

ASSEMBLY, No. 5292

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 10, 2025

Sponsored by:
Assemblyman REGINALD W. ATKINS
District 20 (Union)

SYNOPSIS

Clarifies requirement for cannabis business applicant to obtain certain documentation from municipality.

CURRENT VERSION OF TEXT

As introduced.



A5292 ATKINS

2

1 AN ACT concerning cannabis businesses and amending P.L.2019,
2 c.153 and P.L.2021, c.16.

3

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

6

7 1. Section 12 of P.L.2019, c.153 (C.24:6I-7.2) is amended to
8 read as follows:

9 12. a. Each application for a medical cannabis cultivator permit,
10 medical cannabis manufacturer permit, and medical cannabis
11 dispensary permit, and each application for annual renewal of such
12 permit, including permit and renewal applications for
13 microbusinesses that meet the requirements of subsection e. of
14 section 11 of P.L.2019, c.153 (C.24:6I-7.1), shall be submitted to
15 the commission. A full, separate application shall be required for
16 each initial permit requested by the applicant and for each location
17 at which an applicant seeks to operate, regardless of whether the
18 applicant was previously issued a medical cannabis cultivator,
19 medical cannabis manufacturer, medical cannabis dispensary, or
20 clinical registrant permit, and regardless of whether the applicant
21 currently holds a medical cannabis cultivator, medical cannabis
22 manufacturer, or medical cannabis dispensary permit. Renewal
23 applications shall be submitted to the commission on a form and in
24 a manner as shall be specified by the commission no later than 90
25 days before the date the current permit will expire.

26 b. An initial permit application shall be evaluated according to
27 criteria to be developed by the commission. The commission shall
28 determine the point values to be assigned to each criterion, which
29 shall include bonus points for applicants who are residents of New
30 Jersey.

31 c. The criteria to be developed by the commission pursuant to
32 subsection b. of this section shall include, in addition to the criteria
33 set forth in subsections d. and e. of this section and any other
34 criteria developed by the commission, an analysis of the applicant's
35 operating plan, excluding safety and security criteria, which shall
36 include the following:

37 (1) In the case of an applicant for a medical cannabis cultivator
38 permit, the operating plan summary shall include a written
39 description concerning the applicant's qualifications for, experience
40 in, and knowledge of each of the following topics:

41 (a) State-authorized cultivation of medical cannabis;

42 (b) conventional horticulture or agriculture, familiarity with
43 good agricultural practices, and any relevant certifications or
44 degrees;

45 (c) quality control and quality assurance;

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.

- 1 (d) recall plans;
- 2 (e) packaging and labeling;
- 3 (f) inventory control and tracking software or systems for the
- 4 production of medical cannabis;
- 5 (g) analytical chemistry and testing of medical cannabis;
- 6 (h) water management practices;
- 7 (i) odor mitigation practices;
- 8 (j) onsite and offsite recordkeeping;
- 9 (k) strain variety and plant genetics;
- 10 (l) pest control and disease management practices, including
- 11 plans for the use of pesticides, nutrients, and additives;
- 12 (m) waste disposal plans; and
- 13 (n) compliance with applicable laws and regulations.
- 14 (2) In the case of an applicant for a medical cannabis
- 15 manufacturer permit, the operating plan summary shall include a
- 16 written description concerning the applicant's qualifications for,
- 17 experience in, and knowledge of each of the following topics:
- 18 (a) State-authorized manufacture and creation of cannabis
- 19 products using appropriate extraction methods, including intended
- 20 use and sourcing of extraction equipment and associated solvents or
- 21 intended methods and equipment for non-solvent extraction;
- 22 (b) pharmaceutical manufacturing, good manufacturing
- 23 practices, and good laboratory practices;
- 24 (c) quality control and quality assurance;
- 25 (d) recall plans;
- 26 (e) packaging and labeling;
- 27 (f) inventory control and tracking software or systems for the
- 28 production of medical cannabis;
- 29 (g) analytical chemistry and testing of medical cannabis and
- 30 medical cannabis products and formulations;
- 31 (h) water management practices;
- 32 (i) odor mitigation practices;
- 33 (j) onsite and offsite recordkeeping;
- 34 (k) a list of product formulations or products proposed to be
- 35 manufactured with estimated cannabinoid profiles, if known,
- 36 including varieties with high cannabidiol content;
- 37 (l) intended use and sourcing of all non-cannabis ingredients
- 38 used in the manufacture and creation of cannabis products,
- 39 including methods to verify or ensure the safety and integrity of
- 40 those ingredients and their potential to be or contain allergens;
- 41 (m) waste disposal plans; and
- 42 (n) compliance with applicable laws and regulations.
- 43 (3) In the case of an applicant for a medical cannabis dispensary
- 44 permit, the operating plan summary shall include a written
- 45 description concerning the applicant's qualifications for, experience
- 46 in, and knowledge of each of the following topics:
- 47 (a) State-authorized dispensation of medical cannabis to
- 48 qualifying patients;

- 1 (b) healthcare, medicine, and treatment of patients with
 - 2 qualifying medical conditions;
 - 3 (c) medical cannabis product evaluation procedures;
 - 4 (d) recall plans;
 - 5 (e) packaging and labeling;
 - 6 (f) inventory control and point-of-sale software or systems for
 - 7 the sale of medical cannabis;
 - 8 (g) patient counseling procedures;
 - 9 (h) the routes of administration, strains, varieties, and
 - 10 cannabinoid profiles of medical cannabis and medical cannabis
 - 11 products;
 - 12 (i) odor mitigation practices;
 - 13 (j) onsite and offsite recordkeeping;
 - 14 (k) compliance with State and federal patient privacy rules;
 - 15 (l) waste disposal plans; and
 - 16 (m) compliance with applicable laws and regulations.
- 17 d. The criteria to be developed by the commission pursuant to
- 18 subsection b. of this section shall include, in addition to the criteria
- 19 set forth in subsections c. and e. of this section and any other
- 20 criteria developed by the commission, an analysis of the following
- 21 factors, if applicable:
- 22 (1) The applicant's environmental impact plan.
 - 23 (2) A summary of the applicant's safety and security plans and
 - 24 procedures, which shall include descriptions of the following:
- 25 (a) plans for the use of security personnel, including
 - 26 contractors;
 - 27 (b) the experience or qualifications of security personnel and
 - 28 proposed contractors;
 - 29 (c) security and surveillance features, including descriptions of
 - 30 any alarm systems, video surveillance systems, and access and
 - 31 visitor management systems, along with drawings identifying the
 - 32 proposed locations for surveillance cameras and other security
 - 33 features;
 - 34 (d) plans for the storage of medical cannabis and medical
 - 35 cannabis products, including any safes, vaults, and climate control
 - 36 systems that will be utilized for this purpose;
 - 37 (e) a diversion prevention plan;
 - 38 (f) an emergency management plan;
 - 39 (g) procedures for screening, monitoring, and performing
 - 40 criminal history record background checks of employees;
 - 41 (h) cybersecurity procedures, including, in the case of an
 - 42 applicant for a medical cannabis dispensary permit, procedures for
 - 43 collecting, processing, and storing patient data, and the applicant's
 - 44 familiarity with State and federal privacy laws;
 - 45 (i) workplace safety plans and the applicant's familiarity with
 - 46 federal Occupational Safety and Health Administration regulations;
 - 47 (j) the applicant's history of workers' compensation claims and
 - 48 safety assessments;

1 (k) procedures for reporting adverse events; and

2 (l) a sanitation practices plan.

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

5 (a) the applicant's experience operating businesses in highly-
6 regulated industries;

7 (b) the applicant's experience in operating alternative treatment
8 centers and related medical cannabis production and dispensation
9 entities under the laws of New Jersey or any other state or
10 jurisdiction within the United States; and

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

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

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

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

31 (b) the submission of zoning approvals for the proposed
32 location, which shall consist of a letter or affidavit from appropriate
33 municipal officials. The letter or affidavit shall be in a standardized
34 format as promulgated by the commission. The letter or affidavit
35 shall state that the location will conform to municipal zoning
36 requirements allowing for such activities related to the cultivation,
37 manufacturing, or dispensing of medical cannabis, cannabis
38 products, and related supplies as will be conducted at the proposed
39 facility. Issuance of the letter or affidavit from appropriate
40 municipal officials shall not be conditioned on the applicant
41 obtaining land use approval or preliminary site plan approval from
42 the municipality. The letter or affidavit shall be issued to the
43 applicant within 30 days of submission of the applicant's request.
44 However, if the appropriate municipal officials find that the
45 application does not comply with the municipal zoning code, the
46 officials shall inform the applicant in writing, within 30 days of
47 submission of the applicant's request, of the specific provisions of
48 the application that do not comply; and

1 (c) the submission of proof of local support for the suitability of
2 the location, which may be demonstrated by a resolution adopted by
3 the municipality's governing body indicating that the intended
4 location is appropriately located or otherwise suitable for such
5 activities related to the cultivation, manufacturing, or dispensing of
6 medical cannabis, cannabis products, and related supplies as will be
7 conducted at the proposed facility.

8 Notwithstanding any other provision of this subsection, an
9 application shall be disqualified from consideration unless it
10 includes documentation demonstrating that the applicant will have
11 final control of the premises upon approval of the application,
12 including, but not limited to, a lease agreement, contract for sale,
13 title, deed, or similar documentation. In addition, if the applicant
14 will lease the premises, the application will be disqualified from
15 consideration unless it includes certification from the landlord that
16 the landlord is aware that the tenant's use of the premises will
17 involve activities related to the cultivation, manufacturing, or
18 dispensing of medical cannabis and medical cannabis products. An
19 application shall not be disqualified from consideration if the
20 application does not include the materials described in
21 subparagraph (b) or (c) of this paragraph.

22 (5) A community impact, social responsibility, and research
23 statement, which shall include, but shall not be limited to, the
24 following:

25 (a) a community impact plan summarizing how the applicant
26 intends to have a positive impact on the community in which the
27 proposed entity is to be located, which shall include an economic
28 impact plan, a description of outreach activities, and any financial
29 assistance or discount plans the applicant will provide to qualifying
30 patients and designated caregivers;

31 (b) a written description of the applicant's record of social
32 responsibility, philanthropy, and ties to the proposed host
33 community;

34 (c) a written description of any research the applicant has
35 conducted on the medical efficacy or adverse effects of cannabis
36 use and the applicant's participation in or support of cannabis-
37 related research and educational activities; and

38 (d) a written plan describing any research and development
39 regarding the medical efficacy or adverse effects of cannabis, and
40 any cannabis-related educational and outreach activities, which the
41 applicant intends to conduct if issued a permit by the commission.

42 In evaluating the information submitted pursuant to
43 subparagraphs (b) and (c) of this paragraph, the commission shall
44 afford the greatest weight to responses pertaining to the applicant
45 itself, controlling owners, and entities with common ownership or
46 control with the applicant; followed by responses pertaining to
47 those with a 15 percent or greater ownership interest in the
48 applicant's organization; followed by significantly involved persons

1 in the applicant's organization; followed by other officers, directors,
2 and current and prospective employees of the applicant who have a
3 bona fide relationship with the applicant's organization as of the
4 date of the application.

5 (6) A workforce development and job creation plan, which may
6 include information on the applicant's history of job creation and
7 planned job creation at the proposed facility; education, training,
8 and resources to be made available for employees; any relevant
9 certifications; and a diversity plan.

10 (7) A business and financial plan, which may include, but shall
11 not be limited to, the following:

12 (a) an executive summary of the applicant's business plan;

13 (b) a demonstration of the applicant's financial ability to
14 implement its business plan, which may include, but shall not be
15 limited to, bank statements, business and individual financial
16 statements, net worth statements, and debt and equity financing
17 statements; and

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

32 (8) Whether any of the applicant's majority or controlling
33 owners were previously approved by the commission to serve as an
34 officer, director, principal, or key employee of an alternative
35 treatment center, or personal use cannabis establishment,
36 distributor, or delivery service, provided any such individual served
37 in that capacity at the alternative treatment center for six or more
38 months.

39 (9) Whether the applicant can demonstrate that its governance
40 structure includes the involvement of a school of medicine or
41 osteopathic medicine licensed and accredited in the United States,
42 or a general acute care hospital, ambulatory care facility, adult day
43 care services program, or pharmacy licensed in New Jersey,
44 provided that:

45 (a) the school, hospital, facility, or pharmacy has conducted or
46 participated in research approved by an institutional review board
47 related to cannabis involving the use of human subjects, except in

1 the case of an accredited school of medicine or osteopathic
2 medicine that is located and licensed in New Jersey;

3 (b) the school, hospital, facility, or pharmacy holds a profit
4 share or ownership interest in the applicant's organization of 10
5 percent or more, except in the case of an accredited school of
6 medicine or osteopathic medicine that is located and licensed in
7 New Jersey; and

8 (c) the school, hospital, facility, or pharmacy participates in
9 major decision-making activities within the applicant's
10 organization, which may be demonstrated by representation on the
11 board of directors of the applicant's organization.

12 (10) The proposed composition of the applicant's medical
13 advisory board established pursuant to section 15 of P.L.2019,
14 c.153 (C.24:6I-7.5), if any.

15 (11) Whether the applicant intends to or has entered into a
16 partnership with a prisoner re-entry program for the purpose of
17 identifying and promoting employment opportunities at the
18 applicant's organization for former inmates and current inmates
19 leaving the corrections system. If so, the applicant shall provide
20 details concerning the name of the re-entry program, the
21 employment opportunities at the applicant's organization that will
22 be made available to the re-entry population, and any other
23 initiatives the applicant's organization will undertake to provide
24 support and assistance to the re-entry population.

25 (12) Any other information the commission deems relevant in
26 determining whether to grant a permit to the applicant.

27 e. In addition to the information to be submitted pursuant to
28 subsections c. and d. of this section, the commission shall require
29 all permit applicants, other than applicants for a conditional permit,
30 or for an entity that is a microbusiness pursuant to subsection e. of
31 section 11 of P.L.2019, c.153 (C.24:6I-7.1), to submit an attestation
32 signed by a bona fide labor organization stating that the applicant
33 has entered into a labor peace agreement with such bona fide labor
34 organization. Except in the case of an entity holding an
35 unconverted conditional permit, the maintenance of a labor peace
36 agreement with a bona fide labor organization shall be an ongoing
37 material condition of maintaining a medical cannabis cultivator,
38 medical cannabis manufacturer, or medical cannabis dispensary
39 permit. The submission of an attestation and maintenance of a
40 labor peace agreement with a bona fide labor organization by an
41 applicant issued a conditional permit pursuant to subsection d. of
42 section 11 of P.L.2019, c.153 (C.24:6I-7.1.) shall be a requirement
43 for conversion of a conditional permit into a full permit. The
44 failure to enter into a collective bargaining agreement within 200
45 days after the date that a medical cannabis cultivator, medical
46 cannabis manufacturer, or medical cannabis dispensary first opens
47 shall result in the suspension or revocation of such permit or
48 conditional permit.

1 In reviewing initial permit applications, the commission shall
2 give priority to the following, regardless of whether there is any
3 competition among applicants for a particular type of permit:

4 (1) Applicants that are party to a collective bargaining
5 agreement with a bona fide labor organization that currently
6 represents, or is actively seeking to represent, cannabis workers in
7 New Jersey.

8 (2) Applicants that are party to a collective bargaining
9 agreement with a bona fide labor organization that currently
10 represents cannabis workers in another state.

11 (3) Applicants that include a significantly involved person or
12 persons lawfully residing in New Jersey for at least two years as of
13 the date of the application.

14 (4) Applicants that submit a signed project labor agreement with
15 a bona fide building trades labor organization, which is a form of
16 pre-hire collective bargaining agreement covering terms and
17 conditions of a specific project, including labor issues and worker
18 grievances associated with that project, for the construction or
19 retrofit of the facilities associated with the permitted entity.

20 (5) Applicants that submit a signed project labor agreement with
21 a bona fide labor organization for any other applicable project
22 associated with the permitted entity.

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

44 f. In reviewing an initial permit application, unless the
45 information is otherwise solicited by the commission in a specific
46 application question, the commission's evaluation of the application
47 shall be limited to the experience and qualifications of the
48 applicant's organization, including controlling owners, any entities

1 with common ownership or control with the applicant, those with a
2 15 percent or greater interest in the applicant's organization,
3 significantly involved persons in the applicant's organization, the
4 other officers, directors, and current or prospective employees of
5 the applicant's organization who have a bona fide relationship with
6 the applicant's organization as of the date of the application, and
7 consultants and independent contractors who have a bona fide
8 relationship with the applicant as of the date of the application.
9 Responses pertaining to applicants who are exempt from the
10 criminal history record background check requirements of section 7
11 of P.L.2009, c.307 (C.24:6I-7) shall not be considered. Each
12 applicant shall certify as to the status of the individuals and entities
13 included in the application.

14 g. The commission shall conduct a disparity study to determine
15 whether race-based measures should be considered when issuing
16 permits pursuant to this section, and shall incorporate the policies,
17 practices, protocols, standards, and criteria developed by the Office
18 of Minority, Disabled Veterans, and Women Cannabis Business
19 Development pursuant to section 32 of P.L.2019, c.153 (C.24:6I-
20 25) to promote participation in the medical cannabis industry by
21 persons from socially and economically disadvantaged
22 communities, including promoting applications for, and the
23 issuance of, medical cannabis cultivator, medical cannabis
24 manufacturer, and medical cannabis dispensary permits to certified
25 minority, women's, and disabled veterans' businesses. To this end,
26 the commission shall seek to issue at least 30 percent of the total
27 number of new medical cannabis cultivator permits, medical
28 cannabis manufacturer permits, and medical cannabis dispensary
29 permits issued on or after the effective date of P.L.2019, c.153
30 (C.24:6I-5.1 et al.) as follows:

31 (1) at least 15 percent of the total number of new medical
32 cannabis cultivator permits, medical cannabis manufacturer permits,
33 and medical cannabis dispensary permits are issued to a qualified
34 applicant that has been certified as a minority business pursuant to
35 P.L.1986, c.195 (C.52:27H-21.18 et seq.); and

36 (2) at least 15 percent of the total number of new medical
37 cannabis cultivator permits, medical cannabis manufacturer permits,
38 and medical cannabis dispensary permits are issued to a qualified
39 applicant that has been certified as a women's business pursuant to
40 P.L.1986, c.195 (C.52:27H-21.18 et seq.) or as a disabled-veterans'
41 business, as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2).

42 In selecting among applicants who meet these criteria, the
43 commission shall grant a higher preference to applicants with up to
44 two of the certifications described in this subsection.

45 h. The commission shall give special consideration to any
46 applicant that has entered into an agreement with an institution of
47 higher education to create an integrated curriculum involving the
48 cultivation, manufacturing, dispensing or delivery of medical

1 cannabis, provided that the curriculum is approved by both the
2 commission and the Office of the Secretary of Higher Education
3 and the applicant agrees to maintain the integrated curriculum in
4 perpetuity. An integrated curriculum permit shall be subject to
5 revocation if the IC permit holder fails to maintain or continue the
6 integrated curriculum. In the event that, because of circumstances
7 outside an IC permit holder's control, the IC permit holder will no
8 longer be able to continue an integrated curriculum, the IC permit
9 holder shall notify the commission and shall make reasonable
10 efforts to establish a new integrated curriculum with an institution
11 of higher education, subject to approval by the commission and the
12 Office of the Secretary of Higher Education. If the IC permit
13 holder is unable to establish a new integrated curriculum within six
14 months after the date the current integrated curriculum arrangement
15 ends, the commission shall revoke the entity's IC permit, unless the
16 commission finds there are extraordinary circumstances that justify
17 allowing the permit holder to retain the permit without an integrated
18 curriculum and the commission finds that allowing the permit
19 holder to retain the permit would be consistent with the purposes of
20 P.L.2009, c.307 (C.24:6I-1 et al.), in which case the IC permit shall
21 convert to a regular permit of the same type. The commission may
22 revise the application and permit fees or other conditions for an IC
23 permit as may be necessary to encourage applications for IC
24 permits.

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

29 j. If the commission notifies an applicant that it has performed
30 sufficiently well on multiple applications to be awarded more than
31 one permit, the applicant shall notify the commission, within seven
32 business days after receiving such notice, as to which permit type it
33 will accept. For any permit award declined by an applicant
34 pursuant to this subsection, the commission shall, upon receiving
35 notice from the applicant of the declination, award the permit to the
36 applicant for that permit type who, in the determination of the
37 commission, best satisfies the commission's criteria while meeting
38 the commission's determination of Statewide need. If an applicant
39 fails to notify the commission as to which permit it will accept, the
40 commission shall have the discretion to determine which permit it
41 will award to the applicant, based on the commission's
42 determination of Statewide need and other applications submitted
43 for facilities to be located in the affected regions.

44 k. (1) Subject to the provisions of paragraph (2) of this
45 subsection, the provisions of this section shall not apply to any
46 permit applications submitted pursuant to a request for applications
47 published in the New Jersey Register prior to the effective date of
48 P.L.2019, c.153 (C.24:6I-5.1 et al.).

1 (2) The provisions of subsection l. of this section shall not apply
2 to any permit applications submitted pursuant to a request for
3 applications published in the New Jersey Register prior to the
4 effective date of P.L.2021, c.252.

5 1. In addition to the information to be submitted pursuant to
6 subsections c., d., and e. of this section, the commission shall
7 require all permit applicants to submit a copy of any services
8 agreement entered into by the applicant with third party entity,
9 which agreement shall be subject to review as provided in
10 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).
11 (cf: P.L.2021. c.252, s.3)

12

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

15 19. Application For License or Conditional License.

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

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

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

36 (b) forward, within 14 days of receipt, a copy of each
37 application to the municipality in which the applicant desires to
38 operate the cannabis establishment, distributor, or delivery service;
39 and

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

1 or that the commission requires more time to adequately review the
2 application.

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

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

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

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

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

1 (b) forward, within 14 days of receipt, a copy of each
2 application to the municipality in which the applicant desires to
3 operate a proposed cannabis establishment, or to the municipality in
4 which the premises is located from which the applicant desires to
5 operate a proposed cannabis distributor or delivery service; and

6 (c) verify the information contained in the application and
7 review the following qualifications for a conditional license:

8 (i) that the application include at least one significantly
9 involved person who has resided in this State for at least two years
10 as of the date of the application;

11 (ii) a listing included with the application, showing all persons
12 with a financial interest who also have decision making authority
13 for the proposed cannabis establishment, distributor, or delivery
14 service detailed in the application;

15 (iii) proof that the significantly involved person and any other
16 person with a financial interest who also has decision making
17 authority for the proposed cannabis establishment, distributor, or
18 delivery service is 21 years of age or older;

19 (iv) the name, address, date of birth, and resumes of each
20 executive officer, all significantly involved persons, and persons
21 with a financial interest who also have decision making authority
22 for the proposed cannabis establishment, distributor, or delivery
23 service, as well as a photocopy of their driver's licenses or other
24 government-issued form of identification, plus background check
25 information in a form and manner determined by the commission in
26 consultation with the Superintendent of State Police; concerning the
27 background check, an application shall be denied if any person has
28 any disqualifying conviction pursuant to subparagraph (c) of
29 paragraph (4) of subsection a. of section 20, 22, 23, 24, 25 or 26 of
30 P.L.2021, c.16 (C.24:6I-37, C.24:6I-39, C.24:6I-40, C.24:6I-41,
31 C.24:6I-42, or C.24:6I-43), based upon the applicable class of
32 cannabis establishment for which the application was submitted, or
33 based upon the application being for a cannabis distributor or
34 delivery service, unless the commission determines pursuant to
35 subparagraph (ii) of those subparagraphs that the conviction
36 should not disqualify the application;

37 (v) proof that each person with a financial interest who also has
38 decision making authority for the proposed cannabis establishment,
39 distributor, or delivery service has, for the immediately preceding
40 taxable year, an adjusted gross income of no more than \$200,000 or
41 no more than \$400,000 if filing jointly with another;

42 (vi) a certification that each person with a financial interest who
43 also has decision making authority for the proposed cannabis
44 establishment, distributor, or delivery service does not have any
45 financial interest in an application for an annual license under
46 review before the commission or a cannabis establishment,
47 distributor, or delivery service that is currently operating with an
48 annual license;

1 (vii) the federal and State tax identification numbers for the
2 proposed cannabis establishment, distributor, or delivery service,
3 and proof of business registration with the Division of Revenue in
4 the Department of the Treasury;

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

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

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

14 (xi) any other requirements established by the commission
15 pursuant to regulation; and

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

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

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

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

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

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

1 final approval for an annual license. Failure to enter, or to make a
2 good faith effort to enter, into a collective bargaining agreement
3 within 200 days of the opening of a licensed cannabis
4 establishment, distributor, or delivery service, other than an
5 establishment that is a microbusiness, shall result in the suspension
6 or revocation of the establishment's, distributor's, or delivery
7 service's license.

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

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

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

47 (b) The criteria to be developed by the commission pursuant to
48 subparagraph (a) of this paragraph shall include, in addition to the

1 criteria set forth in subparagraphs (c) and (d) of this paragraph and
2 any other criteria developed by the commission, an analysis of the
3 applicant's operating plan, excluding safety and security criteria,
4 which shall include the following:

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

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

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

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

1 - the applicant's history of workers' compensation claims and
2 safety assessments;

3 - procedures for reporting adverse events; and

4 - a sanitation practices plan.

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

7 - the applicant's experience operating businesses in highly-
8 regulated industries;

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

15 - the applicant's plan to comply with and mitigate the effects of
16 26 U.S.C. s.280E on cannabis businesses, and for evidence that the
17 applicant is not in arrears with respect to any tax obligation to the
18 State.

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

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

31 - the proposed location, the surrounding area, and the suitability
32 or advantages of the proposed location, along with a floor plan and
33 optional renderings or architectural or engineering plans;

34 - the submission of zoning approvals for the proposed location,
35 which shall consist of a letter or affidavit from appropriate officials
36 of the municipality. The letter or affidavit shall be in a standardized
37 format as promulgated by the commission. The letter or affidavit
38 shall state that the location will conform to local zoning
39 requirements allowing for activities related to the operations of the
40 proposed cannabis cultivator, cannabis manufacturer, cannabis
41 wholesaler, cannabis distributor, cannabis retailer, or cannabis
42 delivery service as will be conducted at the proposed facility.
43 Issuance of the letter or affidavit from appropriate municipal
44 officials shall not be conditioned on the applicant obtaining land use
45 approval or preliminary site plan approval from the municipality.
46 The letter or affidavit shall be issued to the applicant within 30 days
47 of submission of the applicant's request. However, if the
48 appropriate municipal officials find that the application does not

1 comply with the municipal zoning code, the officials shall inform
2 the applicant in writing, within 30 days of submission of the
3 applicant's request, of the specific provisions of the application that
4 do not comply; and

5 - the submission of proof of local support for the suitability of
6 the location, which may be demonstrated by a resolution adopted by
7 the municipality's governing body indicating that the intended
8 location is appropriately located or otherwise suitable for activities
9 related to the operations of the proposed cannabis cultivator,
10 cannabis manufacturer, cannabis wholesaler, cannabis distributor,
11 cannabis retailer, or cannabis delivery service.

12 An application for a cannabis retailer shall not include in that
13 application a proposed site that would place the retailer's premises
14 in or upon any premises in which operates a grocery store,
15 delicatessen, indoor food market, or other store engaging in retail
16 sales of food, or in or upon any premises in which operates a store
17 that engages in licensed retail sales of alcoholic beverages, as
18 defined by subsection b. of R.S.33:1-1; any application presented to
19 the commission shall be denied if it includes that form of proposed
20 site.

21 Notwithstanding any other provision of this subsubparagraph, an
22 application shall be disqualified from consideration unless it
23 includes documentation demonstrating that the applicant will have
24 final control of the premises upon approval of the application,
25 including, but not limited to, a lease agreement, contract for sale,
26 title, deed, or similar documentation. In addition, if the applicant
27 will lease the premises, the application will be disqualified from
28 consideration unless it includes certification from the landlord that
29 the landlord is aware that the tenant's use of the premises will
30 involve activities associated with operations as a cannabis
31 cultivator, cannabis manufacturer, cannabis wholesaler, cannabis
32 distributor, cannabis retailer, or cannabis delivery service.

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

36 - a community impact plan summarizing how the applicant
37 intends to have a positive impact on the community in which the
38 proposed cannabis establishment, distributor, or delivery service is
39 to be located, which shall include an economic impact plan and a
40 description of outreach activities;

41 - a written description of the applicant's record of social
42 responsibility, philanthropy, and ties to the proposed host
43 community;

44 - a written description of any research the applicant has
45 conducted on the adverse effects of the use of cannabis items,
46 substance use disorder, and the applicant's participation in or
47 support of cannabis-related research and educational activities; and

1 - a written plan describing any research and development
2 regarding the adverse effects of cannabis, and any cannabis-related
3 educational and outreach activities, which the applicant intends to
4 conduct if issued a license by the commission.

5 In evaluating the information submitted pursuant to this
6 subsubparagraph, the commission shall afford the greatest weight to
7 responses pertaining to the applicant itself, controlling owners, and
8 entities with common ownership or control with the applicant;
9 followed by those with a 15 percent or greater ownership interest in
10 the applicant's organization; followed by significantly involved
11 persons in the applicant's organization; followed by other officers,
12 directors, and current and prospective employees of the applicant
13 who have a bona fide relationship with the applicant's organization
14 as of the date of the application.

15 (vi) A workforce development and job creation plan, which may
16 include information on the applicant's history of job creation and
17 planned job creation at the proposed cannabis establishment,
18 distributor, or delivery service; education, training, and resources to
19 be made available for employees; any relevant certifications; and an
20 optional diversity plan.

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

23 - an executive summary of the applicant's business plan;
24 - a demonstration of the applicant's financial ability to implement
25 its business plan, which may include, but shall not be limited to,
26 bank statements, business and individual financial statements, net
27 worth statements, and debt and equity financing statements; and

28 - a description of the applicant's plan to comply with guidance
29 pertaining to cannabis issued by the Financial Crimes Enforcement
30 Network under 31 U.S.C. s.5311 et seq., the federal "Bank Secrecy
31 Act," which may be demonstrated by submitting letters regarding
32 the applicant's banking history from banks or credit unions that
33 certify they are aware of the business activities of the applicant, or
34 entities with common ownership or control with the applicant, in
35 any state where the applicant has operated a business related to
36 personal use or medical cannabis. For the purposes of this
37 subsubparagraph, the commission shall consider only bank
38 references involving accounts in the name of the applicant or of an
39 entity with common ownership or control with the applicant. An
40 applicant who does not submit the information about a plan of
41 compliance with the federal "Bank Secrecy Act" shall not be
42 disqualified from consideration.

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

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

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

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

10 (b) Applicants that are party to a collective bargaining
11 agreement with a bona fide labor organization that currently
12 represents, or is actively seeking to represent cannabis workers in
13 New Jersey.

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

17 (d) Applicants that submit a signed project labor agreement with
18 a bona fide building trades labor organization, which is a form of
19 pre-hire collective bargaining agreement covering terms and
20 conditions of a specific project, including labor issues and worker
21 grievances associated with that project, for the construction or
22 retrofit of the facilities associated with the licensed entity.

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

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

29 (3) In reviewing an initial license application, unless the
30 information is otherwise solicited by the commission in a specific
31 application question, the commission's evaluation of the application
32 shall be limited to the experience and qualifications of the
33 applicant's organization, including controlling owners, any entities
34 with common ownership or control with the applicant, those with a
35 15 percent or greater ownership interest in the applicant's
36 organization, significantly involved persons in the applicant's
37 organization, the other officers, directors, and current or prospective
38 employees of the applicant who have a bona fide relationship with
39 the applicant's organization as of the date of the application, and
40 consultants and independent contractors who have a bona fide
41 relationship with the applicant as of the date of the application.
42 Responses pertaining to applicants who are exempt from the
43 criminal history record background check requirements of
44 P.L.2021, c.16 (C.24:6I-31 et al.) shall not be considered. Each
45 applicant shall certify as to the status of the individuals and entities
46 included in the application.

47 (4) The commission shall give special consideration to any
48 applicant that has entered into an agreement with an institution of

1 higher education to create an integrated curriculum involving the
2 cultivation, manufacturing, wholesaling, distributing, retail sales, or
3 delivery of personal use cannabis or cannabis items, provided that
4 the curriculum is approved by both the commission and the Office
5 of the Secretary of Higher Education and the applicant agrees to
6 maintain the integrated curriculum in perpetuity. An integrated
7 curriculum license shall be subject to revocation if the license
8 holder fails to maintain or continue the integrated curriculum. In the
9 event that, because of circumstances outside a license holder's
10 control, the license holder will no longer be able to continue an
11 integrated curriculum, the license holder shall notify the
12 commission and shall make reasonable efforts to establish a new
13 integrated curriculum with an institution of higher education,
14 subject to approval by the commission and the Office of the
15 Secretary of Higher Education. If the license holder is unable to
16 establish a new integrated curriculum within six months after the
17 date the current integrated curriculum arrangement ends, the
18 commission shall revoke the entity's license, unless the commission
19 finds there are extraordinary circumstances that justify allowing the
20 license holder to retain the license without an integrated curriculum
21 and the commission finds that allowing the license holder to retain
22 the license would be consistent with the purposes of P.L.2021, c.16
23 (C.24:6I-31 et al.). The commission may revise the application and
24 license fees or other conditions for a license pursuant to this
25 paragraph as may be necessary to encourage applications for
26 licensure which involves an integrated curriculum.

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

31 (6) If the commission notifies an applicant that it has performed
32 sufficiently well on multiple applications to be awarded more than
33 one license, the applicant shall notify the commission, within seven
34 business days after receiving such notice, as to which class of
35 license it will accept. For any license award that is declined by an
36 applicant pursuant to this paragraph, the commission shall, upon
37 receiving notice from the applicant of the declination, award the
38 license to the applicant for that license class who, in the
39 determination of the commission, best satisfies the commission's
40 criteria while meeting the commission's determination of Statewide
41 marketplace need. If an applicant fails to notify the commission as
42 to which license it will accept, the commission shall have the
43 discretion to determine which license it will award to the applicant,
44 based on the commission's determination of Statewide marketplace
45 need and other applications submitted for cannabis establishments,
46 distributors, or delivery services to be located in the affected
47 regions.

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

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

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

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

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

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

23 (c) is a municipality located in a county of the third class, based
24 upon the county's population according to the most recently
25 compiled federal decennial census as of the effective date of
26 P.L.2021, c.16 (C.24:6I-31 et al.), that meets all of the criteria set
27 forth in subparagraph (b) other than having a crime index total of
28 825 or higher; or

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

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

45 (ii) with a population of not less than 60,000 or more than 80,000
46 according to the most recently compiled federal decennial census;
47 has a crime index total of 650 or higher based upon the indexes
48 listed in the 2019 annual Uniform Crime Report; and for calendar

1 year 2019 has a local average annual unemployment rate of 3.0
2 percent or higher using the same estimated annual unemployment
3 rates.

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

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

11 (b) An applicant who is a current resident of an impact zone and
12 has resided therein for three or more consecutive years at the time
13 of making the application. To the extent reasonably practicable, at
14 least 25 percent of the total licenses issued to applicants for a
15 cannabis establishment, distributor, or delivery service license shall
16 be awarded to applicants who have resided in an impact zone for
17 three or more consecutive years at the time of making the
18 application, regardless of where the cannabis establishment,
19 distributor, or delivery service is, or is intended to be, located.

20 (c) An applicant who presents a plan, attested to, to employ at
21 least 25 percent of employees who reside in an impact zone, of
22 whom at least 25 percent shall reside in the impact zone nearest to
23 the location, or intended location, of the cannabis establishment,
24 distributor, or delivery service; failure to meet the requisite
25 percentages of employees from an impact zone within 90 days of
26 the opening of a licensed cannabis establishment, distributor, or
27 delivery service shall result in the suspension or revocation of a
28 license or conditional license, as applicable, issued based on an
29 application with an impact zone employment plan.

30 f. (1) The commission shall ensure that at least 10 percent of the
31 total licenses issued for each class of cannabis establishment, or for
32 cannabis distributors and cannabis delivery services, are designated
33 for and only issued to microbusinesses, and that at least 25 percent
34 of the total licenses issued be issued to microbusinesses. The
35 determination of the percentage for each class of license issued to
36 microbusinesses shall include the number of conditional licenses
37 issued to microbusinesses for each class, as the percentage of
38 conditional licenses issued for each class pursuant to subparagraph
39 (a) of paragraph (2) of subsection b. of this section shall not be
40 mutually exclusive of the percentage of licenses issued to
41 microbusinesses pursuant to this subsection. There shall not be any
42 cap or other numerical restriction on the number of licenses issued
43 to microbusinesses pursuant to P.L.2021, c.16 (C.24:6I-31 et al.),
44 and this prohibition on a cap or other numerical restriction shall
45 apply to every class of license issued. The maximum fee assessed
46 by the commission for issuance or renewal of a license designated
47 and issued to a microbusiness shall be no more than half the fee

1 applicable to a license of the same class issued to a person or entity
2 that is not a microbusiness.

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

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

7 (b) at least 51 percent of the owners, directors, officers, or
8 employees of the microbusiness shall be residents of the
9 municipality in which the microbusiness is located, or to be located,
10 or a municipality bordering the municipality in which the
11 microbusiness is located, or to be located;

12 (c) concerning business operations, and capacity and quantity
13 restrictions:

14 (i) employ no more than 10 employees;

15 (ii) operate a cannabis establishment occupying an area of no
16 more than 2,500 square feet, and in the case of a cannabis
17 cultivator, grow cannabis on an area no more than 2,500 square feet
18 measured on a horizontal plane and grow above that plane not
19 higher than 24 feet; provided, that a cannabis cultivator's grow
20 space may, if approved by the commission, be part of a larger
21 premises that is owned or operated by a cannabis cultivator that is
22 not a licensed microbusiness, allowing for the sharing of a physical
23 premises and certain business operations, but only the
24 microbusiness cannabis cultivator shall grow cannabis on and above
25 the cultivator's grow space;

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

29 (iv) in the case of a cannabis manufacturer, acquire no more than
30 1,000 pounds of usable cannabis each month;

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

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

39 (d) no owner, director, officer, or other person with a financial
40 interest who also has decision making authority for the
41 microbusiness shall hold any financial interest in any other licensed
42 cannabis establishment, distributor, or delivery service, whether or
43 not a microbusiness;

44 (e) no owner, director, officer, or other person with a financial
45 interest who also has decision making authority for a licensed
46 cannabis establishment, distributor, or delivery service, whether or
47 not a microbusiness, shall hold any financial interest in a
48 microbusiness;

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

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

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

12 (a) Any microbusiness that meets the criteria established by the
13 commission for conversion may submit an application to convert its
14 operations. Upon review of the application to confirm the
15 commission's criteria have been met, the commission shall issue a
16 new annual license to the person or entity, and the previously issued
17 license for the microbusiness shall be deemed expired as of the date
18 of issuance of the new annual license. If the commission
19 determines that the criteria have not been met, the conversion
20 application shall be denied, and the commission shall notify the
21 microbusiness applicant of the specific reason for its denial, and
22 provide the applicant with the opportunity for a hearing in
23 accordance with the "Administrative Procedure Act," P.L.1968,
24 c.410 (C.52:14B-1 et seq.).

25 (b) Any new annual license issued pursuant to this paragraph
26 allowing a microbusiness to convert and continue its operations as a
27 licensed person or entity that is not a microbusiness subject to the
28 provisions of this subsection shall be counted towards the
29 percentages of licenses that are designated for and only issued to
30 microbusinesses as set forth in paragraph (1) of this subsection,
31 notwithstanding the microbusiness' converted operations.

32 g. In addition to any other information required to be submitted
33 to the commission pursuant to this section, the commission shall
34 require all license applicants to submit a copy of any services
35 agreement entered into by the applicant with a third-party entity,
36 which agreement shall be subject to review as provided in
37 subsection h. of this section.

38 h. The commission shall have the authority to review any
39 services agreement submitted pursuant to subsection g. of this
40 section and any agreement to provide significant financial or
41 technical assistance or the significant use of intellectual property to
42 an applicant, to determine whether the terms of the agreement,
43 including interest rates, returns, and fees, are commercially
44 reasonable and consistent with the fair market value for the terms
45 generally applicable to agreements of a comparable nature. In the
46 event the commission determines the terms of an agreement are not
47 commercially reasonable or consistent with the fair market value
48 generally applicable to the services to be provided under the

1 agreement, the commission shall have the authority to withhold
2 approval of the license application until the parties renegotiate a
3 new agreement that, as determined by the commission, is
4 commercially reasonable and consistent with the fair market value
5 for the terms generally applicable to agreements of a comparable
6 nature. The parties to the agreement may request that the
7 commission provide guidance as to what terms it would find to be
8 commercially reasonable and consistent with the fair market value
9 generally applicable to agreements of a comparable nature. Nothing
10 in this subsection shall be construed to require the commission to
11 award a license to an applicant if the commission determines the
12 applicant does not otherwise meet the requirements for issuance of
13 the license.

14 (cf: P.L.2023, c.177, s.55)

15

16 3. The Cannabis Regulatory Commission shall adopt rules and
17 regulations pursuant to the “Administrative Procedure Act,”
18 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of
19 this act.

20

21 4. This act shall take effect on the 180th day following
22 enactment.

23

24

25

STATEMENT

26

27 This bill would clarify the requirement in current law that an
28 applicant for a cannabis business license must obtain certain
29 documentation from the municipality where the applicant intends
30 that the cannabis business be located.

31

32 Under current law, the applicant must submit zoning approvals to
33 the Cannabis Regulatory Commission for the proposed location of
34 the cannabis business. The zoning approvals are in the form of a
35 letter or affidavit from appropriate municipal officials. Under the
36 law, the letter or affidavit is required to state that the location will
37 conform to municipal zoning requirements allowing for such
38 activities related to the cultivation, manufacturing, or dispensing of
39 medical cannabis, cannabis products, and related supplies as will be
conducted at the proposed facility.

40

41 This bill provides that the letter or affidavit would be in a
42 standardized format as promulgated by the Cannabis Regulatory
43 Commission. The bill also provides that issuance of the letter or
44 affidavit from appropriate municipal officials would not be
45 conditioned on the applicant obtaining land use approval or
46 preliminary site plan approval from the municipality. Under the bill,
47 the letter or affidavit would be required to be issued to the applicant
48 within 30 days of submission of the applicant’s request. If the
appropriate municipal officials find that the application does not

A5292 ATKINS

30

1 comply with the municipal zoning code, the officials would be
2 required to inform the applicant in writing, within 30 days of
3 submission of the applicant's request, of the specific provisions of
4 the application that do not comply.

5 This bill was prompted by witnesses' suggestions at the
6 September 23, 2024 hearing of the General Assembly Oversight,
7 Reform and Federal Relations Committee on municipalities'
8 implementation of State cannabis laws and regulations.