

ASSEMBLY, No. 5683

STATE OF NEW JERSEY 222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:

Assemblywoman LUANNE M. PETERPAUL

District 11 (Monmouth)

SYNOPSIS

Allows Cannabis Regulatory Commission to award competitive grants from Social Equity Excise Fee proceeds.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the cannabis Social Equity Excise Fee, and
2 amending 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 41 of P.L.2021, c.16 (C.24:6I-50) is amended to read as
8 follows:

9 41. Cannabis Regulatory, Enforcement Assistance, and
10 Marketplace Modernization Fund.

11 a. Except for amounts credited to the Property Tax Reform
12 Account in the Property Tax Relief Fund pursuant to paragraph 7 of
13 Section I of Article VIII of the New Jersey Constitution, all fees and
14 penalties collected by the commission~~],~~; all tax revenues on retail
15 sales of cannabis items~~],~~; all tax revenues collected pursuant to the
16 provisions of the “Jake Honig Compassionate Use Medical Cannabis
17 Act,” P.L.2009, c.307 (C.24:6I-1 et al.); ~~and~~ all revenues, if any,
18 collected for the Social Equity Excise Fee pursuant to section 39 of
19 P.L.2021, c.16 (C.54:47F-1); and all tax revenues on the retail sale
20 of intoxicating hemp beverages by any plenary retail distribution
21 license holder or Class 5 Cannabis Retailer licensee, as well as any
22 fees associated with the approval provided to any plenary wholesale
23 license holder to sell intoxicating hemp beverages, as defined
24 pursuant to section 3 of P.L.2021, c.16 (C.24:6I-33), shall be
25 deposited in a special nonlapsing fund, which shall be known as the
26 “Cannabis Regulatory, Enforcement Assistance, and Marketplace
27 Modernization Fund,” with 15 percent of the monies deposited being
28 placed into an account within the fund to be known as the “Underage
29 Deterrence and Prevention Account.”

30 b. Except for any monies derived from the Social Equity Excise
31 Fee₂ which shall be appropriated annually in accordance with
32 subsection ~~[d.]~~ e. of this section₂ and the monies placed into the
33 “Underage Deterrence and Prevention Account” within the fund for
34 the commission to fund programs and services in accordance with
35 subsection e. of this section, monies in the fund shall be appropriated
36 annually as follows:

37 (1) at least 70 percent of all tax revenues on retail sales of
38 cannabis items shall be appropriated for investments, including
39 through grants, loans, reimbursements of expenses, and other
40 financial assistance, in municipalities defined as an “impact zone”
41 pursuant to section 3 of P.L.2021, c.16 (C.24:6I-33), as well as
42 provide direct financial assistance to qualifying persons residing
43 therein as recommended by the commission; and

44 (2) the remainder of the monies in the fund shall be appropriated
45 by the Legislature to include the following:

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 (a) to oversee the development, regulation, and enforcement of
2 activities associated with the personal use of cannabis pursuant to
3 P.L.2021, c.16 (C.24:6I-31 et al.), and assist with assuming
4 responsibility from the Department of Health for the further
5 development and expansion, regulation, and enforcement of
6 activities associated with the medical use of cannabis pursuant to the
7 “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009,
8 c.307 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);

9 (b) to reimburse the expenses incurred by any county or
10 municipality for the training costs associated with the attendance and
11 participation of a law enforcement officer from its law enforcement
12 unit in a police training course by an approved school, as those terms
13 are defined in section 2 of P.L.1961, c.56 (C.52:17B-67), which
14 trains and certifies the law enforcement officer, including a law
15 enforcement officer with a working dog, as that term is defined in
16 section 1 of P.L.2006, c.88 (C.10:5-29.7), as a Drug Recognition
17 Expert for detecting, identifying, and apprehending drug-impaired
18 motor vehicle operators; and to pay for the same training costs
19 incurred by the Division of State Police in the Department of Law
20 and Public Safety for the training of a State police officer or trooper,
21 including an officer or trooper with a working dog, as a Drug
22 Recognition Expert, as well as the Division of State Police costs in
23 furnishing additional program instructors to provide Drug
24 Recognition Expert training to police officers, troopers, and working
25 dogs. A municipality or county seeking reimbursement shall apply
26 to the commission, itemizing the costs, with appropriate proofs, for
27 which reimbursement is requested and provide a copy of the
28 certificate issued to the police officer to indicate the successful
29 completion of the program by the police officer, and that officer’s
30 working dog, if applicable; and

31 (c) for further investments, including through grants, loans,
32 reimbursements of expenses, and other financial assistance, in
33 municipalities defined as an “impact zone” pursuant to section 3 of
34 P.L.2021, c.16 (C.24:6I-33), as well as provide direct financial
35 assistance to qualifying persons residing therein as recommended by
36 the commission.

37 The monies appropriated pursuant to paragraph (1) of this
38 subsection shall be offset by any revenue constitutionally dedicated
39 to municipalities defined as an “impact zone” pursuant to section 3
40 of P.L.2021, c.16 (C.24:6I-33).

41 c. After the appropriation of those monies in the fund in
42 accordance with subsections b. and e. of this section, any remaining
43 monies shall be deposited in the State’s General Fund.

44 d. **[(1)** (a) Not less than 60 days prior to the first day of each State
45 fiscal year, the commission shall make recommendations to the
46 Governor and Legislature for social equity appropriations based upon
47 the amount of any revenues collected during the current fiscal year

1 for the Social Equity Excise Fee pursuant to section 39 of P.L.2021,
2 c.16 (C.54:47F-1), or, if the commission has not imposed or adjusted
3 the Social Equity Excise Fee in the current fiscal year pursuant to that
4 section, then appropriations from the General Fund in an amount
5 equal to the revenues that would have been collected had the
6 commission imposed or adjusted the Social Equity Excise Fee. The
7 recommendations to the Governor and the Legislature shall consist
8 of social equity appropriations that invest, through grants, loans,
9 reimbursements of expenses, and other financial assistance, in
10 private for-profit and non-profit organizations, and public entities,
11 including any municipality defined as an “impact zone” pursuant to
12 section 3 of P.L.2021, c.16 (C.24:6I-33) as well as provide direct
13 financial assistance to qualifying persons as determined by the
14 commission, in order to create, expand, or promote educational and
15 economic opportunities and activities, and the health and well-being
16 of both communities and individuals.

17 (b) Not less than 30 days prior to submitting its recommendations
18 to the Governor and Legislature pursuant to subparagraph (a) of this
19 paragraph, the commission shall hold at least three regional public
20 hearings throughout the State, with at least one hearing in the
21 northern, central, and southern regions of the State, to solicit the
22 public input on the social equity investments to be made as described
23 in this section.

24 (2) The commission’s recommendations to the Governor and
25 Legislature may include, but are not limited to, recommending
26 investments in the following categories of social equity programs:

27 (a) educational support, including literacy programs, extended
28 learning time programs that endeavor to close the achievement gap
29 and provide services for enrolled students after the traditional school
30 day, GED application and preparedness assistance, tutoring
31 programs, vocational programming, and financial literacy;

32 (b) economic development, including the encouragement and
33 support of community activities so as to stimulate economic activity
34 or increase or preserve residential amenities, and business marketing,
35 and job skills and readiness training, specific employment training,
36 and apprenticeships;

37 (c) social support services, including food assistance, mental
38 health services, substance use disorders treatment and recovery,
39 youth recreation and mentoring services, life skills support services,
40 and reentry and other rehabilitative services for adults and juveniles
41 being released from incarceration; and

42 (d) legal aid for civil and criminal cases, regardless of a party’s
43 citizenship or immigration status.

44 (3) The commission may also, subject to the annual
45 appropriations act, recommend that it retain a portion of the Social
46 Equity Excise Fee to administer startup grants, low-interest loans,
47 application fee assistance, and job training programs through the

1 commission's Office of Minority, Disabled Veterans and Women
2 Cannabis Business Development established by section 32 of
3 P.L.2019, c.153 (24:6I-25).

4 (4) After receiving the recommendations, as set forth in
5 paragraphs (1) through (3) of this subsection and prior to the first day
6 of each fiscal year, the Legislature shall provide to the commission a
7 statement which lists the investments to be made by appropriations,
8 including the investment recipients, investment amounts, and how
9 the investment is intended to support and advance social equity as
10 described in this subsection. ~~】 (Deleted by amendment, P.L. , c.)~~
11 (pending before the Legislature as this bill)

12 e. The monies deposited in the "Underage Deterrence and
13 Prevention Account" within the fund, and the revenues collected for
14 the Social Equity Excise Fee pursuant to section 39 of P.L.2021, c.16
15 (C.54:47F-1), shall be appropriated annually to the commission, and
16 shall be used by the commission, based on the acceptance of
17 applications submitted on a form and through an approval or denial
18 process promulgated by the commission, to **【fund】** provide grants,
19 low-interest loans, application fee assistance, reimbursements of
20 expenses, and other financial assistance to qualified individuals,
21 private for-profit and non-profit organizations, and county and
22 municipal programs and services that provide:

23 (1) **【offer】** social services, educational, recreational, and
24 employment opportunities and local economic development designed
25 to encourage, improve, and support youthful community activities to
26 divert and prevent persons under 18 years of age from activities
27 associated with the consumption of cannabis items, marijuana, or
28 hashish;

29 (2) educational support, including literacy programs, extended
30 learning time programs that endeavor to close the achievement gap
31 and provide services for enrolled students after the traditional school
32 day, GED application and preparedness assistance, tutoring
33 programs, vocational programming, and financial literacy;

34 (3) economic development, including the encouragement and
35 support of community activities so as to stimulate economic activity
36 or increase or preserve residential amenities, and business marketing,
37 and job skills and readiness training, specific employment training,
38 and apprenticeships;

39 (4) social support services, including food assistance, mental
40 health services, substance use disorders treatment and recovery,
41 youth recreation and mentoring services, life skills support services,
42 and reentry and other rehabilitative services for adults and juveniles
43 being released from incarceration;

44 (5) legal aid for low-income persons in civil and criminal cases,
45 including but not limited to assistance in obtaining expungements,
46 regardless of a party's citizenship or immigration status; and

1 collected by the Division of Taxation in the Department of the
2 Treasury and deposited into the “Cannabis Regulatory, Enforcement
3 Assistance, and Marketplace Modernization Fund.” SEEF monies
4 are dedicated to annual appropriations by the Legislature for
5 investing in social equity programs in order to create, expand, or
6 promote educational and economic opportunities and activities, and
7 the health and well-being of both communities and individuals.

8 Under current law, the CRC holds public hearings annually in
9 order to make recommendations to the Governor and the Legislature
10 concerning the appropriation of SEEF funds in the annual State
11 budget. These recommendations can include grants, loans,
12 reimbursements of expenses, and other financial assistance to private
13 and public entities, as well as qualifying individuals, to fund such
14 investments as educational, literacy, and GED programs; economic
15 development, job skills, and apprenticeship programs; social support
16 services including food assistance, mental health and substance abuse
17 treatment, and reentry services; and legal aid services. Following
18 receipt of the CRC’s recommendations, the Legislature provides the
19 CRC with a list of the SEEF investments funded in the State budget.

20 For 2026, the SEEF rate is \$2.50 per ounce. According to the
21 CRC’s 2026 SEEF report, the CRC has estimated that the SEEF will
22 generate \$12.4 million in Fiscal Year 2026, and \$14.1 million in
23 Fiscal Year 2027. According to the 2026 report, as of March 2026,
24 \$11.924 million in SEEF funds have been disbursed by the
25 Legislature in Fiscal Year 2026 appropriations, with \$3.667 million
26 remaining unallocated. In Fiscal Year 2026, the \$11.924 million
27 appropriation from SEEF funds appears to have been allocated
28 through the annual appropriations act, P.L.2025, c.74, entirely to the
29 Department of Corrections to support Purchase of Community
30 Services grants as determined by the Commissioner of Corrections.
31 It should be noted that, according to the CRC’s 2025 SEEF report,
32 the Legislature did not make any SEEF appropriations in Fiscal Years
33 2023, 2024, and 2025. Thus, according to the 2025 report, at the
34 beginning of 2025, there was \$5.129 million in SEEF funds
35 accumulated from prior years.

36 Under the bill, the CRC will become directly responsible for
37 disbursing SEEF funds, through a public competitive application
38 process. The bill provides for the CRC to receive annual
39 appropriations of SEEF funds from the State budget. The CRC will
40 be required to award SEEF grants, loans, and other financial
41 assistance to the same types of social equity investments set forth
42 under current law. The CRC will also be required to provide an
43 annual report to the Governor and the Legislature with a list of
44 funding recipients, type of funding (grants, loans, or other
45 assistance), and amounts awarded, together with a statement for each
46 recipient describing how the funding is intended to support and
47 advance social equity.