. Section 33 of P.L.2021, c.16 (C.24:6I-46) is amended to read
47 as follows:

48 33. Marketplace Regulation.

1 a. (1) (a) For a period of 24 months after the effective date of
2 P.L.2021, c.16 (C.24:6I-31 et al.), it shall be unlawful for any
3 owner, part owner, stockholder, officer, or director of any
4 corporation, or any other person interested in any cannabis
5 cultivator, cannabis manufacturer, cannabis wholesaler, cannabis
6 distributor, cannabis delivery service, or cannabis testing facility to
7 engage in the retailing of any cannabis items in this State, or to
8 own, either in whole or in part, or be directly or indirectly interested
9 in a cannabis retailer, and such interest shall include any payments
10 or delivery of money or property by way of loan or otherwise
11 accompanied by an agreement to sell the product of said cannabis
12 cultivator, cannabis manufacturer, cannabis wholesaler, cannabis
13 distributor, or cannabis testing facility, but does not include any
14 arrangement between a cannabis delivery service and a cannabis
15 retailer for making deliveries of cannabis items to consumers.
16 During this 24-month period, the holder of a Class 1 Cannabis
17 Cultivator license to operate as a cannabis cultivator or a Class 2
18 Cannabis Manufacturer license to operate as a cannabis
19 manufacturer may hold one other license to operate another
20 cannabis establishment, other than a Class 3 Cannabis Wholesaler
21 license to operate as a cannabis wholesaler or a Class 5 Cannabis
22 Retailer license to operate as a cannabis retailer; and the holder of a
23 Class 3 Cannabis Wholesaler license to operate as a cannabis
24 wholesaler may hold one other Class 4 Cannabis Distributor license
25 to operate as a cannabis distributor.

26 (b) Throughout the 24-month period set forth in subparagraph
27 (a) of this paragraph, the commission, except as authorized by
28 paragraph (2) of subsection b. of this section, shall not allow,
29 providing there exist qualified applicants, more than 37 cannabis
30 cultivators to be simultaneously licensed and engaging in cannabis
31 production, which number shall include any alternative treatment
32 centers deemed to be licensed as cannabis cultivators who are
33 issued licenses by the commission pursuant to paragraph (3) of this
34 subsection; provided that cannabis cultivator licenses issued to
35 microbusinesses pursuant to subsection f. of section 19 of P.L.2021,
36 c.16 (C.24:6I-36) shall not count towards this limit.

37 (2) For a period of 24 months after the effective date of
38 P.L.2021, c.16 (C.24:6I-31 et al.), it shall be unlawful for any
39 owner, part owner, stockholder, officer, or director of any
40 corporation, or any other person engaged in any retailing of any
41 cannabis items to engage in the growing of, testing of,
42 manufacturing of, wholesaling of, or transporting in bulk any
43 cannabis items, or to own either whole or in part, or to be a
44 shareholder, officer or director of a corporation or association,
45 directly or indirectly, interested in any cannabis cultivator,
46 cannabis manufacturer, cannabis wholesaler, cannabis distributor,
47 cannabis delivery service, or cannabis testing facility.

1 (3) (a) (i) Except with respect to the cap on the number of
2 cannabis cultivator licenses set forth in subparagraph (b) of
3 paragraph (1) of this subsection, the provisions of paragraphs (1)
4 and (2) of this subsection shall not apply to any alternative
5 treatment center that was issued a permit prior to the effective date
6 of P.L.2019, c.153 (C.24:6I-5.1 et al.), or to any alternative
7 treatment center that was issued a permit subsequent to that
8 effective date pursuant to an application submitted prior to that
9 effective date,

10 to the one alternative treatment center, out of four, issued a
11 permit pursuant to an application submitted after the effective date
12 of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to a request for
13 applications published in the New Jersey Register prior to that
14 effective date, that is expressly exempt, pursuant to subsection a. of
15 section 11 of P.L.2019, c.153 (C.24:6I-7.1), from the provisions of
16 subparagraph (i) of subparagraph (a) of paragraph (2) of
17 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), which
18 exemption permits the alternative treatment center to concurrently
19 hold more than one medical cannabis permit, and that one
20 alternative treatment center is deemed pursuant to that section 7
21 (C.24:6I-7) to concurrently hold more than one permit, and

22 to the one alternative treatment center, out of three, issued a
23 permit pursuant to an application submitted on or after the effective
24 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly
25 exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153
26 (C.24:6I-7.1), from the provisions of subparagraph (i) of
27 subparagraph (a) of paragraph (2) of subsection a. of section 7 of
28 P.L.2009, c.307 (C.24:6I-7), which exemption permits the
29 alternative treatment center to concurrently hold more than one
30 medical cannabis permit, and that one alternative treatment center is
31 deemed pursuant to that section 7 (C.24:6I-7) to concurrently hold
32 more than one permit,

33 and which alternative treatment center is also deemed, pursuant
34 to subparagraph (ii) of subparagraph (c) of paragraph (2) of
35 section 7 of P.L.2009, c.307 (C.24:6I-7), to either concurrently hold
36 a Class 1 Cannabis Cultivator license, a Class 2 Cannabis
37 Manufacturer license, a Class 5 Cannabis Retailer license, plus an
38 additional Class 5 Cannabis Retailer license for each satellite
39 dispensary authorized and established by an alternative treatment
40 center pursuant to subparagraph (d) of paragraph (2) of subsection
41 a. of section 7 of P.L.2009, c.307 (C.24:6I-7), and a Class 6
42 Cannabis Delivery license, or alternatively to hold a Class 3
43 Cannabis Wholesaler license, and may also be deemed to hold a
44 Class 4 Cannabis Distributor license.

45 (ii) For each alternative treatment center deemed to have
46 licenses pursuant to subparagraph (i) of this subparagraph, the
47 commission shall not require the submission of an application for
48 licensure, as the application requirement is deemed satisfied by the

1 alternative treatment center's previously approved permit
2 application that was submitted to the Department of Health or to the
3 commission pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7),
4 but the alternative treatment center shall not begin to operate as any
5 class of cannabis establishment distributor, or delivery service until
6 the alternative treatment center has submitted a written approval for
7 a proposed cannabis establishment distributor, or delivery service
8 from the municipality in which the proposed establishment
9 distributor, or delivery service is to be located, which approval is
10 based on a determination that the proposed establishment
11 distributor, or delivery service complies with the municipality's
12 restrictions on the number of establishments distributor, or delivery
13 services, as well as the location, manner, and times of operation of
14 establishments or distributors enacted pursuant to section 31 of
15 P.L.2021, c.16 (C.24:6I-45). The commission shall thereafter only
16 issue the initial license to the alternative treatment center for a
17 cannabis establishment of the appropriate class, or for a cannabis
18 distributor or delivery service, once the commission certifies that it
19 has sufficient quantities of medical cannabis and medical cannabis
20 products available to meet the reasonably anticipated needs of
21 registered qualifying patients in accordance with subsubparagraph
22 (iii) of this subparagraph. The commission shall begin accepting
23 municipal approvals from alternative treatment centers beginning
24 on the date of adoption of the commission's initial rules and
25 regulations pursuant to subparagraph (a) of paragraph (1) of
26 subsection d. of section 6 of P.L.2021, c.16 (C.24:6I-34).

27 (iii) An alternative treatment center with approval from a
28 municipality pursuant to subsubparagraph (ii) of this subparagraph
29 shall not engage in activities related to the growing, manufacturing,
30 wholesaling, transporting or delivering of cannabis or cannabis
31 items until it has certified to the commission that that it has
32 sufficient quantities of medical cannabis and medical cannabis
33 products available to meet the reasonably anticipated needs of
34 registered qualifying patients, and the commission has accepted the
35 alternative treatment center's certification, which acceptance is
36 conditioned on the commission's review of the alternative treatment
37 center as set forth in subsubparagraph (iv) of this subparagraph.
38 Upon acceptance of the certification, the commission shall issue the
39 initial license to the alternative treatment center for a cannabis
40 establishment of the appropriate class or for a cannabis distributor
41 or delivery service.

42 Notwithstanding the date determined by the commission
43 pursuant to paragraph (2) of subsection d. of section 6 of P.L.2021,
44 c.16 (C.24:6I-34) to be the first date on which cannabis retailers
45 issued licenses and conditional licenses begin retail sales of
46 personal use cannabis items, an alternate treatment center, if
47 approved by the commission to operate as a cannabis retailer, may
48 begin to engage in the retail sale of cannabis items on any date after

1 the date that the commission adopts its initial rules and regulations
2 pursuant to subparagraph (a) of paragraph (1) of subsection d. of
3 section 6 of that act P.L.2021, c.16 (C.24:6I-34), so long as it has
4 certified to the commission that it has sufficient quantities of
5 medical cannabis and, if applicable, medical cannabis products
6 available to meet the reasonably anticipated needs of registered
7 qualifying patients, and the commission has accepted the alternative
8 treatment center's certification, which acceptance is conditioned on
9 the commission's review of the alternative treatment center as set
10 forth in subparagraph (iv) of this subparagraph. Upon
11 acceptance of the certification, the commission shall issue the initial
12 cannabis retailer license to the alternative treatment center for
13 engaging in the retail sale of cannabis items.

14 (iv) An alternative treatment center issued a license for a
15 cannabis establishment or delivery service shall be authorized to
16 use the same premises for all activities authorized under P.L.2021,
17 c.16 (C.24:6I-31 et al.) and the "Jake Honig Compassionate Use
18 Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-1 et al.), without
19 being required to establish or maintain any physical barriers or
20 separations between operations related to the medical use of
21 cannabis and operations related to personal use of cannabis items,
22 provided that the alternative treatment center shall be required to
23 certify that it has sufficient quantities of medical cannabis and, if
24 applicable, medical cannabis products available to meet the
25 reasonably anticipated needs of registered qualifying patients, as set
26 forth in subparagraph (ii) or (iii) of this subparagraph, and only
27 if accepted by the commission, which is a condition for licensure as
28 a cannabis establishment of the appropriate class or as a cannabis
29 delivery service.

30 In determining whether to accept, pursuant to this subparagraph,
31 an alternative treatment center's certification that it has sufficient
32 quantities of medical cannabis or medical cannabis products
33 available to meet the reasonably anticipated needs of registered
34 qualifying patients, the commission shall assess patient enrollment,
35 inventory, sales of medical cannabis and medical cannabis products,
36 and any other factors determined by the commission through
37 regulation.

38 As a condition of licensure following acceptance of a
39 certification, an alternative treatment center shall meet the
40 anticipated treatment needs of registered qualifying patients before
41 meeting the retail requests of cannabis consumers, and the
42 alternative treatment center shall not make operational changes that
43 reduce access to medical cannabis for registered qualifying patients
44 in order to operate a cannabis establishment or delivery service. If
45 an alternative treatment center is found by the commission to not
46 have sufficient quantities of medical cannabis or medical cannabis
47 products available to meet the reasonably anticipated needs of
48 qualified patients, the commission may issue fines, limit retail or

1 other sales, temporarily suspend the alternative treatment center's
2 cannabis establishment, distributor, or delivery service license, or
3 issue any other penalties determined by the commission through
4 regulation.

5 (b) Beginning on a date determined by the commission, to be
6 not later than one year from the date determined by the commission
7 pursuant to paragraph (2) of subsection d. of section 6 of P.L.2021,
8 c.16 (C.24:6I-34) to be the first date on which cannabis retailers
9 issued licenses and conditional licenses begin retail sales of
10 personal use cannabis items, an alternative treatment center deemed
11 to have licenses and issued initial licenses pursuant to subparagraph
12 (a) of this paragraph shall certify to the commission, within a period
13 of time, as determined by the commission, prior to the date on
14 which a license issued to the alternative treatment center is set to
15 expire, the continued material accuracy of the alternative treatment
16 center's previously approved permit application to the Department
17 of Health or to the commission pursuant to section 7 of P.L.2009,
18 c.307 (C.24:6I-7), and its compliance with the provisions of
19 P.L.2021, c.16 (C.24:6I-31 et al.) as required by the commission for
20 its operations concerning cannabis or cannabis items, and this
21 certification shall be supplemented with a new written approval
22 from the municipality in which the alternative treatment center is
23 operating as a cannabis establishment or delivery service for which
24 the initial license was issued, approving the continued operations as
25 a cannabis establishment distributor, or delivery service. The
26 commission shall renew the license of the alternative treatment
27 center based upon a review of the certification and supporting
28 municipality's continued approval. This license renewal process
29 shall thereafter be followed for each expiring license issued to the
30 alternative treatment center.

31 b. Following the 24-month period set forth in subparagraph (a)
32 of paragraph (1) of subsection a. of this section, a cannabis license
33 holder shall be authorized to hold:

34 (1) (a) a Class 1 Cannabis Cultivator license, a Class 2
35 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license,
36 and a Class 6 Cannabis Delivery license concurrently, provided that
37 no license holder shall be authorized to concurrently hold more than
38 one license of each class, except for an alternative treatment center
39 that was deemed, during the 24-month period, to have an additional
40 Class 5 Cannabis Retailer license for each satellite dispensary that
41 was authorized and established by the alternative treatment center
42 pursuant to subparagraph (d) of paragraph (2) of subsection a. of
43 section 7 of P.L.2009, c.307 (C.24:6I-7). These additional retailer
44 licenses only permit the retail operation of each satellite dispensary,
45 and shall not be replaced by any other class of cannabis
46 establishment distributor, or delivery service license; or

47 (b) a Class 3 Cannabis Wholesaler license and a Class 4
48 Cannabis Distributor license. In no case may a holder of a Class 3

1 Cannabis Wholesaler license concurrently hold a license of any
2 other class of cannabis establishment, or concurrently hold a license
3 as a cannabis delivery service.

4 (2) The commission, pursuant to its authority under paragraph
5 (1) of subsection a. of section 18 of P.L.2021, c.16 (C.24:6I-35) for
6 making periodic evaluations of whether the number of each class of
7 cannabis establishment, or number of cannabis distributors or
8 delivery services, is sufficient to meet the market demands of the
9 State, shall review the limit on the number of cannabis cultivator
10 licenses set forth in subparagraph (b) of paragraph (1) of subsection
11 a. of this section, and providing there exist qualified applicants,
12 accept new applications for additional licenses as it deems
13 necessary.

14 (3) A license holder may submit an application for a license of
15 any type that the license holder does not currently hold prior to the
16 expiration of the 24-month period set forth in subparagraph (a) of
17 paragraph (1) of subsection a. of this section, or thereafter, does not
18 currently hold pursuant to paragraph (1) of this subsection, provided
19 that no license shall be awarded to the license holder during the 24-
20 month period, or thereafter, if issuance of the license would violate
21 the restrictions set forth in subsection a. of this section concerning
22 the classes of licenses that may be concurrently held during that 24-
23 month period, or the restrictions set forth in paragraph (1) of this
24 subsection.

25 c. Notwithstanding the provisions of this section, an investor,
26 investor group, or fund that provides significant financial or
27 technical assistance or the significant use of intellectual property, or
28 a combination thereof, to an applicant for a Class 5 cannabis retailer
29 license, which applicant has been certified as a minority business
30 pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.), a women's
31 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.), or is
32 a disabled-veterans' business, as defined in section 2 of P.L.2015,
33 c.116 (C.52:32-31.2), may own up to a 35 percent interest in up to
34 seven entities that have been issued a Class 5 cannabis retailer
35 license, provided that each such retailer is a certified minority or
36 women's business or a disabled-veterans' business, and the terms of
37 the agreement to provide significant financial or technical
38 assistance or the significant use of intellectual property, or a
39 combination thereof, whether provided in the form of equity, a loan,
40 or otherwise, including interest rates, returns, and fees, are
41 commercially reasonable based on the terms generally provided to
42 comparable businesses. The terms of the agreement for the
43 provision of significant financial or technical assistance or the
44 significant use of intellectual property, or a combination thereof,
45 may include performance, quality, and other requirements as a
46 condition of providing the financial or technical assistance or use of
47 intellectual property. An applicant for a Class 5 cannabis retailer
48 license that has or will receive significant financial or technical

1 assistance or the significant use of intellectual property under this
2 subsection shall include with the license application materials
3 submitted to the commission a copy of the agreement to provide
4 significant financial or technical assistance or significant use of
5 intellectual property, or a combination thereof, which agreement
6 shall be subject to review by the commission as provided in
7 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).

8 An applicant for a Class 5 cannabis retailer license that receives
9 significant financial or technical assistance or the significant use of
10 intellectual property under this subsection shall pay back to the
11 investor, investor group, or fund the full value of the financial or
12 technical assistance or intellectual property provided under the
13 agreement, plus any applicable interest and fees, in a period not less
14 than five years after the date of the agreement if the full value of the
15 assistance or property is less than \$100,000, in a period not less
16 than seven years after the date of the agreement if the full value of
17 the assistance or property is between \$100,001 and \$250,000, in a
18 period not less than 10 years after the date of agreement if the full
19 value of the assistance or property is between \$250,00 and
20 \$500,000, and, subject to any terms and conditions imposed by a
21 lender, in a period not less than 10 years after the date of the
22 agreement if the full value of the assistance or property is greater
23 than \$500,000. An investor, investor group, or fund that has
24 acquired an ownership interest in one or more entities that have
25 been issued a Class 5 cannabis retailer license as authorized under
26 this subsection may maintain the ownership interest after the date
27 the full value of the financial or technical assistance or use of
28 intellectual property provided under the agreement, plus interest
29 and fees, has been repaid by the applicant that received the
30 assistance or use of intellectual property.

31 In no case may the controlling interest in the entity that holds a
32 Class 5 cannabis retailer license in which an investor, investor
33 group, or fund owns an interest as authorized pursuant to this
34 subsection revert to the investor, investor group, or fund in the
35 event of a default or failure by the certified minority or women's
36 business or disabled-veterans' business, as applicable, and any such
37 controlling interest may only be transferred to a certified minority
38 or women's business or a disabled-veterans' business.

39 An entity issued a Class 1 cannabis cultivator license, Class 2
40 cannabis manufacturer license, or Class 5 cannabis retailer license,
41 ¹or an alternative treatment center,¹ or an individual associated with
42 the ownership or management of **[the]** ¹such¹ entity, may ¹invest
43 or¹ participate in an investor group or a fund that meets the
44 requirements of this subsection ¹with respect to a Class 5 cannabis
45 retailer license or an alternative treatment center permit¹.

46 (cf: P.L.2021, c.16, s.33)

1 ¹3. Section 7 of P.L.2009, c.307 (C.24:6I-7) is amended to read
2 as follows:

3 7. a. (1) The commission shall accept applications from
4 entities for permits to operate as medical cannabis cultivators,
5 medical cannabis manufacturers, and medical cannabis dispensaries.
6 For the purposes of this section, the term "permit" shall be deemed
7 to include a conditional permit issued pursuant to subsection d. of
8 section 11 of P.L.2019, c.153 (C.24:6I-7.1) and any permit issued to
9 a microbusiness pursuant to subsection e. of section 11 of P.L.2019,
10 c.153 (C.24:6I-7.1).

11 (2) (a) For a period of 18 months after the effective date of
12 P.L.2019, c.153 (C.24:6I-5.1 et al.):

13 (i) no applicant may concurrently hold more than one permit
14 issued by the commission pursuant to this section, regardless of
15 type; and

16 (ii) there shall be no more than 28 active medical cannabis
17 cultivator permits, including medical cannabis cultivator permits
18 deemed to be held by alternative treatment centers issued a permit
19 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) and
20 medical cannabis cultivator permits deemed to be held by
21 alternative treatment centers issued a permit subsequent to the
22 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
23 application submitted prior to the effective date of P.L.2019, c.153
24 (C.24:6I-5.1 et al.); provided that medical cannabis cultivator
25 permits issued to microbusinesses pursuant to subsection e. of
26 section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall not count toward
27 this limit.

28 (b) Commencing 18 months after the effective date of P.L.2019,
29 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to
30 concurrently hold a medical cannabis cultivator permit, a medical
31 cannabis manufacturer permit, and a medical cannabis dispensary
32 permit, provided that no permit holder shall be authorized to
33 concurrently hold more than one permit of each type. The permit
34 holder may submit an application for a permit of any type that the
35 permit holder does not currently hold prior to the expiration of the
36 18-month period described in subparagraph (a) of this paragraph,
37 provided that no additional permit shall be awarded to the permit
38 holder during the 18-month period.

39 (c) (i) The provisions of subparagraph (a) of this paragraph shall
40 not apply to any alternative treatment center that was issued a
41 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
42 al.), to any alternative treatment center that was issued a permit
43 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
44 pursuant to an application submitted prior to the effective date of
45 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
46 treatment centers issued a permit pursuant to an application
47 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
48 al.) pursuant to a request for applications published in the New

1 Jersey Register prior to the effective date of P.L.2019, c.153
2 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
3 subparagraph (i) of subparagraph (a) of this paragraph, or to one
4 of the three alternative treatment centers issued a permit pursuant to
5 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
6 exempt from the provisions of subparagraph (i) of subparagraph
7 (a) of this paragraph, which alternative treatment centers shall be
8 deemed to concurrently hold a medical cannabis cultivator permit, a
9 medical cannabis manufacturer permit, and a medical cannabis
10 dispensary permit, and shall be authorized to engage in any conduct
11 authorized pursuant to those permits in relation to the cultivation,
12 manufacturing, and dispensing of medical cannabis.

13 (ii) In addition, each of the alternative treatment centers
14 described in subparagraph (i) of this subparagraph, to which the
15 provisions of subparagraph (a) of this paragraph shall not apply,
16 shall, upon the adoption of the initial rules and regulations by the
17 commission pursuant to subparagraph (a) of paragraph (1) of
18 subsection d. of section 6 of P.L.2021, c.16 (C.24:6I-34), be
19 deemed to either concurrently hold a Class 1 Cannabis Cultivator
20 license, a Class 2 Cannabis Manufacturer License, a Class 5
21 Cannabis Retailer license, plus an additional Class 5 Cannabis
22 Retailer license for each satellite dispensary authorized and
23 established by the alternative treatment center pursuant to
24 subparagraph (d) of this paragraph, and a Class 6 Cannabis Delivery
25 license, or hold a Class 3 Cannabis Wholesaler license, and may
26 also be deemed to hold a Class 4 Cannabis Distributor license. Any
27 alternative treatment center deemed to hold one or more licenses as
28 described in this subparagraph may begin to operate as any
29 authorized class of cannabis establishment, or establishment and
30 delivery service, or as a cannabis wholesaler and distributor, upon
31 receipt of written approval from the municipality in which the
32 proposed establishment or delivery service, or distributor is to be
33 located and obtaining an initial license or licenses, as applicable,
34 issued by the commission pursuant to paragraph (3) of subsection a.
35 of section 33 of P.L.2021, c.16 (C.24:6I-46).

36 (d) (i) No entity may be issued or concurrently hold more than
37 one medical cannabis cultivator permit, one medical cannabis
38 manufacturer permit, or one medical cannabis dispensary permit at
39 one time, and no medical cannabis dispensary shall be authorized to
40 establish a satellite location on or after the effective date of
41 P.L.2019, c.153 (C.24:6I-5.1 et al.), except that an alternative
42 treatment center that was issued a permit prior to the effective date
43 of P.L.2019, c.153 (C.24:6I-5.1 et al.) or that was issued a permit
44 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
45 pursuant to an application submitted prior to the effective date of
46 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be authorized to maintain
47 up to two satellite dispensaries, including any satellite dispensary
48 that was approved pursuant to an application submitted prior to or

1 within 18 months after the effective date of P.L.2019, c.153
2 (C.24:6I-5.1 et al.). The three alternative treatment centers issued
3 permits pursuant to section 11 of P.L.2019, c.153 (C.24:6I-7.1) that
4 are expressly exempt from the provisions of subparagraph (i) of
5 subparagraph (a) of this paragraph shall be authorized to establish
6 and maintain up to one satellite dispensary location, provided that
7 the satellite dispensary was approved pursuant to an application
8 submitted within 18 months after the effective date of P.L.2019,
9 c.153 (C.24:6I-5.1 et al.).

10 (ii) Notwithstanding the provisions of subparagraph (i) of
11 this subparagraph, an investor, investor group, or fund that provides
12 significant financial or technical assistance or the significant use of
13 intellectual property, or a combination thereof, to an applicant for a
14 medical cannabis dispensary permit, which applicant has been
15 certified as a minority business pursuant to P.L.1986, c.195
16 (C.52:27H-21.18 et seq.), a women's business pursuant to P.L.1986,
17 c.195 (C.52:27H-21.18 et seq.), or is a disabled-veterans' business,
18 as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), may own
19 up to a 35 percent interest in up to seven entities that have been
20 issued a medical cannabis dispensary permit, provided that each
21 such medical cannabis dispensary is a certified minority or women's
22 business or a disabled-veterans' business, and the terms of the
23 agreement to provide significant financial or technical assistance or
24 the significant use of intellectual property, or a combination thereof,
25 whether provided in the form of equity, a loan, or otherwise,
26 including interest rates, returns, and fees, are commercially
27 reasonable based on the terms generally provided to comparable
28 businesses. The terms of the agreement for the provision of
29 significant financial or technical assistance or the significant use of
30 intellectual property, or a combination thereof, may include
31 performance, quality, and other requirements as a condition of
32 providing the financial or technical assistance or use of intellectual
33 property. An applicant for a medical cannabis dispensary permit
34 that has or will receive significant financial or technical assistance
35 or the significant use of intellectual property under this
36 subparagraph shall include with the permit application materials
37 submitted to the commission a copy of the agreement to provide
38 significant financial or technical assistance or significant use of
39 intellectual property, or a combination thereof, which agreement
40 shall be subject to review by the commission as provided in
41 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).

42 An applicant for a medical cannabis dispensary permit that
43 receives significant financial or technical assistance or the
44 significant use of intellectual property under this subparagraph
45 shall pay back to the investor, investor group, or fund the full value
46 of the financial or technical assistance or intellectual property
47 provided under the agreement, plus any applicable interest and fees,
48 in a period not less than five years after the date of the agreement if

1 the full value of the assistance or property is less than \$100,000, in
2 a period not less than seven years after the date of the agreement if
3 the full value of the assistance or property is between \$100,001 and
4 \$250,000, in a period not less than 10 years after the date of
5 agreement if the full value of the assistance or property is between
6 \$250,001 and \$500,000, and, subject to any terms and conditions
7 imposed by a lender, in a period not less than 10 years after the date
8 of the agreement if the full value of the assistance or property is
9 greater than \$500,000. An investor, investor group, or fund that has
10 acquired an ownership interest in one or more entities that have
11 been issued a medical cannabis dispensary permit as authorized
12 under this subparagraph may maintain the ownership interest
13 after the date the full value of the financial or technical assistance
14 or use of intellectual property provided under the agreement, plus
15 interest and fees, has been repaid by the applicant that received the
16 assistance or use of intellectual property.

17 In no case may the controlling interest in the entity that holds a
18 medical cannabis dispensary permit in which an investor, investor
19 group, or fund owns an interest as authorized under this
20 subparagraph revert to the investor, investor group, or fund in
21 the event of a default or failure by the certified minority or women's
22 business or disabled-veterans' business, as applicable, and any such
23 controlling interest may only be transferred to a certified minority
24 or women's business or a disabled-veterans' business.

25 An entity issued a medical cannabis cultivator, medical cannabis
26 manufacturer, or medical cannabis dispensary permit, or an
27 individual associated with the ownership or management of **[the]**
28 such entity, may invest in or participate in an investor group or a
29 fund that meets the requirements of this subparagraph with
30 respect to a Class 5 cannabis retailer license or an alternative
31 treatment center permit.

32 (e) No entity issued a medical cannabis cultivator, medical
33 cannabis manufacturer, or medical cannabis dispensary permit may
34 concurrently hold a clinical registrant permit issued pursuant to
35 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a
36 clinical registrant permit pursuant to section 13 of P.L.2019, c.153
37 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator
38 permit, a medical cannabis manufacturer permit, or a medical
39 cannabis dispensary permit.

40 (f) Any medical cannabis dispensary permit holder may be
41 approved by the commission to operate a cannabis consumption
42 area, provided that the permit holder otherwise meets the
43 requirements of section 28 of P.L.2019, c.153 (C.24:6I-21).

44 (g) An alternative treatment center that was issued a permit prior
45 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
46 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
47 5.1 et al.) pursuant to an application submitted pursuant to a request
48 for applications published in the New Jersey Register prior to the

1 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
2 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
3 5.1 et al.) pursuant to an application submitted prior to the effective
4 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to
5 submit an attestation signed by a bona fide labor organization
6 stating that the alternative treatment center has entered into a labor
7 peace agreement with such bona fide labor organization no later
8 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-
9 5.1 et al.) or no later than 100 days after the date the alternative
10 treatment center first opens, whichever date is later. The
11 maintenance of a labor peace agreement with a bona fide labor
12 organization shall be an ongoing material condition of maintaining
13 the alternative treatment center's permit. The failure to submit an
14 attestation as required pursuant to this subparagraph within 100
15 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
16 or within 100 days after the alternative treatment center first opens,
17 as applicable, shall result in the suspension or revocation of the
18 alternative treatment center's permit, provided that the commission
19 may grant an extension to this deadline to the alternative treatment
20 center based upon extenuating circumstances or for good cause
21 shown.

22 As used in this subparagraph, "bona fide labor organization"
23 means a labor organization of any kind or employee representation
24 committee, group, or association, in which employees participate
25 and which exists and is constituted for the purpose, in whole or in
26 part, of collective bargaining or otherwise dealing with medical or
27 personal use cannabis employers concerning grievances, labor
28 disputes, terms or conditions of employment, including wages and
29 rates of pay, or other mutual aid or protection in connection with
30 employment, and may be characterized by: it being a party to one or
31 more executed collective bargaining agreements with medical or
32 personal use cannabis employers, in this State or another state; it
33 having a written constitution or bylaws in the three immediately
34 preceding years; it filing the annual financial report required of
35 labor organizations pursuant to subsection (b) of 29 U.S.C. s.431, or
36 it having at least one audited financial report in the three
37 immediately preceding years; it being affiliated with any regional or
38 national association of unions, including but not limited to state and
39 federal labor councils; or it being a member of a national labor
40 organization that has at least 500 general members in a majority of
41 the 50 states of the United States.

42 (h) An alternative treatment center that was issued a permit prior
43 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
44 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
45 5.1 et al.) pursuant to an application submitted pursuant to a request
46 for applications published in the New Jersey Register prior to the
47 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
48 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-

1 5.1 et al.) pursuant to an application submitted prior to the effective
2 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be permitted to
3 cultivate from up to two physical locations, provided that the
4 alternative treatment center's combined mature cannabis plant grow
5 canopy between both locations shall not exceed 150,000 square feet
6 of bloom space or the square footage of canopy permitted under the
7 largest tier in the tiered system adopted by the commission pursuant
8 to paragraph (2) of subsection b. of section 21 of P.L.2021, c.16
9 (C.24:6I-38).

10 (3) The commission shall seek to ensure the availability of a
11 sufficient number of medical cannabis cultivators, medical cannabis
12 manufacturers, and medical cannabis dispensaries throughout the
13 State, pursuant to need, including at least two each in the northern,
14 central, and southern regions of the State. Medical cannabis
15 cultivators, medical cannabis manufacturers, and medical cannabis
16 dispensaries issued permits pursuant to this section may be
17 nonprofit or for-profit entities.

18 (4) The commission shall periodically evaluate whether the
19 number of medical cannabis cultivator, medical cannabis
20 manufacturer, and medical cannabis dispensary permits issued are
21 sufficient to meet the needs of qualifying patients in the State, and
22 shall accept new applications and issue such additional permits as
23 shall be necessary to meet those needs. The types of permits
24 requested and issued, and the locations of any additional permits
25 that are authorized, shall be in the discretion of the commission
26 based on the needs of qualifying patients in the State.

27 (5) (a) A medical cannabis cultivator shall be authorized to:
28 acquire a reasonable initial and ongoing inventory, as determined
29 by the commission, of cannabis seeds or seedlings and
30 paraphernalia; possess, cultivate, plant, grow, harvest, and package
31 medical cannabis, including prerolled forms, for any authorized
32 purpose, including, but not limited to, research purposes; and
33 deliver, transfer, transport, distribute, supply, or sell medical
34 cannabis and related supplies to any medical cannabis cultivator,
35 medical cannabis manufacturer, medical cannabis dispensary, or
36 clinical registrant in the State. In no case shall a medical cannabis
37 cultivator operate or be located on land that is valued, assessed or
38 taxed as an agricultural or horticultural use pursuant to the
39 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
40 seq.).

41 (b) A medical cannabis manufacturer shall be authorized to:
42 purchase or acquire medical cannabis from any medical cannabis
43 cultivator, medical cannabis manufacturer, or clinical registrant in
44 the State; possess and utilize medical cannabis in the manufacture
45 and creation of medical cannabis products; and deliver, transfer,
46 transport, supply, or sell medical cannabis products and related
47 supplies to any medical cannabis manufacturer, medical cannabis
48 dispensary, or clinical registrant in the State.

1 (c) A medical cannabis dispensary shall be authorized to:
2 purchase or acquire medical cannabis from any medical cannabis
3 cultivator, medical cannabis dispensary, or clinical registrant in the
4 State and medical cannabis products and related supplies from any
5 medical cannabis manufacturer, medical cannabis dispensary, or
6 clinical registrant in the State; purchase or acquire paraphernalia
7 from any legal source; and distribute, supply, sell, or dispense
8 medical cannabis, medical cannabis products, paraphernalia, and
9 related supplies to qualifying patients or their designated or
10 institutional caregivers who are registered with the commission
11 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
12 cannabis dispensary may furnish medical cannabis, medical
13 cannabis products, paraphernalia, and related supplies to a medical
14 cannabis handler for delivery to a registered qualifying patient,
15 designated caregiver, or institutional caregiver consistent with the
16 requirements of subsection i. of section 27 of P.L.2019, c.153
17 (C.24:6I-20).

18 (6) A medical cannabis cultivator shall not be limited in the
19 number of strains of medical cannabis cultivated, and a medical
20 cannabis manufacturer shall not be limited in the number or type of
21 medical cannabis products manufactured or created. A medical
22 cannabis manufacturer may package, and a medical cannabis
23 dispensary may directly dispense medical cannabis and medical
24 cannabis products to qualifying patients and their designated and
25 institutional caregivers in any authorized form. Authorized forms
26 shall include dried form, oral lozenges, topical formulations,
27 transdermal form, sublingual form, tincture form, or edible form, or
28 any other form as authorized by the commission. Edible form shall
29 include pills, tablets, capsules, drops or syrups, oils, chewable
30 forms, and any other form as authorized by the commission, except
31 that the edible forms made available to minor patients shall be
32 limited to forms that are medically appropriate for children,
33 including pills, tablets, capsules, chewable forms, and drops, oils,
34 syrups, and other liquids.

35 (7) Nonprofit medical cannabis cultivators, medical cannabis
36 manufacturers, and medical cannabis dispensaries need not be
37 recognized as a 501(c)(3) organization by the federal Internal
38 Revenue Service.

39 b. The commission shall require that an applicant provide such
40 information as the commission determines to be necessary pursuant
41 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-1 et
42 al.).

43 c. A person who has been convicted of a crime of the first,
44 second, or third degree under New Jersey law or of a crime
45 involving any controlled dangerous substance or controlled
46 substance analog as set forth in chapter 35 of Title 2C of the New
47 Jersey Statutes except paragraph (11) or (12) of subsection b. of
48 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of

1 N.J.S.2C:35-10, or any similar law of the United States or any other
2 state shall not be issued a permit to operate as a medical cannabis
3 cultivator, medical cannabis manufacturer, medical cannabis
4 dispensary, or clinical registrant or be a director, officer, or
5 employee of a medical cannabis cultivator, medical cannabis
6 manufacturer, medical cannabis dispensary, or clinical registrant,
7 unless such conviction occurred after the effective date of P.L.2009,
8 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
9 relating to possession or sale of cannabis for conduct that is
10 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
11 c.158 (C.18A:40-12.22 et al.).

12 d. (1) The commission shall require each applicant seeking a
13 permit to operate as, to be a director, officer, or employee of, or to
14 be a significantly involved person in, a medical cannabis cultivator,
15 medical cannabis manufacturer, medical cannabis dispensary, or
16 clinical registrant to undergo a criminal history record background
17 check.

18 Any individual seeking to become a director, officer, or
19 employee of a medical cannabis cultivator, medical cannabis
20 manufacturer, medical cannabis dispensary, or clinical registrant,
21 after issuance of an initial permit shall notify the commission and
22 shall complete a criminal history record background check and
23 provide all information as may be required by the commission as a
24 condition of assuming a position as director, officer, or employee of
25 the permitted entity. An individual who secures an investment
26 interest or gains the authority to make controlling decisions in a
27 permitted entity that makes the individual a significantly involved
28 person shall notify the commission, complete a criminal history
29 record background check, and provide all information as may be
30 required by the commission no later than 30 days after the date the
31 individual becomes a significantly involved person, or any permit
32 issued to the individual or group of which the significantly involved
33 person is a member shall be revoked and the individual or group
34 shall be deemed ineligible to hold any ownership or investment
35 interest in a medical cannabis cultivator, medical cannabis
36 manufacturer, medical cannabis dispensary, or clinical registrant for
37 a period of at least two years, commencing from the date of
38 revocation, and for such additional period of time as the
39 commission deems appropriate, based on the duration of the
40 nondisclosure, the size of the individual's or group's investment
41 interest in the permitted entity, the amount of profits, revenue, or
42 income realized by the individual or group from the permitted entity
43 during the period of nondisclosure, and whether the individual had a
44 disqualifying conviction or would otherwise have been deemed
45 ineligible to be a significantly involved person in a medical
46 cannabis cultivator, medical cannabis manufacturer, medical
47 cannabis dispensary, or clinical registrant.

1 For purposes of this section, the term "applicant" shall include
2 any owner, director, officer, or employee of, and any significantly
3 involved person in, a medical cannabis cultivator, medical cannabis
4 manufacturer, medical cannabis dispensary, or clinical registrant.
5 The commission is authorized to exchange fingerprint data with and
6 receive criminal history record background information from the
7 Division of State Police and the Federal Bureau of Investigation
8 consistent with the provisions of applicable State and federal laws,
9 rules, and regulations. The Division of State Police shall forward
10 criminal history record background information to the commission
11 in a timely manner when requested pursuant to the provisions of
12 this section.

13 An applicant who is required to undergo a criminal history
14 record background check pursuant to this section shall submit to
15 being fingerprinted in accordance with applicable State and federal
16 laws, rules, and regulations. No check of criminal history record
17 background information shall be performed pursuant to this section
18 unless the applicant has furnished the applicant's written consent to
19 that check. An applicant who is required to undergo a criminal
20 history record background check pursuant to this section who
21 refuses to consent to, or cooperate in, the securing of a check of
22 criminal history record background information shall not be
23 considered for a permit to operate, or authorization to be employed
24 at or to be a significantly involved person in, a medical cannabis
25 cultivator, medical cannabis manufacturer, medical cannabis
26 dispensary, or clinical registrant. An applicant shall bear the cost
27 for the criminal history record background check, including all
28 costs of administering and processing the check.

29 (2) The commission shall not approve an applicant for a permit
30 to operate, or authorization to be employed at or to be a
31 significantly involved person in, a medical cannabis cultivator,
32 medical cannabis manufacturer, medical cannabis dispensary, or
33 clinical registrant if the criminal history record background
34 information of the applicant reveals a disqualifying conviction as
35 set forth in subsection c. of this section.

36 (3) Upon receipt of the criminal history record background
37 information from the Division of State Police and the Federal
38 Bureau of Investigation, the commission shall provide written
39 notification to the applicant of the applicant's qualification or
40 disqualification for a permit to operate or be a director, officer, or
41 employee of, or a significantly involved person in, a medical
42 cannabis cultivator, medical cannabis manufacturer, medical
43 cannabis dispensary, or clinical registrant.

44 If the applicant is disqualified because of a disqualifying
45 conviction pursuant to the provisions of this section, the conviction
46 that constitutes the basis for the disqualification shall be identified
47 in the written notice.

1 (4) The Division of State Police shall promptly notify the
2 commission in the event that an individual who was the subject of a
3 criminal history record background check conducted pursuant to
4 this section is convicted of a crime or offense in this State after the
5 date the background check was performed. Upon receipt of that
6 notification, the commission shall make a determination regarding
7 the continued eligibility to operate or be a director, officer, or
8 employee of, or a significantly involved person in, a medical
9 cannabis cultivator, medical cannabis manufacturer, medical
10 cannabis dispensary, or clinical registrant.

11 (5) Notwithstanding the provisions of subsection c. of this
12 section to the contrary, the commission may offer provisional
13 authority for an applicant to be an owner, director, officer, or
14 employee of, or a significantly involved person in, a medical
15 cannabis cultivator, medical cannabis manufacturer, medical
16 cannabis dispensary, or clinical registrant for a period not to exceed
17 three months if the applicant submits to the commission a sworn
18 statement attesting that the person has not been convicted of any
19 disqualifying conviction pursuant to this section.

20 (6) Notwithstanding the provisions of subsection c. of this
21 section to the contrary, no applicant to be an owner, director,
22 officer, or employee of, or a significantly involved person in, a
23 medical cannabis cultivator, medical cannabis manufacturer,
24 medical cannabis dispensary, or clinical registrant shall be
25 disqualified on the basis of any conviction disclosed by a criminal
26 history record background check conducted pursuant to this section
27 if the individual has affirmatively demonstrated to the commission
28 clear and convincing evidence of rehabilitation. In determining
29 whether clear and convincing evidence of rehabilitation has been
30 demonstrated, the following factors shall be considered:

31 (a) the nature and responsibility of the position which the
32 convicted individual would hold, has held, or currently holds;

33 (b) the nature and seriousness of the crime or offense;

34 (c) the circumstances under which the crime or offense
35 occurred;

36 (d) the date of the crime or offense;

37 (e) the age of the individual when the crime or offense was
38 committed;

39 (f) whether the crime or offense was an isolated or repeated
40 incident;

41 (g) any social conditions which may have contributed to the
42 commission of the crime or offense; and

43 (h) any evidence of rehabilitation, including good conduct in
44 prison or in the community, counseling or psychiatric treatment
45 received, acquisition of additional academic or vocational
46 schooling, successful participation in correctional work-release
47 programs, or the recommendation of those who have had the
48 individual under their supervision.

1 e. The commission shall issue a permit to operate or be an
2 owner, director, officer, or employee of, or a significantly involved
3 person in, a medical cannabis cultivator, medical cannabis
4 manufacturer, or medical cannabis dispensary if the commission
5 finds that issuing such a permit would be consistent with the
6 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
7 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
8 met. The denial of an application shall be considered a final agency
9 decision, subject to review by the Appellate Division of the
10 Superior Court. A permit to operate a medical cannabis cultivator,
11 medical cannabis manufacturer, or medical cannabis dispensary
12 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1
13 et al.) shall be valid for one year and shall be renewable annually.

14 f. A person who has been issued a permit pursuant to this
15 section or a clinical registrant permit pursuant to section 13 of
16 P.L.2019, c.153 (C.24:6I-7.3) shall display the permit at the front
17 entrance to the premises of the permitted facility at all times when
18 the facility is engaged in conduct authorized pursuant to P.L.2009,
19 c.307 (C.24:6I-1 et al.) involving medical cannabis, including, but
20 not limited to, the cultivating, manufacturing, or dispensing of
21 medical cannabis.

22 g. A medical cannabis cultivator, medical cannabis
23 manufacturer, medical cannabis dispensary, or clinical registrant
24 shall report any change in information to the commission not later
25 than 10 days after such change, or the permit shall be deemed null
26 and void.

27 h. Each medical cannabis dispensary and clinical registrant
28 shall maintain and make available on its Internet website, if any, a
29 standard price list that shall apply to all medical cannabis, medical
30 cannabis products, and related supplies and paraphernalia sold or
31 dispensed by the medical cannabis dispensary or clinical registrant,
32 which prices shall be reasonable and consistent with the actual costs
33 incurred by the medical cannabis dispensary or clinical registrant in
34 connection with acquiring and selling, transferring, or dispensing
35 the medical cannabis or medical cannabis product and related
36 supplies and paraphernalia. The prices charged by the medical
37 cannabis dispensary or clinical registrant shall not deviate from the
38 prices indicated on the entity's current price list, provided that a
39 price list maintained by a medical cannabis dispensary or clinical
40 registrant may allow for medical cannabis to be made available at a
41 reduced price or without charge to qualifying patients who have a
42 demonstrated financial hardship, as that term shall be defined by the
43 commission by regulation. A price list required pursuant to this
44 subsection may be revised no more than once per month, and each
45 medical cannabis dispensary and clinical registrant shall be
46 responsible for ensuring that the commission has a copy of the
47 facility's current price list. A medical cannabis dispensary or
48 clinical registrant shall be liable to a civil penalty of \$1,000 for

1 each sale that occurs at a price that deviates from the entity's current
2 price list, and to a civil penalty of \$10,000 for each week during
3 which the entity's current price list is not on file with the
4 commission. Any civil penalties collected by the commission
5 pursuant to this section shall be deposited in the "Cannabis
6 Regulatory, Enforcement Assistance, and Marketplace
7 Modernization Fund" established under section 41 of P.L.2021, c.16
8 (C.24:6I-50), and used by the commission for the purposes of
9 administering the State medical cannabis program.

10 i. The commission shall adopt regulations to:

11 (1) require such written documentation of each delivery or
12 dispensation of cannabis to, and pickup of cannabis for, a registered
13 qualifying patient, including the date and amount dispensed, and, in
14 the case of delivery, the date and times the delivery commenced and
15 was completed, the address where the medical cannabis was
16 delivered, the name of the patient or caregiver to whom the medical
17 cannabis was delivered, and the name, handler certification number,
18 and delivery certification number of the medical cannabis handler
19 who performed the delivery, to be maintained in the records of the
20 medical cannabis dispensary or clinical registrant, as the
21 commission determines necessary to ensure effective
22 documentation of the operations of each medical cannabis
23 dispensary or clinical registrant;

24 (2) monitor, oversee, and investigate all activities performed by
25 medical cannabis cultivators, medical cannabis manufacturers,
26 medical cannabis dispensaries, and clinical registrants;

27 (3) ensure adequate security of all facilities 24 hours per day
28 and security of all delivery methods to registered qualifying
29 patients; and

30 (4) establish thresholds for administrative action to be taken
31 against a medical cannabis cultivator, medical cannabis
32 manufacturer, medical cannabis dispensary, or clinical registrant
33 and its employees, officers, investors, directors, or governing board
34 pursuant to subsection m. of this section, including, but not limited
35 to, specific penalties or disciplinary actions that may be imposed in
36 a summary proceeding.

37 j. (1) Each medical cannabis cultivator, medical cannabis
38 manufacturer, medical cannabis dispensary, and clinical registrant
39 shall require the owners, directors, officers, and employees at the
40 permitted facility to complete at least eight hours of ongoing
41 training each calendar year. The training shall be tailored to the
42 roles and responsibilities of the individual's job function, and shall
43 include training on confidentiality and such other topics as shall be
44 required by the commission.

45 (2) Each medical cannabis dispensary and clinical registrant
46 shall consider whether to make interpreter services available to the
47 population served, including for individuals with a visual or hearing
48 impairment. The commission shall provide assistance to any

1 medical cannabis dispensary or clinical registrant that seeks to
2 provide such services in locating appropriate interpreter resources.
3 A medical cannabis dispensary or clinical registrant shall assume
4 the cost of providing interpreter services pursuant to this
5 subsection.

6 k. (1) The first six alternative treatment centers issued permits
7 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
8 shall be authorized to sell or transfer such permit and other assets to
9 a for-profit entity, provided that: the sale or transfer is approved by
10 the commission; each owner, director, officer, and employee of, and
11 significantly involved person in, the entity seeking to purchase or
12 receive the transfer of the permit, undergoes a criminal history
13 record background check pursuant to subsection d. of this section,
14 provided that nothing in this subsection shall be construed to
15 require any individual to undergo a criminal history record
16 background check if the individual would otherwise be exempt from
17 undergoing a criminal history record background check pursuant to
18 subsection d. of this section; the commission finds that the sale or
19 transfer of the permit would be consistent with the purposes of
20 P.L.2009, c.307 (C.24:6I-1 et al.); and no such sale or transfer shall
21 be authorized more than one year after the effective date of
22 P.L.2019, c.153 (C.24:6I-5.1 et al.). The sale or transfer of a permit
23 pursuant to this subsection shall not be subject to the requirements
24 of the "New Jersey Nonprofit Corporation Act," N.J.S.15A:1-1 et
25 seq., provided that, prior to or at the time of the sale or transfer, all
26 debts and obligations of the nonprofit entity are either paid in full or
27 assumed by the for-profit entity purchasing or acquiring the permit,
28 or a reserve fund is established for the purpose of paying in full the
29 debts and obligations of the nonprofit entity, and the for-profit
30 entity pays the full value of all assets held by the nonprofit entity,
31 as reflected on the nonprofit entity's balance sheet, in addition to the
32 agreed-upon price for the sale or transfer of the entity's alternative
33 treatment center permit. Until such time as the members of the
34 Cannabis Regulatory Commission are appointed and the
35 commission first organizes, the Department of Health shall have
36 full authority to approve a sale or transfer pursuant to this
37 paragraph.

38 (2) The sale or transfer of any interest of five percent or more in
39 a medical cannabis cultivator, medical cannabis manufacturer,
40 medical cannabis dispensary, or clinical registrant permit shall be
41 subject to approval by the commission and conditioned on the entity
42 that is purchasing or receiving transfer of the interest in the medical
43 cannabis cultivator, medical cannabis manufacturer, medical
44 cannabis dispensary, or clinical registrant permit completing a
45 criminal history record background check pursuant to the
46 requirements of subsection d. of this section.

47 l. No employee of any department, division, agency, board, or
48 other State, county, or local government entity involved in the

1 process of reviewing, processing, or making determinations with
2 regard to medical cannabis cultivator, medical cannabis
3 manufacturer, medical cannabis dispensary, or clinical registrant
4 permit applications shall have any direct or indirect financial
5 interest in the cultivating, manufacturing, or dispensing of medical
6 cannabis or related paraphernalia, or otherwise receive anything of
7 value from an applicant for a medical cannabis cultivator, medical
8 cannabis manufacturer, medical cannabis dispensary, or clinical
9 registrant permit in exchange for reviewing, processing, or making
10 any recommendations with respect to a permit application.

11 m. In the event that a medical cannabis cultivator, medical
12 cannabis manufacturer, medical cannabis dispensary, or clinical
13 registrant fails to comply with any requirements set forth in
14 P.L.2009, c.307 (C.24:6I-1 et al.) or any related law or regulation,
15 the commission may invoke penalties or take administrative action
16 against the medical cannabis cultivator, medical cannabis
17 manufacturer, medical cannabis dispensary, or clinical registrant
18 and its employees, officers, investors, directors, or governing board,
19 including, but not limited to, assessing fines, referring matters to
20 another State agency, and suspending or terminating any permit
21 held by the medical cannabis cultivator, medical cannabis
22 manufacturer, medical cannabis dispensary, or clinical registrant.
23 Any penalties imposed or administrative actions taken by the
24 commission pursuant to this subsection may be imposed in a
25 summary proceeding.¹

26 (cf: P.L.2021, c.252, s.1)

27

28 ¹**[3.] 4.**¹ This act shall take effect immediately.