ASSEMBLY, No. 5178

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED FEBRUARY 13, 2023

Sponsored by: Assemblyman ANTHONY S. VERRELLI District 15 (Hunterdon and Mercer)

SYNOPSIS

Establishes THC potency limit for cannabis products.

CURRENT VERSION OF TEXT

As introduced.



AN ACT concerning potency of cannabis and amending P.L.2021, c.16.

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

- 1. Section 18 of P.L.2021, c.16 (C.24:6I-35) is amended to read as follows:
 - 18. Regulation of Cannabis.
- a. The commission shall adopt rules and regulations, pursuant to subsection d. of section 6 of P.L.2021, c.16 (C.24:6I-34), which shall be consistent with the intent of P.L.2021, c.16 (C.24:6I-31 et al.). The commission may create an expert task force to make recommendations to the commission about the content of such regulations. Such regulations shall include:
- (1) Procedures for the application, issuance, denial, renewal, suspension, and revocation of a license or conditional license to operate as a cannabis establishment, distributor, or delivery service. Such procedures shall include a periodic evaluation of whether the number of each class of cannabis establishment, or cannabis distributors or cannabis delivery services, is sufficient to meet the market demands of the State, a result of which is the commission's authority to accept new applications and issue additional licenses as it deems necessary to meet those demands, except as otherwise provided in section 33 of P.L.2021, c.16 (C.24:6I-46) regarding an initial period during which the number of Class 1 Cannabis Cultivator licenses is capped, which limit shall not apply to cannabis cultivator licenses issued to microbusinesses as set forth in that section;
 - (2) Application, licensure, and renewal of licensure fees;
- (3) Incorporation of the licensing goals for applicants for licensure who are New Jersey residents established in P.L.2021, c.16 (C.24:6I-31 et al.). The commission shall make good faith efforts to meet these goals. Qualifications for licensure shall be directly and demonstrably related to the operation of a cannabis establishment, distributor, or delivery service, provided that the commission shall make licenses available to as diverse a group as reasonably practicable, however no license of any kind shall be issued to a person under the legal age to purchase cannabis items;
- (4) (a) Incorporation of the licensing measures established by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development pursuant to subparagraph (b) of paragraph (1) of subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25) to promote the licensing of persons from socially and economically disadvantaged communities, and minority businesses and women's

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

- businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans' businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The commission shall coordinate with the office with respect to the incorporation of these licensing measures;
- 6 (b) Procedures, to monitor the incorporated licensing measures 7 established by the Office of Minority, Disabled Veterans, and 8 Women Cannabis Business Development, which shall include a 9 verification, as part of the application process for licensure or 10 license renewal, of a minority, women's, or disabled veterans' 11 business certification provided to that business by the office 12 pursuant to paragraph (1) of subsection b. of section 32 of P.L.2019, c.153 (C.24:6I-25), or verification of an application for 13 certification under review by the office pursuant to that paragraph, 14 15 which review is occurring simultaneous to the application for 16 licensure or license renewal;
 - (5) Security requirements for cannabis establishments and transportation of cannabis and cannabis items;

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- (6) Requirements to prevent the sale or diversion of cannabis items to persons under the legal age to purchase cannabis items, including, but not limited to, requirements that:
- (a) All licensees and licensee representatives, before permitting entrance to a cannabis establishment and selling or serving cannabis items to any person, shall require such person to produce one of the following pieces of identification:
- (i) The person's United States passport, or other country's passport or proper government-issued documentation for international travel if a citizen or other lawfully recognized resident of that country, who is lawfully permitted to possess and use that country's passport or government-issued documentation for purposes of identification in the United States;
- (ii) The person's motor vehicle driver's license, whether issued by New Jersey or by any other state, territory, or possession of the United States, or the District of Columbia, provided the license displays a picture of the person;
- (iii) A New Jersey identification card issued by the New Jersey Motor Vehicle Commission; or
- (iv) Any other identification card issued by a state, territory, or possession of the United States, the District of Columbia, or the United States that bears a picture of the person, the name of the person, the person's date of birth, and a physical description of the person;
- (b) No cannabis establishment, distributor, or delivery service shall employ persons under 18 years of age nor shall any cannabis retailer allow persons under the legal age to purchase cannabis items, other than a person employed by the retailer, to enter or remain on the premises of a cannabis retailer unless accompanied by a parent or legal guardian;

- (c) Packaging and branding regulations to prevent the marketing of cannabis items and cannabis paraphernalia to people under the legal age to purchase cannabis items;
- (d) No edible cannabis products shall be manufactured, marketed, or sold that are in the shape of, or a shape bearing the likeness or containing characteristics of, a realistic or fictional human, animal, or fruit, or part thereof, including artistic, caricature, or cartoon renderings;
- (7) Labeling and packaging requirements for cannabis items sold or distributed by a cannabis establishment, including, but not limited to, the affixing of a tracking stamp to containers or packaging as set forth in section 29 of P.L.2019, c.153 (C.24:6I-22) and requirements that:
- (a) Cannabis items and cannabis paraphernalia are not packaged, branded, or marketed using any statement, illustration, or image that:
 - (i) Includes false, deceptive, or misleading statements;
 - (ii) Promotes over-consumption;

- (iii) Depicts a child or other person under legal age consuming cannabis items; or
- (iv) Includes objects, such as toys, characters, or cartoon characters suggesting the presence of a person under the legal age to purchase cannabis items, or any other depiction designed in any manner to be especially appealing to persons under the legal age to purchase cannabis items;
- (b) Ensure cannabis items are packaged in opaque, child-resistant special packaging, or if applicable to a particular cannabis item, child resistant special packaging for liquid nicotine containers, in accordance with the "Poison Prevention Packaging Act of 1970," 15 U.S.C. s.1471 et seq., and the associated regulations promulgated thereunder, except that these child-resistant packaging requirements shall not apply to any cannabis item obtained from a cannabis retailer or alternative treatment center for immediate, on-premises consumption at that retailer's or center's cannabis consumption area as permitted pursuant to section 28 of P.L.2019, c.153 (C.24:6I-21);
 - (c) Cannabis items warning labels adequately inform consumers about safe cannabis use and warn of the consequences of misuse or overuse:
 - (d) Labeling rules that mandate clear identification of health and safety information, including, but not limited to:
 - (i) Net weight;
 - (ii) Production date and expiration date;
- (iii) For a cannabis product, cannabis extract, or other cannabis resin, an ingredient list that includes, but is not limited to, all ingredients used to manufacture the cannabis product, any other inactive or excipient ingredients besides cannabis, and a list of all potential allergens contained within the product;

- (iv) Strain or type of cannabis, listed by scientific terms, if available, and generic or "slang" names;
 - (v) Whether the product requires refrigeration;

- (vi) Growth method, whether dirt grown, hydroponic, or otherwise, and an indication whether the cannabis was grown using all-organic materials, and a complete list of any nonorganic pesticides, fungicides and herbicides used during the cultivation of the cannabis;
- 9 (vii) For a cannabis product, serving size, the total number of servings, and a statement regarding the percentage of THC contained in the cannabis product and in each serving. For example: "The serving size of active THC in this product is X mg. This product contains X servings of cannabis, and the total amount of active THC in this product is X mg.";
 - (viii) Warning labels that include the nationwide toll-free telephone number used to access poison control centers that is maintained in accordance with 42 U.S.C. s.300d-71, as well as include, but are not limited to, one or more of the following statements, if applicable to a particular cannabis item:
 - -- "This product contains cannabis";
 - -- "This product is infused with cannabis";
 - -- "This product is intended for use by adults 21 years of age or older. Keep out of the reach of children";
 - -- "The intoxicating effects of this product may be delayed by two or more hours";
 - -- "There may be health risks associated with the consumption of this product, including for women who are pregnant, breastfeeding, or planning on becoming pregnant";
 - -- "Do not drive a motor vehicle or operate heavy machinery while using this product ";
 - (e) Labeling rules that mandate the source of a cannabis item, including, but not limited to, the license number of the cannabis cultivator where the usable cannabis used for the cannabis item was grown, the license number of the cannabis manufacturer that manufactured the cannabis item, and the license number of the cannabis retailer that sold the cannabis item and the production batch and lot number of the cannabis item;
 - (8) Health and safety regulations and standards for the cultivation of cannabis, and the manufacture and sale of cannabis items, including, but not limited to, requirements that:
 - (a) Establish accreditation and licensure criteria for cannabis testing facilities, which shall include, as a condition for licensure, the maintenance of a labor peace agreement and entrance into, or good faith effort to enter into, a collective bargaining agreement in accordance with subsection c. of section 19 of P.L.2021, c.16 (C.24:6I-36). The commission shall also incorporate the licensing measures established by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development, and the assessment of

- 1 their effectiveness, pursuant to subparagraph (b) of paragraph (1) of 2 subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25), and 3 apply them to the licensing of cannabis testing facilities in order to 4 promote the licensing of persons from socially and economically 5 disadvantaged communities, and minority businesses and women's 6 businesses, as these terms are defined in section 2 of P.L.1986, 7 c.195 (C.52:27H-21.18), and disabled veterans' businesses as 8 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The license 9 shall permit a cannabis testing facility to test cannabis items in 10 accordance with the provisions set forth in P.L.2021, c.16 (C.24:6I-11 31 et al.), as well as test medical cannabis and medical cannabis 12 products in accordance with the provisions of the "Jake Honig Compassionate Use Medical Cannabis Act," P.L.2009, c.307 13 14 (C.24:6I-1 et al.); 15
 - (b) The commission issue licenses for a sufficient number of cannabis testing facilities, if those facilities:

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- (i) Meet the requirements for licensure, in order to ensure that the testing of representative samples of cannabis items in accordance with the procedures set forth in paragraph (13) of this subsection can be completed in not more than 14 days following their submission to any facility. Other factors that may be considered by the commission in determining whether a sufficient number of cannabis testing facilities are currently licensed include the current licensees' experience or expertise in testing highly regulated products, demonstrated testing efficiency effectiveness, existing research partnerships or capability to form and maintain research partnerships focusing on cannabis or cannabis items, and any other factors established in regulation by the commission; and
- (ii) Permit the commission to inspect any licensed cannabis testing facility to determine the condition and calibration of any equipment used for testing, and to ensure that a facility's testing procedures are performed in accordance with the commission's accreditation requirements for licensure;
- (c) Every licensed cannabis cultivator and cannabis manufacturer shall permit representatives of cannabis testing facilities to make scheduled and unscheduled visits to their premises in order to obtain random samples of cannabis items, in a quantity established by the commission, to be transported to cannabis testing facilities for inspection and testing to certify compliance with health, safety, and potency standards adopted by the commission:
- (d) Prescribe methods of producing cannabis, and manufacturing and packaging cannabis items; conditions of sanitation; safe handling requirements; approved pesticides and pesticide testing requirements, to the extent not inconsistent with approved pesticides and requirements otherwise established under federal and State law; and standards of ingredients, quality, and identity of

cannabis items manufactured, packaged, or sold by cannabis establishments;

- (e) Establish accreditation criteria for responsible cannabis server and seller training and certification programs for cannabis retailer employees;
- (f) Provide that no licensed cannabis establishment, distributor, or delivery service, or employee of a cannabis establishment, distributor, or delivery service, shall consume, or allow to be consumed, any cannabis items on the establishment's, distributor's, or delivery service's premises, except as permitted in a cannabis consumption area or premises' private area for employees as set forth in section 28 of P.L.2019, c.153 (C.24:6I-21);
- (g) (i) Set appropriate dosage, potency, and serving size limits for cannabis items, provided that a standardized serving of a cannabis product shall be no more than 10 milligrams of active THC and no individual edible cannabis product for sale shall contain more than 100 milligrams of active THC;
- (ii) Require that each single standardized serving of a cannabis product in a multiple-serving edible product is physically demarked in a way that enables a reasonable person to determine how much of the product constitutes a single serving of active THC, and that each standardized serving of the cannabis product shall be easily separable to allow an average person 21 years of age or older to physically separate, with minimal effort, individual servings of the product;
- (iii) Require that, if it is impracticable to clearly demark every standardized serving of cannabis product or to make each standardized serving easily separable in an edible cannabis product, the product shall contain no more than 10 milligrams of active THC per unit of sale;
- (h) Establish a universal symbol to indicate that a cannabis item contains cannabis, which shall be marked, stamped, or imprinted directly on an edible retail cannabis product, or on each single standardized serving in a multiple-serving edible cannabis product, unless the item is a loose bulk good such as granola or cereal, a powder, a liquid-infused item, or another form too impractical to be marked, stamped, or imprinted;
- (i) Prohibit the use of a commercially manufactured or trademarked food product as an edible retail cannabis product, provided that a commercially manufactured or trademarked food product may be used as a component of an edible retail cannabis product or part of a product's recipe so long as the commercially manufactured or trademarked food product is used in a way that renders it unrecognizable in the final edible cannabis product and the product is not advertised as containing the commercially manufactured or trademarked food product;

(j) Establish screening, hiring, training, and supervising requirements for cannabis retailer employees and others who manufacture or handle cannabis items;

- (k) Promote general sanitary requirements for the handling, storage, and disposal of cannabis items, and the maintenance of cannabis establishments, and cannabis distribution and cannabis delivery service premises;
- (l) Provide for rigorous auditing, inspection, and monitoring of cannabis establishments, distributors, and delivery services for compliance with health and safety rules and regulations;
- (m) Require the implementation of security requirements for cannabis retailers and premises where cannabis items are manufactured, and safety protocols for cannabis establishments, distributors, and delivery services, and their employees;
- (n) Prescribe reasonable restrictions on the manner, methods, and means by which cannabis cultivators and cannabis distributors shall transport cannabis within the State, and all licensees shall transport cannabis items within the State; [and]
- (o) Establish procedures for identification, seizure, confiscation, destruction, or donation to law enforcement for training purposes of cannabis or cannabis items produced, manufactured, sold, or offered for sale within this State which do not conform in all respects to the standards prescribed by P.L.2021, c.16 (C.24:6I-31 et al.); and
 - (p) Prohibit a cannabis establishment from selling:
- (i) cannabis flower with a total THC concentration greater than 30 percent; or
- (ii) a solid and liquid cannabis concentrate product with a total THC concentration greater than 60 percent;
- (9) Restrictions on the advertising and display of cannabis items and cannabis paraphernalia, including, but not limited to, requirements that:
- (a) Restrict advertising of cannabis items and cannabis paraphernalia in ways that target or are designed to appeal to individuals under the legal age to purchase cannabis items, including, but not limited to depictions of a person under 21 years of age consuming cannabis items, or, includes objects, such as toys, characters, or cartoon characters suggesting the presence of a person under 21 years of age, or any other depiction designed in any manner to be especially appealing to a person under 21 years of age:
- (b) Prohibit advertising of any cannabis items or cannabis paraphernalia on television, or on radio between the hours of 6:00 a.m. and 10:00 p.m.;
- (c) Prohibit engaging in advertising unless the advertiser has reliable evidence that at least 71.6 percent of the audience for the advertisement is reasonably expected to be 21 years of age or older;
- 47 (d) Prohibit engaging in advertising or marketing directed 48 towards location-based devices, including but not limited to cellular

phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 21 years of age or older and includes a permanent and easy opt-out feature and warnings that the use of cannabis items is restricted to persons 21 years of age or older;

- (e) Prohibit the sponsoring of a charitable, sports, musical, artistic, cultural, social, or other similar event or advertising at or in connection with such an event unless the sponsor or advertiser has reliable evidence that no more than 20 percent of the audience at the event is reasonably expected to be under the legal age to purchase cannabis items;
- (f) Require all advertisements to contain the following warning: "This product contains cannabis. For use only by adults 21 years of age or older. Keep out of the reach of children.";
- (g) Prohibit the advertising of cannabis items or cannabis paraphernalia in any form or through any medium whatsoever within 200 feet of any elementary or secondary school grounds. This subparagraph shall not apply to advertisements within the premises of a cannabis retailer.

For the purposes of this section, a noncommercial message shall not be considered an advertisement.

- (10)A requirement that only cannabis items and cannabis paraphernalia are available for sale at a cannabis establishment;
- (11)Procedures for the commission to conduct announced and unannounced visits to cannabis establishments, distributors, and delivery services, to make, or cause to be made, such investigations as it shall deem proper in the administration of P.L.2021, c.16 (C.24:6I-31 et al.) and any other laws which may hereafter be enacted concerning cannabis, or the production, manufacture, distribution, sale, or delivery thereof, including the inspection and search of any premises for which the license is sought or has been issued, of any building containing the same, of licensed buildings, examination of the books, records, accounts, documents and papers of the licensees or on the licensed premises;
- (a) The commission shall be authorized and may at any time make an examination of the premises of any person or entity licensed under P.L.2021, c.16 (C.24:6I-31 et al.) for the purpose of determining compliance with P.L.2021, c.16 (C.24:6I-31 et al.) and the rules of the commission;
- (b) The commission may require licensee compliance with P.L.2021, c.16 (C.24:6I-31 et al.), and may appoint auditors, investigators and other employees that the commission considers necessary to enforce its powers and perform its duties;
- 44 (c) During any inspection of a licensed premises, the 45 commission may require proof that a person performing work at the 46 premises is 18 years of age or older. If the person does not provide 47 the commission with acceptable proof of age upon request, the 48 commission may require the person to immediately cease any

activity and leave the premises until the commission receives acceptable proof of age; and

- (d) The commission shall not be required to obtain a search warrant to conduct an investigation or search of licensed premises;
- (12)Record keeping requirements, including, but not limited to, the following:
- (a) The obligation of every cannabis cultivator to keep a complete and accurate record of all sales of cannabis flowers, cannabis leaves, and immature cannabis plants, and a complete and accurate record of the number of cannabis flowers produced, the number of ounces of cannabis leaves produced, the number of immature cannabis plants produced, and the dates of production; the obligation of every cannabis establishment to keep a complete and accurate record of all sales of cannabis items, and a complete and accurate record of the number of ounces of usable cannabis sold; the obligation of every cannabis distributor to keep a complete and accurate record of all cannabis and cannabis items transported in bulk, and the sending and receiving cannabis establishments involved in each transportation of the cannabis or cannabis items; and the obligation of every cannabis delivery service to keep a complete and accurate record of all cannabis item deliveries made to consumers based on orders fulfilled by of cannabis retailers;
- (b) Such records shall be kept and maintained for four years, however there shall not be a requirement that the records be maintained on the premises of a licensee, and the records shall be in such form and contain such other information as the commission may require; and
- (c) The commission may, at any time, with adequate notice, examine the books and records of any cannabis establishment, distributor, or delivery service, and may appoint auditors, investigators, and other employees that the commission considers necessary to enforce its powers and its duties;
- (13) Procedures for inspecting samples of cannabis items, including:
- (a) On a schedule determined by the commission, every licensed cannabis cultivator and manufacturer shall submit representative samples of cannabis items produced or manufactured by the licensee to an independent, third-party licensed testing facility meeting the accreditation requirements established by the commission, or random samples may be obtained by representatives of the facility making a scheduled or unscheduled visit to the licensee's premises, for inspection and testing to certify compliance with standards adopted by the commission. Any sample remaining after testing shall be destroyed by the facility or returned to the licensee, unless that sample does not meet the applicable standards adopted by the commission, in which case it may be retained for purposes of retesting upon request of a licensee in accordance with subparagraph (c) of this paragraph;

(b) Licensees shall submit the results of this cannabis item inspection and testing to the commission on a form developed by the commission; and

- (c) If a sample inspected and tested under this section does not meet the applicable standards adopted by the commission, the sample may, upon notice to the commission, be retested at the request of a licensee in a manner prescribed by the commission, and in addition to a retest, or as an alternative thereto, the licensee may also be permitted an opportunity to remediate, upon notice to the commission, the batch or lot from which the failed sample was taken, which batch or lot shall be subject to a subsequent test of a new representative sample in a manner prescribed by the commission. Any request for a retest of a sample, and any retest and reporting of results, as well as any batch or lot remediation process undertaken and subsequent testing of that batch or lot, shall be completed within a time period established by the commission. The commission shall also provide a process by which samples, batches, and lots that failed retesting or remediation, as applicable, shall be destroyed;
 - (14) Establishing the number of cannabis retailers, and permissible business arrangements with respect to other types of retailing businesses:
 - (a) (i) Assuming there are sufficient qualified applicants for licensure, the commission shall, subject to periodic evaluation as described in paragraph (1) of this subsection, issue a sufficient number of Class 5 Retailer licenses to meet the market demands of the State, giving regard to geographical and population distribution throughout the State; and
 - (ii) the provision of adequate access to licensed sources of cannabis items to discourage purchases from the illegal market; and
 - (b) A cannabis retailer's premises shall not be located in or upon any premises in which operates a grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food, or in or upon any premises in which operates a store that engages in licensed retail sales of alcoholic beverages, as defined by subsection b. of R.S.33:1-1; and
 - (15) Civil penalties for the failure to comply with regulations adopted pursuant to this section.
 - b. In order to ensure that individual privacy is protected, the commission shall not require a consumer to provide a cannabis retailer with personal information other than government-issued identification as set forth in subparagraph (a) of paragraph (6) of subsection a. of this section in order to determine the consumer's identity and age, and a cannabis retailer shall not collect and retain any personal information about consumers other than information typically acquired in a financial transaction conducted by the holder of a Class C retail license concerning alcoholic beverages as set forth in R.S.33:1-12.

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- Once regulations are adopted by the commission pursuant to subsection a. of this section, but prior to the commencement of the application process, the commission shall conduct a series of information sessions in every county in New Jersey to educate residents of New Jersey about the responsibilities, opportunities, requirements, obligations, and processes for application for a license to operate a cannabis establishment, distributor, or delivery service. The commission shall conduct an appropriate number of information sessions in each county considering the population of each county, but no fewer than one information session in each county. The commission shall publicize the day, time, location, and agenda of each information session broadly through television, radio, Internet, print, and local agencies.
 - d. The commission shall:
 - (1) Examine available research, and may conduct or commission new research or convene an expert task force, to investigate the influence of cannabis and marijuana on the ability of a person to drive a vehicle, on methods for determining whether a person is under the influence of cannabis or marijuana, and on the concentration of active THC, as defined in section 3 of P.L.2021, c.16 (C.24:6I-33), in a person's blood, in each case taking into account all relevant factors; and
 - (2) Report the results of the research to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature and make recommendations regarding both administrative and legislative action as the commission deems necessary.

28 (cf: P.L.2021, c.16, s.18)

2. This act shall take effect immediately.

STATEMENT

This bill sets THC potency limits for cannabis flower and solid or liquid cannabis concentrates.

Under the bill, the Cannabis Regulatory Commission ("commission") is required to adopt rules and regulations prohibiting a cannabis establishment from selling cannabis flower with a total THC concentration greater than 30 percent or a solid and liquid cannabis concentrate product with a total THC concentration greater than 60 percent.

N.J.S.A.24:6I-33 defines "Cannabis flower" as the flower of the plant Cannabis sativa L. within the plant family Cannabaceae.

N.J.A.C.17:30-1.2 defines "Cannabis concentrate" as a product manufactured by a cannabis manufacture, in either solid form or liquid form as oil, including extracts and resin extracted using non

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- 1 -chemical processes, that contains only the resin, cannabinoids,
- 2 terpenes, and other substances extracted from any part of the
- 3 cannabis plant.