
Public Hearing

of

SENATE JUDICIARY COMMITTEE

“The Committee will take testimony from invited guests and members of the public on issues concerning the implementation of recreational cannabis in New Jersey”

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: June 23, 2023
9:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Brian P. Stack, Chair
Senator Joseph A. Lagana
Senator Fred H. Madden, Jr.
Senator Troy Singleton
Senator Kristin M. Corrado
Senator Douglas J. Steinhardt
Senator Michael L. Testa, Jr.



ALSO PRESENT:

David J. Lorette, Esq.
Office of Legislative Services
Committee Aide

Abbey Harris
Matt Peterson
Senate Majority
Committee Aides

Sarah Fletcher
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
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New Jersey Chapter 30x

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SENATOR BRIAN P. STACK (Chair): Good morning, everyone, we'll be convening our next hearing.

David, do you want to take it over?

MR. LORETTE: We can do the Committee roll call (indiscernible)

SENATOR STACK: OK.

David, if you could please call the roll.

MR. LORETTE: Yes, so, we are now reconvening -- we're gaveled in for our public hearing, which will be taking testimony from invited guests and members of the public on issues concerning the implementation of recreational cannabis in New Jersey.

SENATOR STACK: (indiscernible) thank you.

MR. LORETTE: Roll call on the public hearing.

Senator Testa.

SENATOR TESTA: Here.

MR. LORETTE: Senator Corrado.

SENATOR CORRADO: Here.

MR. LORETTE: Senator Steinhardt.

SENATOR STEINHARDT: Here.

MR. LORETTE: Senator Singleton.

SENATOR SINGLETON: Here.

MR. LORETTE: Present; thank you.

Senator Madden.

SENATOR MADDEN: Here.

MR. LORETTE: Senator Lagana.

I've seen him; he is present and marked as present.

SENATOR STACK: He is present, yes.

MR. LORETTE: Chairman Stack.

SENATOR STACK: Yes.

MR. LORETTE: Chairman, you have a quorum for the public hearing.

SENATOR STACK: Great, thank you, David.

It's been two and a half years since New Jersey voters have approved a constitutional amendment to legalize adult-use cannabis, and 14 months since the first sales began. In that time, the Cannabis Regulatory Commission has undertaken a monumental task to get a brand new industry up and running, while simultaneously developing a regulatory framework for that industry. As some have said, the CRC is "building the plane while flying it."

By many measures, the legalization of adult-use cannabis has been a success. In 2022, the State saw roughly a half a billion dollars in recreational cannabis sales, and collected over \$20 million in tax revenue. There are currently 32 recreational dispensaries across the state, with more being added.

However, much work needs to be done. The recreational cannabis market is still largely identical to the medical cannabis market that existed prior to April of 2022. Since recreational sales began, only three new recreational-only retailers have been licensed and have entered the market. As of February, there were 17 cultivators operating in the entire state; only 11 annual cultivator licenses have been approved for adult-use cultivation since CRC began accepting new cultivator licenses in December 2021. So,

none have begun operations as of February. For comparison, most other states have hundreds of cultivators.

The lack in new recreational cannabis businesses has contributed to New Jersey among the highest recreational cannabis prices in the country. Additionally, the CRC has refused to allow the sale of certain cannabis products like baked good edibles, which are available in many other states. These factors have pushed many potential customers to the black market.

In addition, my colleagues and I have read news stories and received numerous complaints from the industry about long delays in the licensing process; lost applications; unclear timeframes; and seemingly erratic decisions by the CRC. In some cases, businesses have acquired properties; hired staff; and complied with all the rules; and they still waited months for licensing approvals, costing businesses thousands of dollars.

These issues have created a high-risk, unpredictable regulatory environment for many cannabis businesses. All of these issues have only amplified the problems for minority and social equity applicants. One of the major goals of legalization was to ensure the inclusion of diverse populations, including those who were adversely affected by the war on drugs. However, the recreational cannabis marketplace remains primarily made up of white-owned, multi-state operators. Although many licenses have been granted to diversify (indiscernible) businesses, these are conditional licenses that do not authorize the holders to actually operate. Final approvals have remained elusive for diverse applicants. We can and must do better.

The Senate president and I called this meeting today to get an update from the CRC on how implementation is going, and to give lawmakers an opportunity to ask questions.

We very much appreciate the CRC's participation, and would appreciate it if they remained here after their testimony to hear from witnesses and answer additional questions.

The Committee will also hear from industry representatives, experts, advocates, and members of the public.

Thank you all for being here today.

At this point, I would like to call up as our first panel of witnesses Dianna Houenou, Chair of the Regulatory Cannabis Commission, and Jeff Brown, Executive Director of the CRC.

Once again, thank you for being here.

DIANNA HOUENOU, J.D.: Good morning, Chairman Stack, and members of the Committee.

Thank you for inviting the Cannabis Regulatory Commission to testify on the progress we've made in the past two years, and the current landscape of New Jersey's legal medicinal and recreational cannabis industry.

Upon announcement of my appointment as Chair in November of 2020, I described my vision for the NJ CRC: A commission that prioritizes equity and integrity in its approach to regulating the medicinal and personal-use cannabis markets. I committed to using my experience and position to build a cannabis industry that protects patient access; reflects the diversity of the state; and is open and accessible to anyone who wishes to participate. I am proud that the Commission's work thus far reflects those commitments and establishes the foundation for an industry with responsible operators who take safety and public health seriously.

The Commission is only 2 years old, but has made remarkable progress in realizing that vision I described. We worked with the public to

develop rules for every class of adult-use cannabis businesses; we tripled the number of medical dispensaries open to patients; and, we saw the first ever legal recreational cannabis sales take place, and now have 33 recreational dispensaries open, including dispensaries owned by local entrepreneurs, women, and people of color. Throughout this process, the NJ CRC has held true to prioritizing our values of both equity and safety. The NJ CRC's Office of Diversity and Inclusion has been working tirelessly to meet with stakeholders; educate new entrepreneurs about opportunities in the cannabis industry; and advise the NJ CRC on how to ensure New Jersey's industry is equitable.

And, the results show that these efforts are bearing fruit. Of the nearly 150 annual license awards that the NJ CRC Board has issued to new businesses, more than 20% have been given to social equity businesses, and two-thirds were given to diversely owned businesses, which are companies certified by the Department of the Treasury as minority-owned, women-owned, or disabled veteran-owned businesses.

Gross sales of medicinal *and* recreational cannabis totaled \$540 million so far this fiscal year, resulting in \$26 million in revenue for the State. And, while the business of cannabis looks promising, it is the Commission's responsibility to the people of this state to ensure that the operators allowed into the cannabis market be held accountable to the law and to their commitments. All of us -- the public, State, and local government officials and industry players -- worked together to make New Jersey's regulated cannabis framework one that prioritizes registered patients and safety standards, and uplifts equitable opportunities in cannabis.

At the State level, we at the NJ CRC partnered with other government agencies to help those agencies create financial, business, and public-awareness initiatives. We worked with the New Jersey Economic Development Authority to support the creation of their grant program, offering up to \$250,000 in capital for businesses. We're collaborating with the New Jersey Business Action Center as it develops a free technical assistance program that the Business Action Center plans to launch later this year. And, we assisted the New Jersey Division of Highway Traffic Safety in its design of the "Drive High, Get a DUI" campaign to alert people to the dangers of driving while under the influence.

Over the next few months, you can expect to see more businesses opening their doors to the public; moves to expand the types of products that can be produced; and updates to the medicinal cannabis rules to improve access to patients. Continuing to work together is the only way to ensure our industry keeps patients first and reflects the diversity of our state in terms of geographic location, business size, and the demographics of business owners and workers.

As Chair of the Cannabis Regulatory Commission, I remain committed to the Commission's values of equity and safety, and to effectuating the goals expressed by the Legislature, the Governor, and the public. We at the Commission look forward to continued work with our partners, including this body and any others who share that vision.

Thank you.

J E F F B R O W N: Good morning.

Thank you to Chairman Stack, members of the Senate Judiciary Committee.

Thank you for holding this hearing today, and thank you for affording us this opportunity to talk about the development of what I believe will be the premiere cannabis market on the east coast of the United States. It's been an exciting journey to build the cannabis industry, and it promises to continue to be so as New Jersey reaches its full potential in the future.

At the end of 2017 -- the year before we began reforming New Jersey's cannabis market and began the path of full legalization -- New Jersey had five open medical dispensaries, 17,000 patients, and generated \$29 million in sales. Earlier this week at our meeting, I announced the latest sales numbers, and New Jersey's total cannabis market in the last year -- the last four quarters -- generated just under \$700 million in sales revenue. Within the year, this will be a \$1 billion cannabis market.

New Jersey's industry has grown, as our Chair mentioned, to 45 dispensaries and retailers, including 12 medical dispensaries, 33 dual adult-use and medical dispensaries, and three adult-use-only retailers. There are new businesses opening up every month, and there is now at least one dispensary in most of New Jersey's 21 counties. Through our cannabis-reform efforts -- which began with expansion of the medical program and now progressed to launching and expanding legal adult-use sales -- New Jersey's cannabis market has grown by 2,200% in five years. Since legal sales began, on a quarterly basis, the market has increased from \$80 million in sales in a quarter to about \$145 million in the last quarter. And, that's recreational sales alone.

To that end, the CRC continues to focus on processing applications and issuing licenses. We've received more than 2,000 applications, and we've issued over 1,300 awards. This includes most -- to

the conditionals -- 1,168 conditional licenses, which are temporary licenses meant to allow entrepreneurs to get into the market, but also includes nearly 150 new annual adult-use licenses -- a number that grows every month. We continue to focus on building out this agency and refining our processes to be as efficient as possible.

When I did the pre-application webinar in late 2021 to advise applicants on what they could expect and what they needed to prepare for in our application process, I advised applicants that conditional applications would take more than 90 days, and that annual and conversion applications would likely additionally take more than six months to review. Review timelines have begun to normalize, and I can report that we're doing better, and the applications that require no (indiscernible) and no resubmissions that meet the requirements and can just move through the process are getting ready for approval on the following timelines: For conditional applications, eight weeks; for conversions, 18 weeks; and, for annual applications, 21 weeks.

Now, there's some applications lower on the priority list that may take longer, and there are some higher on the priority list that will go faster, and it's largely dependent on factors related to not only what type of priority an application is, but also factors like whether an application is deficient; submission of requested information in our investigations process; interviews; interviews with applicants; the complexity of the business structure; and things like municipal approval and Division of Revenue and Enterprise certification lapses.

We put a focus on customer service and responding to inquiries. Since we began licensing, the CRC has received 9,855 licensing inquiries. In

turn, CRC staff have sent 10,911 responses, which includes follow-up correspondences in many cases. We now have two ways to reach our staff for licensing inquiries: One via email -- *CRC.licensing@CRC.NJ.gov* -- and, a phone number to reach a live staff member to answer application questions, and that's 609-376-7373. These are on our website, available for applicants who want to check in on their application. Again, if applicants want to speak to a live person, they can call that number or they can send an email to that licensing inbox and it will be responded to.

Out of 2,084 applications, there are roughly-- There are 679 applications still being reviewed by the CRC; about 400 of those are in licensing and 150 in our investigations unit. We currently have just over 90 that are in the final stages of that process -- quality control -- but they may move backwards if there are deficiencies identified at that stage. And, we expect to be through everything we have now that can be moved forward before the CRC opens up to accept new license classes in September.

Looking at license awards, most remain conditional, but we are seeing more conditional licenses applied to convert. We've now received 315 conditional license conversions, most being submitted starting at the end of '22 -- 2022 -- and into 2023. Conditional license holders who are struggling to convert cite municipal approval, real estate, and access to capital are some of the biggest hurdles to being able to file a conversion application. We see most interest in retail, followed by cultivation and then manufacturing, and we presented a packet of data which includes numbers for license awards in all those categories. Keep in mind the conversion, annual, and ATC expansions are the operating licenses -- as Chairman Stack mentioned -- that allow a business to operate. Conditional licenses are temporary, and meant

to be a first step for entrepreneurs below a certain income level to get into the market.

As is core to our values and in accordance with our licensing process, we prioritize social equity businesses for review and approval. As the Chair mentioned, of the annual awards, 22% have gone to social equity businesses -- those are businesses owned by people with past marijuana convictions or from economically disadvantaged areas. In total, we've received 490 social equity applications, and 315 of those have been approved.

In accordance with the statute, the CRC also prioritizes diversely-owned businesses. Those are minority-owned, women-owned, or disabled veteran-owned. We're required by law to issue 15% of all licenses to minority-owned businesses, and another 15% to women-owned and disabled veteran-owned companies. We are surpassing those benchmarks, even when only looking at annual licenses and accounting for those licenses issued to the medical operators, pursuant to the statute, to allow them to convert. And, they are indeed much less diverse than the companies being approved by the CRC under our licensing process that we established in regulation.

When we look at the whole bucket of annual licenses -- that includes the ATC expansions and the new annual awards that have been issued by the CRC -- 20% of all annual license awards have gone to minority business enterprises; 18% to women -- certified women business enterprises; 15% to minority- and women-owned companies; and 4% to disabled veteran-owned businesses. We have started tracking and reporting out data on race and ethnicity of the individuals who own cannabis companies in New Jersey, first focusing on newly-awarded licensees, and we're working to get that

expanded ATCs into that cohort as well. As of today, out of the 141 new annual awardees and licensees, 29 report being majority Black-owned; 28 report being majority Asian-owned; and 11 report being majority Latino or Hispanic-owned.

We've also started collecting and reporting data on the cannabis workforce here in New Jersey, which measures more than 5,000 at this point -- many who are in union jobs. We do not have full data on all employees yet, but, thus far, we are seeing diversity that is moving in the right direction. Of the employees we have data on, 42% identify themselves as white; 14% Black or African American; and 12% Hispanic or Latino. We still need data on about a quarter of the workforce, and we're gathering that as employees renew their identification cards.

This progress, as our Chair mentioned, is being bolstered by our regulations, but also, I have to give enormous credit to our Office of Diversity and Inclusion and its Director, Wesley McWhite. His office has executed 350 unique contacts with stakeholders; conducted over 200 outreach and stakeholder engagement meetings; and have assisted over 100 applicants with (indiscernible) their application -- particularly social equity applicants. His office also helps to hold expanded ATCs -- those are converted medical operators -- accountable to their social equity commitments by collecting and analyzing reports on their efforts to hire diversely; donate to nonprofits; and provide education and training assistance, among other initiatives.

We are thankful to have great partners like the Business Action Center and the Economic Development Authority. And, as I mentioned, municipal issues, real estate, and access to capital are all challenges for entrepreneurs in this space. To assist, Business Action Center is a technical

assistance program that we'll be launching that includes assistance on those matters, as well as a specific track to help people who operated in the legacy market transition to the legal market through our licensing process. The EDA launched \$10 million -- a \$10 million pilot program -- to provide businesses with grant funds to help cover the costs of launching a cannabis business.

Prices *do* remain high. But, through licensing new businesses and increasing competition, that will start to change. Importantly, where we are in this regard is not inconsistent with other states that have made this transition. Prices are high at the outset, and then they come down over time. This is being helped -- we issued 44 medical permits in 2021; those are coming online, and are then able to expand to recreational sales; and 141 annual licenses that we have awarded that are increasing every month and every meeting. Of those 141, and of the expanded ATCs, we have now issued annual awards or licenses to 50 cultivators, and we expect that number to continue to increase.

Finally, we're focused on building our agency. We have grown from a staff of 21 to now 81 over the last two years, and we project eclipsing 135 staff members in the next year. There's seven offices within the CRC, and we continue to develop and own the regulatory apparatus to effectively oversee the important industry.

I want to thank our staff. We have staff members who have been with us since the very beginning -- well before me -- staff members since the medical market first started. And, we continue to expand our staff and bring new people online.

With that, thank you for your time, and we are happy to answer any questions that you may have.

SENATOR STACK: Thank you both for your testimony.

Any members have any questions at this time?

UNIDENTIFIED SPEAKER: Yes.

SENATOR STACK: Senator Madden.

SENATOR MADDEN: Good morning, Director.

I know you did a very nice job from the business perspective. I just have a different question you might be able to help answer for me, and it has to do with flavored cannabis.

Could you comment about that? Is it in the market in New Jersey, and, if so, how prevalent is it?

MR. BROWN: So, as far as product types go, we have flower -- which is essentially the raw cannabis material; we have some edible products, mainly gummies; tinctures; capsules; drops; we also have vape cartridges, as well as cannabis concentrates. The gummies and tinctures, they do, in many cases, have flavors. So, those are there. All of our products are packaged in child-resistant containers, relatively plain packaging that have to be child-resistant (indiscernible). But, we do have flavored products in the market.

SENATOR MADDEN: Can you comment about the number of flavors?

MR. BROWN: That, I'm not sure. We can look into the total number of different edible products and get back to the Committee through the Chair.

SENATOR MADDEN: So, Director, does the Commission study what the products are and the number of flavors? How far reaching is the oversight of the Commission regarding the products that are placed for sale for people?

MR. BROWN: Senator, I can tell you that we have some of the strongest manufacturing regulations in the country. We studied other states; we've studied products available in the market. We banned additives that could be potentially harmful -- people might remember those vaping-related lung injury (indiscernible) that occurred at the end of 2019. Many believe that's attributed to a compound called Vitamin E Acetate, which is used to, essentially, cut vape cartridges, mainly in illegal products.

So, that's banned. Other, what we call *excipient ingredients* similar to that, are also banned. We require ingredients in our products to be on the FDA-approved list for inactive ingredients. There's a database that the FDA keeps for oral products -- for vapers -- and, essentially, ingredients *have* to be on that list. If they're not on the list, then the company has to submit safety data to the CRC that proves the ingredient is safe and has been shown to be safe to be administered in the route of administration the product is intended to be taken.

MS. HOUENOU: And, I'll just add, Senator, each strain might have a different "flavor," so to speak. So, while-- What Director Brown is pointing to, with respect to flavors, is added flavoring of a particular kind that manufacturers choose to put in their products. But, as there are endless numbers of strains of cannabis, each strain might have a particular flavor that is perceived by the consumer.

But, when it comes to the Commission's oversight of what products are available, the Commission decides what products, and includes in our regulations the kinds of products that are permissible and which kinds of products are not permissible. So, to Director Brown's point, any products that contain ingredients that are impermissible would not be allowed. And,

the Commission is constantly evaluating its regulations to determine whether or not the products that are available meet the market demand and are appropriately regulated to protect public health and safety while still requiring strict product testing and quality control and strict packaging requirements.

SENATOR MADDEN: Thank you, Chairperson.

Specifically, is menthol part of a flavor in the cannabis products?

MR. BROWN: I would have to get back through the Chair. I do believe it is on that FDA list; it's not in any of the-- I don't believe it's in any electronic smoking devices, or any of the vape products, but it may be in some of the capsules that might be mint flavored.

But, I would have to consult with our Office of Compliance and get back through the Chair.

SENATOR MADDEN: Mr. Chair, I would really like to know the answer on that. Just like we have menthol cigarettes, if there's--

SENATOR STACK: Absolutely. If you could get that to me and we can get it to all the members, I appreciate that.

MR. BROWN: Absolutely.

I can say definitively that I don't believe that there's menthol in any of the smokable products -- any of the flower is flavored with menthol.

But, we will confirm that and get that information back to you.

SENATOR MADDEN: And, thank you, Director.

If we can jump to the vape cartridges. In the tobacco world, I'll say -- on that side, initially -- there was evaluations or assessments of products that were available that had upwards of 600 or more chemicals in them.

If you are the Commission, having oversight or control of the cartridges from cannabis, how are you doing that? Do you take-- Here is in my-- I guess I'll continue for a second, for clarity, if I can. Do you take the cartridge that's proposed to be sold and break it down and identify the number and the types of chemicals that are in that cartridge, and then determine whether or not you would approve it for sale? Or do you, as a Commission, say when you have a cartridge, it's unable to contain this particular product because it's not on the FDA list?

I'm trying to get into the weeds with this, but it's a pretty critical component for me, regarding smoking and what have you.

MR. BROWN: So, there's two important mechanisms here.

First, as Chair Houenou mentioned, products are prescribed by regulation as to what types of products companies can have, as well as what types of ingredients can be in them. They have to file with us a master formulation record, which includes all the ingredients in a particular product. It also includes the methods by which they produce it. So, on the front end, they have to comply with those regulations; they have to submit that information to us. And, we do heavily regulate what can be put into vape cartridges. It's predominantly just cannabis extract. They can also add terpenes, which are flavorings, as well as some other ingredients. Many ingredients, though -- especially those that have proven to be harmful -- are banned.

We also have testing standards. So, every product is third-party tested; every batch is third-party tested before it goes to market. And, the third-party testing looks not only for potency, but also for harmful additives,

chemicals, heavy metals, mold, yeast -- things like that that could be potentially harmful for consumers.

SENATOR MADDEN: Thank you.

I have two more questions if I may, Mr. Chair -- one for the director, one for the chair.

Director, in your testimony, you talked about 15% of the licenses going to minorities, women, and veterans. I believe the number you quoted was -- you thought you were doing a good job, I believe you said 21% went to minorities; 18% are women. I'll let you return to it.

MR. BROWN: Yes, would you like me to run through the numbers again?

SENATOR MADDEN: No, I think I'm -- am I right, with what I'm saying?

MR. BROWN: Yes, so, when we look at all the annual adult-use licenses awarded, that includes the expanded, the ATCs -- those were, by law, allowed to expand.

SENATOR MADDEN: The licenses where -- which -- you need 15% of your licenses in these three categories -- 15, 15, and 15?

MR. BROWN: It's 15 for certified minority-owned businesses, and it's 15 for the combination of women-owned businesses and disabled veteran-owned businesses. And, the numbers are -- that we're currently at -- are 20% to certified minority-owned; 18% to certified women-owned; 15% to minority- and women-owned; and 4% to disabled veteran-owned. And, that includes the expanded ATCs, which are a less diverse group than what we're licensing for a new process. Those numbers are much higher when we

look at just the newly licensed -- newly-awarded licensees under the CRC's licensing process.

SENATOR MADDEN: Would you consider 4% for the veterans to be a success for the Commission?

MR. BROWN: It's disabled veterans specifically, and we're always working on outreach in that community--

SENATOR MADDEN: OK--

MR. BROWN: --and, we can certainly get data on the total population that are disabled veterans, and we'd like to look at that versus what we've issued -- same thing when we talk about the demographic data.

But, we can always do better.

SENATOR MADDEN: It's fine, you know, when the whole Commission is rolling along and this is all being validated up here in the Statehouse. A lot of things are tweaked to get votes to support something, and the veterans component pulled some votes in to support it. And, I think if those people that jumped on -- pulled or pushed their vote -- if their vote was to get them over the top to support the advancement of the cannabis world, and the veteran's access did that, I truly believe they'd be disappointed to know that only 4% of the veterans -- of the licenses are veterans.

That's why I'm asking the question; if the outreach is there, I'll take you at your word, and I hope it's just as aggressive and the Commission stays focused to try and make sure that the people who gave a lot for our country have a real good opportunity to flourish in this market if that's what they want to do.

MS. HOUENOU: Absolutely.

Just to give you a sense -- a small sampling -- of the kind of outreach that has been done, our staff have been connected with the Department of Military and Veteran Affairs and their teams to communicate directly to veterans. We've also engaged with numerous veteran communities -- local veteran communities -- across the state so that they understand that this is an opportunity for them, and that we want to see their participation in this market, especially given the sacrifices that they have made. I think New Jersey has done tremendous work to include incentives and promotion of veterans as business owners in our state.

So, that's just a small example of how do we do our outreach, but, where we're in constant communication with veterans-advocacy groups and leaders in veteran communities across the state.

SENATOR MADDEN: Thank you, Chair.

And, my last and final question is for yourself. In your testimony, you used the phrase, "meet market demand." You're doing the best you can to help, from a commission sense, to meet the market demand. And, it just caught me for a minute, because I'm thinking "meet market demand" would be something that a business would be saying if I'm trying to sell a product.

And, maybe you are looked at as a business trying to encourage the use of marijuana in the state. I don't believe that's what the Commission's role is -- I believe it's more about regulatory work -- but could you, do you recall referencing "meet market demand" in your testimony?

MS. HOUENOU: So, I think our-- What I have been referencing is that the Commission will evaluate the market demands and develop its regulations accordingly. Certainly, the Commission's focus is on

oversight; making sure that our entrepreneurs in this state know the rules of the road if they want to own a cannabis business, and enforcing those rules to make sure that we have an industry of responsible operators.

But, yes, it is of course the businesses themselves that will be put to the test, and see if their business model -- if their products that they are offering -- actually do meet the demands of consumers and of patients. But, the role of the Commission -- especially as a new agency standing up this new industry -- we inherently need to assess and understand what the demands are across the state for our patient community and our adult-use recreational consumers, and then provide regulations and opportunities accordingly.

SENATOR MADDEN: Thank you, very very clear and exquisite. Thank you.

And, finally, to Chair Stack, I asked specifically the questions regarding flavors and menthols. In the Health Committee, we've been dealing with this off and on over the past number of years, the vaping components, and the studies that were done on addiction, so I'm concerned that we might have a double standard -- or, we would surely *not* want to have a double standard in New Jersey -- if we are banning such products in the tobacco world, by law, but yet not addressing any of it in the cannabis world.

And, that was the reason, trying to decipher the differences or the nuances of the cannabis -- it's new -- and how that's moving forward, versus what we are aggressively going after in the tobacco world.

So, thank you for your extended time for questioning.

SENATOR STACK: Thank you, Senator Madden.

Senator Smith.

SENATOR SMITH: So, I only know the CRC and its activities through the *Star-Ledger*. *Star-Ledger*, I think three months ago, reported that the CRC voided a license -- a major company in the state -- and then a week later, restored it. What I heard at the time was that the industry was shaken to the core, because they thought there was some uncertainty in New Jersey's regulatory system.

Can somebody tell me what happened, and why was it voided, why was it restored, and do you see future incidents like that recurring?

MS. HOUENOU: Certainly; thank you, Senator.

So, to clarify, the Commission has not voided or revoked any license. What happened was, on April 13, at its public board meeting, the Commission decided to not renew the licenses of one operator. And, at that same meeting, the board approved the renewal of several other businesses currently operating in the state.

So, the reasons that were highlighted during that Board meeting for the decision to not renew those licenses of this one entity included concerns about the representations that the company made to the Commission about its operations and its adherence to the law -- in particular, the labor requirements that the Legislature codified in the CREAMM Act. And, the company did not assuage those concerns during that board meeting. Now, afterwards, that company *did* come back to the table and was open to addressing those concerns with the Board, so the Board later decided to renew the licenses for that company with certain conditions.

I want to underscore that the Board of Commissioners is committed to making sure that our industry has safe and responsible operators who follow the rules and follow the law. Whether business is big

or small, we make sure that we hold businesses accountable if they want to operate in this industry, just as in any other regulated industry. And, New Jersey is not-- New Jersey's cannabis industry is not a one-company industry. We make sure that we have multiple businesses operating across the state so that, even if one falters, that does not have a negative impact on the industry and the market as a whole.

SENATOR SMITH: So, I get your rationale. Companies that work in New Jersey should obey the rules.

But, I guess the follow-up question is why weren't they just brought in before the renewals, and said you're not meeting the terms (indiscernible) commitment to renew without having the license being not renewed in a very, very public discussion -- which, I'm fine with, except it seems like it's a very drastic step if there wasn't prior opportunities to bring them in, say, "You're not meeting the rules, you're not going to be able to renew unless you do," as opposed to actually not renewing, headlines, and then a week later, restoring. Which makes the Commission look like a little erratic. And, I know that's not what you are, you (indiscernible) here, absolutely, (indiscernible)

But, why not bring the company in first? (indiscernible)

MS. HOUENOU: So, I can't comment on the internal deliberations and confidential conversations that happened between the agency and the regulated entities; however, I can say that the material that was provided to the Commission on the record was not enough to assuage the concerns that were raised by the board.

But, ultimately, I am happy that the company came back to us and was open and willing to address the concerns that the Board raised. And,

so, accordingly, the board will continue to monitor and enforce the company's actions, as well as those of other companies.

SENATOR SMITH: Got it. And, there's no question the end result is good.

But, did the CRC talk to that company before the renewal, and say, "You're not meeting our standards?" Or, did you feel that the only way you would get their attention was by not renewing?

MS. HOUENOU: Again, I can't speak to-- I can't comment on the confidential conversations--

SENATOR SMITH: I don't want to know that--

MS. HOUENOU: --but, there has been--

SENATOR SMITH: --but, did you meet with them beforehand, before that meeting, to say you got a--

MS. HOUENOU: Yes, our staff is in constant communication with our regulated entities.

SENATOR SMITH: All right.

SENATOR STACK: I have just a quick question before I call upon Senator Lagana.

How often do you report back to the Legislature, just to give us a report and advise us? Just for transparency purposes?

MS. HOUENOU: So, we provide reports to the Legislature in multiple forms, and they happen periodically throughout the year.

Annually, the Commission provides the Legislature with recommendations on how to allocate funds that are raised by the social equity excise fee, and this year's recommendations on the Commission were forwarded to the members of the Legislature in February.

Also, we have constant communications with lawmakers, we have a Director of Governmental Affairs, and our Chief of Staff who are experienced in--

SENATOR STACK: Right. Not to interrupt you, but how many times is that a year? Do you report back to us in writing? Because, I don't remember receiving much from the CRC.

It would be good to receive something at least -- at *least* -- quarterly back to us. And, if we have to do that legislatively, I'm sure we could get support to do that.

But, there should be reports on a regular basis. Even every 60 days; every 90 days; a report back to the Legislature advising us. This is so important to the State, and to make sure we're being transparent. And, this way it's out there. It's out there for the media; it's out there for everyone to see exactly what's going on, that we don't need to just hold a hearing like this, whether it be once a year. It should be on a constant basis, though, it should be a report back to all of us, both the Senate and the Assembly, and, obviously, to the Chief Executive.

MS. HOUENOU: Absolutely, and we're happy to provide regular reports to the Legislature.

I do want to note before I hand it over to Director Brown for additional context and information that we do make information available publicly on our website about how many applications are being reviewed; the number of awards that are being issued; sales numbers; as well as the demographic data about our awardees and our applications. Those are reports that are updated regularly and are available on our website.

I'll hand it over to Director Brown for additional--

SENATOR STACK: Right, I'm just concerned that we're meeting deadlines -- deadlines across the board. Not only the people applying for applications, but other commitments that were made.

I know that -- and, I've been told this, and maybe my information is not the best on this -- but I've been told that Rutgers, Barnabas, Seton Hall, Hackensack Medical School, had the opportunity under law to do a clinical research the way Temple, Drexel, and U Penn are doing in Pennsylvania. Yet, there was a deadline on this in 2021 in New Jersey -- this hasn't been done; there's been no RFP put out on this. That's another question that I had.

But, I think it's important that we not just put things on the website willy nilly, that it's done more on a regular basis that there's a report back to us. At least every -- the latest, I would say every 90 days, I think there should be a report back -- a written report sent out, whether it be by email, whatever it may be -- to all. Just so that it's out there.

Can I get a commitment on that?

MR. BROWN: Chairman, I was just going to note that now that we've hit our first year of legal sales, we're working on the first annual report, which will be to the Legislature and the Governor.

We do do quarterly reports, and we absolutely can send those around to the entire Legislature after they're presented at our public meeting and then posted. So, that is not a problem.

SENATOR STACK: All right, so, Jeff committed. You'll get us a quarterly report, then.

MR. BROWN: The quarterly licensing report that we issue, we will send that to the Legislature so that all -- so that everybody is informed on the progress that we're making.

SENATOR STACK: Good. Just as much information as possible.

MR. BROWN: Yes.

SENATOR STACK: And, what about the second question I had, about what Pennsylvania is doing on clinical research, and that there was -- I believe it was part of a legislation. What's happening with that?

MR. BROWN: So, the Board voted to propose rules at the meeting this week on that matter, specifically. So, as soon as that's published in the register, we'll collect public comment and begin that process.

SENATOR STACK: OK, great; thank you.

Senator Lagana.

SENATOR LAGANA: Thank you, Chairman.

Good morning; thank you for your testimony.

I have a question about the regulation of illegal sales. And I don't mean selling on the corner, I mean, what's happening -- and, I hear a lot of it anecdotally and I just kind of see it myself in gas stations, corner shops -- I hear more and more complaints about people just straight up selling marijuana, cannabis, at their locations, vape shops. There's something called Delta 8 that's being looked at right now.

My question is, does the CRC have any involvement in that, or is that just the Attorney General's Office and law enforcement that deals with it? What is your role in all of this? Because it seems like-- It seems like you can walk in to pretty much any place now and there's going to be a little plastic shelf with things on it that looks like it's cannabis. I'm just curious if you've had any hearings on it, if you've addressed it, or what your role would be on that at that level.

MS. HOUENOU: Certainly.

So, under the law, the Commission only has oversight over licensed businesses and those who are -- businesses who are seeking to be licensed by the State. So, we do not have regulatory or enforcement authority against any businesses that are operating outside of the legal landscape provided by the CREAMM Act.

However, what we *do* do is we engage with law enforcement and local officials to alert them to who *is* licensed by the State, so that they know if there is a business in their town that is operating with the rules. We also work with law enforcement to do the same as well. And, outside of the communication with government officials, we also talk to our legacy operators -- those individuals who may currently or in the past have engaged in the marijuana operations -- unregulated marijuana operations. And, we engage with them to encourage them to come over to the regulated side, because we know that if we open the door as wide as possible to those operators, we do know that we've got some who want to come through that door and join the regulated market so that they are no longer operating in the shadows, no longer worried about potential consequences of doing such.

Before the businesses that are currently operating in this so-called "grey market" that you're speaking to, Senator, we work within our authority to partner with other officials to inform them of what they can do and who is licensed by the State.

And, with that, I'll hand it over to Director Brown.

MR. BROWN: Just-- You mentioned Delta 8, and I concur with what the Chair said. Our authority is specific to cannabis, medicinal cannabis, the legal, regulated variety.

But, hemp -- which was legalized in the Farm Bill of 2018 Federally, and there's been some court cases that have sort of supported the proliferation of Delta 8, Delta 10, other products -- that is certainly an issue that impacts legal, regulated sales. I think those products-- There certainly needs to be more done in relation to those products. We don't have regulatory authority in those, but we did work with the Department of Agriculture, which regulates New Jersey hemp producers to make sure that there's no Delta 8 products coming from New Jersey hemp producers. So, what's coming from New Jersey-- Those products are not coming from New Jersey, they're coming from other states. And, I'm hopeful that the Federal government will look at the Farm Bill again -- they're supposed to look at it again this year -- and, that's certainly an issue that does impact our market, but we don't have any authority over it.

SENATOR LAGANA: Chairman, if I may.

Just, from my assessment, it feels like maybe a blind eye is being turned to a lot of these sales, and I just think about it locally. Is it the obligation of local law enforcement to deal with it, and does the Attorney General have a taskforce or a team that is in charge with this? Is this coming from DCA?

It just seems like this is happening; we kind of know it's happening; and there's no real authority to stop it. I'm not saying it's you, but what I'm saying is, do you think that you should be given the tools and the power to be involved in something like this? To have some -- obviously not on the law enforcement side of it -- but the ability to levy fines; the ability to have inspectors on your end to go out and maybe deal with complaints that are made directly to you?

It just seems like there's no real authority right now that's overseeing this. And, I don't know if this is a question for the Attorney General or not, but, I live in Paramus. There's probably 50 gas stations in my town up and down Route 17 and Route 4. I guarantee you if I walk into any one of those, you would maybe raise an eyebrow to some things that are being sold in some of those places. And, no one is doing anything about it, and it's been a little frustrating.

MR. BROWN: What's-- And, I've seen this with my own eyes, what we see in gas stations is largely these hemp products, and that's-- Those are proliferated because of the Farm Bill, the 2018 Farm Bill, and, again, some related Federal Court cases, court decisions.

And, we do have calls with the Attorney General's Office; we keep them informed. We field complaints, as the Chair mentioned. Local law enforcement will reach out and say, "Is this a licensed business?" and we provide them that information. Same thing -- as we receive complaints, we refer those to the appropriate law enforcement agency, whether it be local, State, or otherwise. We do have a charge to coordinate, and that we absolutely do. We have a lot of ex-state troopers, ex-law enforcement, who work for us and do a great job of coordinating with law enforcement.

Under the statute, marijuana -- which is, defined marijuana as the non-legal variety -- is, in fact, still handled under the criminal codes.

SENATOR LAGANA: So, can you just talk a little bit more about the hemp product, just for kind of our own understanding, just more clarification? Is it-- I understand it's been regulated Federally. Now, does that-- Is it the Farm Act, is that what you--

MR. BROWN: The Farm Bill of 2018--

SENATOR LAGANA: Farm Bill of 2018--

MR. BROWN: --which legalized hemp nationwide.

SENATOR LAGANA: Legalized it nationwide, OK.

So, that would supersede any State law?

MR. BROWN: So, under that Farm Bill, the USDA has authority over the production, but also states do. And, as I mentioned, we've worked with the Department of Agriculture to put in place restrictions so that-- They put in place restrictions, so the hemp producers here are not making those products. But, it is coming in from other states where those restrictions may not exist.

And, at the Federal level, it's USDA over production and the FDA over, essentially, products. The FDA recently noted that they needed-- They didn't feel they had the adequate regulatory framework under the current statute to address these products, and that's why I believe the Farm Bill is up for reauthorization this year. So, I would expect to see, certainly, something come Federally. States are also taking actions.

And, one thing that we can provide to the Committee through the Chair after this, we do participate in the Cannabis Regulators Association, and put out a number of fact sheets on hemp products, hemp-derived products, kind of the implications there. We'd be happy to provide those to Committee members.

SENATOR LAGANA: Sure, I mean, that was going to be my next question -- is it that -- we're talking about hemp. Hemp is-- Is it just, I guess, doesn't have THC in it? Is that the difference?

MR. BROWN: By its statute, but by law it's supposed to have less than .3% delta 9 THC by dry weight.

SENATOR LAGANA: OK, so, what's being sold, or maybe being brought in from other states, is it just cannabis under a different name, just being marketed as a hemp product that would be legal, but really not legal because of what the substance contains? Is that what we're seeing in some places that have been investigated?

MR. BROWN: Yes, hemp is defined as-- It's essentially cannabis with less than .3% delta 9 THC by dry weight. And, so, if a product meets that standard and it's produced under the hemp regulations Federally or in a state, then it does qualify for that. So, I think, having seen these products in gas stations in my town, it does seem to be Delta 8 hemp otherwise.

And, again, I'm happy to-- We don't have authority over those; we are lucky to have strong partners in our Department of Agriculture, and, again, we've worked with them to make sure that those products are not coming from New Jersey. But, since it's legal Federally, it's fair game for interstate commerce; they are certainly coming into the state.

And, as I mentioned, happy to provide some fact sheets on those products through the chair after this hearing.

SENATOR LAGANA: Do you think that we, as a Legislature, should move to ban those types of sales (indiscernible)

MR. BROWN: I can't comment on pending legislation. But, I do think that they do pose challenges. They pose challenges to the legal market; and they, certainly, there are public health concerns associated with them.

SENATOR LAGANA: Is there a way that we could provide information, maybe to municipalities, cities, at least giving governing bodies

-- local governing bodies -- the ability to maybe put out information to local businesses about what can be sold and what cannot be sold?

UNIDENTIFIED SPEAKER: Yes.

SENATOR LAGANA: Some type of informational letter that can go out to businesses, especially, typically, the ones that we see, that would be selling essential products?

Just because, you know, from my discussions with people locally, this is where kids-- And, that's my whole point here, is that adults *and* kids are going into these types of places and buying these things; they're getting high; they're getting messed up. A lot of times they are-- They come in packaging that looks like it's real, but these things are bootleg, they're not made in labs where legal product is made, and we're seeing a lot of people get sick from it. And, again, I feel like no one is doing anything about it, and that's kind of my frustration.

UNIDENTIFIED SPEAKER: That's a great point.

MR. BROWN: Yes, I mean, we don't have any authority over those products. We certainly wouldn't be ones to provide guidance on it. It is predominantly a Federal issue because of the Farm Bill, and it is up for reauthorization this year. That's my understanding.

Again, I am happy to provide what information we can to the Committee. But we don't have authority over those products.

SENATOR LAGANA: But, we would be able to ban hemp products, if we wanted, as a state?

MR. BROWN: I mean, that-- I'd have to get back to you. I don't know the legality of that specifically.

SENATOR LAGANA: Thank you, I appreciate your testimony.

MR. BROWN: And, just, quickly, we did get confirmation from our Office of Compliance and Investigations, Senator Madden, that menthol is-- No menthol is being used as an additive in any products currently.

SENATOR MADDEN: Thank you.

SENATOR STACK: Thank you very much, Senator Lagana.

Very good points. We've had similar products -- and, I know that you don't have jurisdiction over it -- but it's being sold to teenagers, being sold to kids in Union City. We just shut down two businesses in the city, pulled their certificate of occupancy, for doing exactly just that.

So, definitely, what Senator Lagana mentioned, I think we need to seek guidance from the Attorney General's office and have them get something out. Because local police departments are not even sure what they can enforce; what they can't enforce. And, that's leading to the confusion here.

Senator -- I'm sorry -- Senator Singleton.

SENATOR SINGLETON: Thank you, Chairman.

Good morning, all.

I just want to follow up on the conversations that you all had with my colleague, Senator Smith. Based on the statute, what is the timeline that our operators are required to have in place with a labor-peace agreement?

MS. HOUENOU: So, there are-- The statute does have some provisions regarding timelines. I believe it's-- I'll have to ask my colleagues, but it's 100 or 200 days, 200 days -- yes.

And, so there are-- So, while that is certainly regulated in -- I'm sorry, not regulated, but stipulated in statute, we engage with our regulated entities constantly to get updates and see where they are at.

SENATOR SINGLETON: So, within that 200 days that the statute prescribed the labor-peace agreement, is required to have -- operators are required to have-- Senator Smith opined about a particular well-known operator. Did they meet that 200-day statutory deadline?

MR. BROWN: I just wanted to note a distinction.

The labor-peace agreement is required of any non-micro business applicant. So, in order to get into the market if you're not a micro business, you need that labor-peace agreement, and you need to maintain it.

The 200-day requirement in statute -- and, it's a requirement to make a good-faith effort to enter into a collective bargaining agreement -- that is in statute. In regulation, based on some correspondence we had with the NLRB, our regulation states that its 200 days after an authorization vote they must enter into a collective bargaining agreement. And, that labor-peace agreement is-- Maintaining that labor-peace agreement is a condition of-- They need that application, and they need to maintain that as a condition of licensure.

SENATOR SINGLETON: So, the 200 days that is in statute that you just opined that you have flexibility based on what the NLRB has told you, that 200 days when an authorization vote is taken.

Did every-- Did the license entity in question meet the 200-day standard after an authorization vote was taken?

MS. HOUENOU: Well, so, I think it's-- We won't be able to answer that question directly at this point in time because the entities often- - What they do is they do separate their conversations by facilities. We have entities that have multiple facilities across the state. So, we'll get back to you, we'll check with our staff, and we'll get back to you as quickly as we can.

SENATOR SINGLETON: Madam Chair, respectfully, you suspended the license of the entity in April. So, I would assume you suspended it because they did not meet the 200-day standard. Or, was there some other reason why you suspended the license of that particular entity?

MS. HOUENOU: We didn't suspend any license; no entity has had their license suspended. Rather, the Commission had previously decided to not renew the license of one entity.

SENATOR SINGLETON: Fair enough; fair enough.

So, you decided not to renew the license of one entity? Was it because they had not met the 200-day standard, or was there some other reason why you decided not to renew that license?

MS. HOUENOU: The concerns that were expressed on the record are not unique to just labor-peace agreement requirements, so I'll have to let the Board's actions and the reasons that were stated on the record stand for themselves.

SENATOR SINGLETON: Well, I just wanted-- I mean, you spoke a little while ago, on this record, that you-- And, you raised the labor-peace agreement as a concern, a viable concern. You had a very eloquent and articulate response on that labor-peace agreement. And, I appreciate your passion, someone who there's no, everyone here knows this, as a card-carrying union member, I appreciated that passion.

So, I know -- at least from what I heard -- that seemed like a pretty profound reason why it happened. So, my question would be, in the subsequent news article, it was stated that the CRC was going to review, at its June meeting, the status of that particular license holder's -- my word here

-- commitment or adherence to a labor-peace agreement at its June meeting. Is that correct?

MS. HOUENOU: I'm not sure the-- I don't know what the report that you're speaking of, exactly, meant to convey. But, I know the Commission has never indicated that it would take action or consider those particular licenses at its June meeting.

Rather, the conditions that the board approved and imposed on the renewal of the adult-use licenses was for the entity to provide certain information to the Commission by a date certain. So, there's no action that was considered or up for consideration at all on that matter at its June 1 public meeting.

SENATOR SINGLETON: So, in the April 17 report, based on the hearing that was conducted by the publication, *Philly Voice*, it was articulated in that meeting that the license holder in question will be required to testify about progress in its bargaining with the union at its next CRC meeting in June. Is that accurate?

MS. HOUENOU: That's not accurate, no.

SENATOR SINGLETON: It's not accurate; OK, fair enough.

The, roughly -- I think I heard this, and I apologize if I got this wrong -- the roughly 1,300 or so approved applications. How many have been conditionally approved?

MR. BROWN: One thousand one hundred sixty-eight are conditional.

SENATOR SINGLETON: And of those conditional licenses, how many have applied to convert to full permits? All of them?

MR. BROWN: Three hundred fifteen.

SENATOR SINGLETON: And, how many of those 315 have been approved?

MR. BROWN: So, it's in-- We presented a packet of data that is in here, I just have to add up the numbers. I believe it's 70.

SENATOR SINGLETON: So, in one year, we approved 70 license holders?

MR. BROWN: Well, not--

SENATOR SINGLETON: Well, approved from conditional to graduated to full. Because, conditional, typically, are more of the non-corporate cannabis entities, correct?

MR. BROWN: Yes, well, the conditional license, which is created in statute, is only available to individuals making less than \$200,000 a year -- or \$400,000 if filing married. So, that is correct.

Now, we started approving conditional licenses in March of 2021, and then we started to see the first conversions come in, I believe at the end of the summer. But, they really started coming in at the end of 2022 and into 2023. So, it did not take a year for conditional -- those conversions, necessarily. I can't speak to every single one, but the timelines that I gave for how we are doing with applications that are coming in that meet all the requirements and we can just move forward.

So, we're at 70 right now; 70 conversions to annual approved.

SENATOR SINGLETON: So, 70 when the process started in March of 2021 for folks getting approved as conditional licenses? Because I think that's what you said, in the March of 2021 you started approving conditionals, and up until now -- two-plus years later -- we've had 70 that have made it through the process.

MR. BROWN: But, in March of 2021, there were no conversions filed.

SENATOR SINGLETON: So--

MR. BROWN: I understand what you're saying. The--

SENATOR SINGLETON: Well, I don't think you do, because you didn't answer my question. Because it's a simple enough question -- the number of folks who have applied to be conditioned. You've had conditional processes March of 2021. In that process -- till now -- there have been 70 that have been approved. Is that--

MR. BROWN: That's correct, there's 70 conditional conversions to annuals that have been approved and awarded.

SENATOR SINGLETON: And, a vast majority of those, based on the statutes written in our bills, sort of small business, shall we say -- cannabis operators -- is that fair, or is that not fair?

MR. BROWN: I don't think that's necessarily true--

SENATOR SINGLETON: OK--

MR. BROWN: --there are businesses of all sizes. They are--

SENATOR SINGLETON: Well, it can't be above a certain number, (indiscernible)--

MR. BROWN: Well, the individuals who own them can't be above a certain income threshold--

SENATOR SINGLETON: Right--

MR. BROWN: --but they can certainly propose to have-- For example, our cultivators are done by tier, and so they could certainly-- You could have conditional conversion that absolutely applies to be the largest-tier cultivator, which is up to 150,000 square feet.

So, it doesn't necessarily correspond to the business size, it corresponds to the qualifications for the conditional license--

SENATOR SINGLETON: Right--

MR. BROWN: --which is tied to the owner's income.

SENATOR SINGLETON: But, the vast majority of those wouldn't be at that higher level just yet, because they're making their way towards that higher level?

MR. BROWN: That's correct; yes.

SENATOR SINGLETON: So, it is more of a small to midsize cannabis operator who's hoping to continue to grow. Is that sort of the problem we're talking about?

MR. BROWN: Again, I think that the businesses being proposed by conditional applicants are not necessarily all small businesses. Simply, some are micro businesses; some intend to be a medium-size retailer, but they can-- We certainly have some that, again, in cultivation are aiming to hit that highest cultivation tier, which would be a very large business.

SENATOR SINGLETON: Sure, but they're not there yet.

MR. BROWN: Well, they're implementing their businesses, yes.

SENATOR SINGLETON: With respect to the charge -- again, statutory charge -- to the CRC to develop -- pardon me -- standards for the workplace impairment recognition expert. I know through (indiscernible) guidance was issued in September -- last year, I believe it was.

What is the status of -- are those standards -- where are we at with respect to those standards being implemented, proposed, or is it just a guidance that's still hanging out there at this point?

MR. BROWN: So, you're correct, we did issue guidance that was meant to give flexibility to employers and how they address keeping cannabis -- maintaining drug-free workplaces, which is fully under their right, under the statute. It pairs the use of what's called a "reasonable suspicion of observed behavior report," which employers use across the country to document signs of potential cannabis use, and suggests other means that employers can use like cognitive impairment testing in order to maintain drug-free workplaces. These are things that are being used now by employers across the country.

Development of those regulations remains ongoing. The wire concept is a new one in New Jersey, and it's one that we're certainly working on. That guidance, we've put that in place, and that remains in place.

SENATOR SINGLETON: I guess my question, though, was where are we at with the development of the standards that the statute requires you to put in place?

MR. BROWN: Those are still under development.

SENATOR SINGLETON: Any sense on timeline of when those standards will be ready to be published so that there's uniformity across the board for how businesses deal with cannabis in the workplace?

MR. BROWN: The-- I don't have a specific timeline. We've continued to engage with stakeholders on it, to understand the concepts. The guidance was meant to assist in sort of taking a step towards more uniform treatment under the statute, informing employers of their rights under the statute to maintain drug-free workplaces and giving them mechanisms in order to do that.

I don't have a firm timeline on the standards themselves for wires, though.

SENATOR SINGLETON: So, you all have not set any deadlines for yourself, or when you want to have this done?

MR. BROWN: I'm not going to say we don't have internal deadlines.

SENATOR SINGLETON: So, when are they? What are your internal deadlines?

MR. BROWN: Again, those are all deliberative matters.

SENATOR SINGLETON: I mean, the statute is pretty clear, because you have to do this. Is it more-- Would it be easier for you, for the Legislature to tell you you have six months to actually propose those? Or 12 months? As opposed to this internal deliberating process that is going on for a while?

MR. BROWN: I mean, this is-- We know it's a priority. Again, it is a concept that is new to New Jersey, and it is one that we want to get right.

The guidance has been effectively assisting employers with understanding their rights under the statute to maintain drug-free workplaces, and we continue to work towards getting those standards out the door.

SENATOR SINGLETON: OK.

My final question -- and, thank you, Chairman, for the latitude.

Pricing has always been a great concern of my colleagues, I'm sure on both sides of the aisle, have heard it from many of their constituents.

New Jersey is one of the highest in the nation, and, oftentimes, what is quoted is the lack of legal cannabis supplies with the main driver of that concern.

What tools or mechanisms does the CRC have at its disposal to put down the pressure on pricing as some states are able to do? And, if not a tool in your toolbox, is that a tool that would be something that would allow you all to have an ability to actually reframe this price discussion in such a way, especially on the medical side?

I mean, I'm not trying to dispute and disrupt the recreational side -- I get that. But, on the medical side, there's a consensus that for many, this is medicine. We are really pricing people out of their medical needs and ability to satisfy their ailments. What tools in your toolbox do you have to put down the pressure on pricing, and is there other states that you look at that you say, "I wish I had this tool to be able to do that" as you inform the Legislature around that conversation around pricing?

MR. BROWN: The best tool that we have in our toolbox is to issue -- in the medicinal space -- to issue permits. And, we have. We issued 44 in 2021.

You know, it takes a long time for cannabis businesses, unfortunately, to get operational. And, so, I think only 10 of those have completed the permitting process and built out their facilities. But, in total, we've now -- between medical and recreational -- we're over 50 cultivators in the pipeline, or operational. That will greatly assist with price. That's the best tool that we have now in order to combat price.

I agree with you, pricing needs to be lower for patients for sure. That's something that I will happily engage with you and other legislators to discuss in more detail. But, the best tool that we have in our toolbox right

now is to issue licenses and permits to businesses so they can get more supply into the market.

SENATOR SINGLETON: How many licensed cultivators do we have in the state?

MR. BROWN: Licensed, I believe 17. It might be 19 now who have received licenses or permits.

SENATOR SINGLETON: So, can you put that in comparison? On average, a state that has recreational-use cannabis -- how many cultivators do they have?

MR. BROWN: So, earlier this year, the board took no action in allowing statutory caps to expire on cultivators. When you look at the number of cultivators per residents, New Jersey is, I believe-- Most states, if you look at the average nationally, it's about one cultivator for every 80,000 residents. We're at, like, one cultivator for I think every 400,000 residents, so we need more cultivation capacity online; we need more cultivators serving this market for sure.

That's why we have 14 issued in the medical space in 2021. A couple of those are operational. And, then, we've issued 50 awards or licenses in the adult-use space in order to increase cultivation capacity.

SENATOR SINGLETON: So, my notes here tell me, on average, a state with recreational-use cannabis has 889 licensed cultivators?

MR. BROWN: That's correct, and--

SENATOR SINGLETON: And we have 17.

MR. BROWN: Yes--

SENATOR SINGLETON: And 11 in recreational--

MR. BROWN: --yes, we need more cultivators online and serving this market; that is 100% accurate.

SENATOR SINGLETON: So, we need to move that pipeline on the table a little bit faster to get us more cultivators. Because 17 or 11 were recreational, compared to 889.

If we're serious about putting down the pressure on pricing, we've got to expedite that.

MR. BROWN: Yes, I mean, the thing is-- And, I agree with you 100%; we need to issue more cultivation licenses, more permits.

The cultivators in particular take a long time to build out and become operational. I'd say the fastest I've seen one get operational -- and, that was just in pods -- was six months. And, that's an extreme outlier, most take a year -- most take well over a year in order to get fully operational; probably more in the two- to three-year mark. Which is why we only have a limited number from that 2019 RFA that are operational, and we're seeing-- But, my hope is, as the Commission continues to issue licenses, we get more capacity online, with micro-business cultivators they hopefully should be able to -- even though they're smaller -- get operational more quickly because they're smaller facilities. But, our focus is on continuing to issue those licenses. Once the awards are issued, it's up to the business to really implement, construct their facility and get operational.

One thing I do want to mention on price, and a type of cultivator that *could* become operational more quickly -- unfortunately, we're not seeing it -- is outdoor cultivators. If there was outdoor cultivation in the State of New Jersey, the price would drop by probably about 50% as soon as the cultivators come online. Outdoor cultivation wholesales at about half the

price of indoor cultivation. Unfortunately, all of the cultivation in New Jersey right now is indoor. When I talk to patients, they do want sun-and-soil-grown cannabis, and we don't have that in New Jersey right now; it's all indoor. We've put in place regulations to allow for outdoor cultivation, and, unfortunately, we haven't had any entity take us up on that. There are certainly areas of the state that are well-suited for it, that can achieve outdoor cultivation. It's done in Vermont, which is well north of here; it's done in New York; it's done in Maryland. It's also much more environmentally friendly than an indoor cultivation.

So, we would love to see more operators take us up on outdoor cultivation. That would immediately bring down price.

SENATOR SINGLETON: Yes, well, as you know, there are some folks who are trying to do that--

MR. BROWN: Yes--

SENATOR SINGLETON: --and they run into a whole host of problems, being able to grow outdoors. And, a large measure of those problems have nothing to do with the CRC; a lot of that is our local leadership who are afraid of allowing outdoor cannabis to happen for a whole host of reasons -- some real, some imaginary -- as it relates to that.

But, I agree, indoor cannabis actually is probably, from an environment standpoint, it's probably one of the most environmentally deficient ways of actually growing cannabis that is naturally grown outside, and also has such a negative impact with the amount of CO₂ that is emitted into the air. It is literally harming the environment for us to chase dollars to do it.

So, if our ability to be able to actually continue to find suppliers because this start -- 889 to 17 -- is just so stark that we have to look through, whether it's a legislative process or a regulatory process, to find means to allow outdoor cannabis to actually grow. Because there are a lot of entrepreneurs who want to move in this space, but the ability to get a building, put all of the equipment that goes into it, it becomes cost-prohibitive to many of those social equity individuals that we've all talked about and opined about when we sat here trying to move this forward that haven't had offline conversations, especially with the Chair.

I know it's a passion, and I know it's a commitment, so our ability to try and do that-- I think that is something that would be helpful for this Commission to come back to the Legislature and say, "Hey, you want to put down the pressure on pricing, you want to actually do something better for the environment more broadly, we need to find ways to incentivize and move hurdles and barriers to have outdoor cultivation sites to happen."

I associate myself with everything you said about it. That is an opportunity for us to grow more cultivators, to be better for our environment, and, ultimately, to put downward pressure on pricing beyond any other mechanism that we can do.

So, Chairman, thank you for the indulgence and the opportunity to talk to this group.

Thank you.

SENATOR STACK: Thank you, Senator.

Senator Testa.

SENATOR TESTA: Thank you, Mr. Chairman.

I really appreciate your testimony today.

I think we're going to be here for a while on a Friday. Luckily, the weather is not really nice in the summertime here.

You said that your staff is growing. I didn't get to record -- how many staff did you originally have, and how many staff do you have today?

MR. BROWN: When we moved over from the Department of Health, we had 21 staff, plus five commissioners who were appointed. And, then, we're at 81 right now, and within a year, we should be over 135.

SENATOR TESTA: I hate to be persnickety. I also sit on the Senate Budget and Appropriations Committee, so I don't want to just see another governmental agency continue to grow and not know what's happening and not know what the budget is.

What is your current budget for the CRC?

MR. BROWN: I believe for this fiscal year, it's \$17 million, and for next fiscal year it's \$19 million.

Our budget is funded out of the CREAMM Fund, which is the trust fund where tax revenue and fees are deposited. And, so, essentially, tax revenue comes in -- up to 30% of that tax revenue can be dedicated to CRC operations.

SENATOR TESTA: Do you know what the average salary is for an individual employed by the CRC?

MR. BROWN: I do not.

SENATOR TESTA: Through the Chair, could you get that?

MR. BROWN: Yes, we can get that.

SENATOR TESTA: You know, Senator Lagana brought up some really good points about hemp-based products, or derivative products of cannabis, that aren't regulated by the CRC and admittedly not regulated

by the CRC. Our Chairman, Senator Stack, is also a mayor of an urban city that has seen some really bad outcomes from younger people ingesting some of these items, and their availability at your local convenience store, liquor store.

And, I understand that it doesn't fall within your enforcement arm, and you're not an enforcement agency for that. But, can the CRC provide some guidance -- either to the Attorney General and to other law enforcement agencies -- as to what these products are, what to look out for, and how to maybe stop the stream of them from getting into our local convenience stores and local liquor stores?

MR. BROWN: So, again, those products aren't in our purview. We have, though, started to conduct trainings on *our* regulations, *our* rules.

So, we hosted a training particularly for county prosecutors' offices, and I can tell you that we did-- Our team did talk about how to distinguish between legal products that we regulate and products that we don't regulate. And, we focus on assisting-- When we receive inquiries, we certainly assist local law enforcement with making that distinction. Those hemp products look different; they have different labels. We have strict labeling requirements, strict packaging requirements.

So, we provide what assistance we can, which is really focused on our statutory charge. But, we don't have-- Again, we don't have any authority over those products.

SENATOR TESTA: And, I fully understand that you don't have authority over those products, but what I don't want to have happen is say, "Hey, look, the CRC doesn't have authority over these products so we're not really going to do anything about it," and then law enforcement agencies are

saying, “Well, we’re not really sure about these products,” because they’re sold in every convenience store, gas station, or liquor store that are on Route 17 in Paramus, and convenience stores in Vineland, New Jersey, as well.

Somebody has to kind of run point on this and say, “Hey, look, we want to distinguish between the good actors in the industry that are regulated by the CRC, and those who are bad actors,” because I think that there’s a lot of confusion out there, “Hey, this is legal now, we can buy these products, we can use these products.” And, I think there’s a lot of misinformation out there. So, I think that there probably would be a really good idea to have an information campaign as to what the dangers are of these products.

The other thing that I’m concerned about--

SENATOR STACK: Senator Testa, that’s exactly -- I’m sorry to interrupt you -- that’s exactly what’s happening right now. *Exactly* what’s happening.

SENATOR TESTA: Mr. Chairman, look, I’m a criminal defense lawyer. I also represent some urban areas. I see my good friend Todd Edwards is here.

I just don’t want products that aren’t regulated by the CRC, or counterfeit products that people think are now “legal” being ingested by young folks who are experimenting and going to have really bad outcomes. I’m not necessarily in favor of even the regulated products, but they’re here, so we have to make sure that those are regulated properly.

Also, look, my father was one of the lead counsel on the tobacco litigation for the State of New Jersey at a time when first graders were more easily able to identify Joe Camel than they were Mickey Mouse. Some of

those products that Senator Lagana referenced, I've seen them. They're clearly marketed to young people, and it's not your product that's regulated by the CRC, and I get that, and I'm not looking to bang blame or anything like that. But, it's clearly marketed to young people, and I think that might have been where Senator Madden was going with this -- with some of the gummies, some of the edibles, that look like they're clearly marketed to kids and that these are fun things to take, and they can have some dire consequences if they are ingested. So, I think there does need to be an information campaign, and somebody needs to kind of wrap their arms around this issue, and instead of saying, "Hey, that's not really us, and that's this other body," maybe all of you need to get in the same room together and say, "Let's handle this," so that your products that *are* regulated by the CRC aren't demonized, even maybe more than they already are in the public.

I heard about pricing. And, I know that was more related to the medical market, and my friend and colleague Senator Singleton was talking about that. Again -- and, maybe this is misinformation, but this is what I hear from my constituents and on the street, that, "Hey, look, even 'legal' weed is legal now, but it's way too expensive. I can get what I want on the street cheaper," is what I'm hearing.

What is really being done about that to make sure that-- Because I thought the entire purpose of the CRC and to have this legalized in the State of New Jersey was to actually eradicate the black market. If you could give me some numbers and statistics on what you think or know that the black market has been brought down any, if at all, or a lot, I would love to hear your testimony on that.

MR. BROWN: So, I agree that pricing is too high in the legal market. As I mentioned to Senator Singleton, I think the best mechanism that we have right now is to get more licensees into the marketplace to serve consumers.

I think the fastest way to bring lower-priced cannabis to the legal market, notwithstanding barriers that Senator Singleton talked about to it, is with outdoor cultivation. You can-- I believe there's over 400 acres of hemp being grown in New Jersey right now -- which *is* cannabis -- much of it grown outdoors. We would love to see more outdoor cultivation.

Our focus right now, if we can license more businesses, expand retail outlets, that's the best way the CRC can impact illegal sales and convert consumers to the legal market. I like to think that we're not-- We're in the legalization business, so we want to convert consumers from illicit or informal means, informal purchases, to the legal regulated market where products are tested.

Where prices are in New Jersey, though, are not dissimilar to where similar states have been at this juncture in the rollout of the legal market. So, if we look at Illinois or Massachusetts -- which also started with converted medical operators like New Jersey did -- prices remained high for a couple years before they started to drop. I'm confident that prices *will* drop in New Jersey's legal market, we just need to keep the foot on the gas pedal and get licenses awarded and out the door.

And, I'll turn it over to the Chair.

SENATOR STACK: Because, Jeff -- if I could just say something.

What Senator Testa just said, I agree with. Because what's happened now is the black market now is out there, and there are more out

there, just basically out selling it, and they think nothing's going to happen to them--

MR. BROWN: They know--

SENATOR STACK: --it's OK to do it; the police departments are afraid to do anything about that. So, they're advancing in the black market.

I mean, I can only speak from my point of view, what I'm seeing in my district and the city where I'm also the mayor. They think it's OK to be out there and sell it. Anywhere you go, you're smelling it on the street; it's out there. And, you know where it's reaching? And, I know this wasn't the intent, but it's reaching more of the kids. More of the teenagers are out there. You see it. And, I don't think there's enough public information out there. And, maybe this isn't from you, but I don't think we have enough public information out there and information from the health departments saying, "Look, it's not good for you to do that as a teenager," because of these reasons and the medical reasons that are stated.

But, having said that, the black market is out there advancing every single day. If you're not going to get these licenses out the door faster, they're just going out there and selling more product on the street and the black market. That's what I'm seeing out there.

MS. HOUENOU: To that point, Chairman, and -- excuse me -- to your point, Senator Testa, the CRC *is* engaging, taking on a safe-use campaign.

We recently-- The Board recently approved a project to hire a vendor to engage in this kind of messaging, messages that are targeting certain audiences so that they know who should not be using cannabis; what to

expect when you're using cannabis; how to use cannabis safely; and how you can recognize whether the products you're using are regulated or not. So, we are engaging in public messaging to -- that includes specific targets for children.

Again, our regulations do require product packaging to be child resistant; tamper resistant. We have requirements in place so that no regulated business is permitted to advertise their products in a way that is enticing to children, or depicting any images that could be alluring to children.

And, as far as the black market goes -- the unregulated market goes -- I think it's important to remember that while the Commission is undertaking significant efforts to diversify and increase and expand the opportunities to join the regulated market -- including, as you mentioned, Mr. Chairman, are those who are currently operating in the unregulated spaces. I think we recognize that legalization of cannabis, especially, was never going to fully eliminate the underground market for those individuals who choose to violate the criminal code.

And, as Director Brown mentioned, marijuana is--

SENATOR TESTA: If I could interrupt there.

MS. HOUENOU: Yes.

SENATOR STACK: Sure.

SENATOR TESTA: This is something -- and, this is a frustrating point. It's not you, but the problem is, here we are attempting to eliminate the black market, yet, to Senator Stack's point, now that it's "legal" and there's also other laws pertaining to our juveniles that police officers are actually now afraid to even confront a juvenile who is seen either ingesting or

smoking marijuana. This is a statewide issue. A city like Senator Stack's, and the shore communities that I represent on the boardwalk, and I can tell you everywhere you go, you can smell the strong odor of burnt marijuana. I don't mean to sound like a police officer; I've read enough police reports as a criminal defense lawyer that I can smell it everywhere now.

And, I don't think that was ever the intent. Especially now with young people. I think there absolutely needs to be a very real campaign, because the Number 1 issue for young individuals who present themselves to the hospital at this stage is now THC-induced psychosis. It is -- Number 1 issue. I hear that in our emergency rooms. And, it's because now it's "legal," so it's OK for them to use.

And, I know CRC isn't regulating juvenile use by any stretch, but there is that trickle-down effect, and, obviously, those youngsters are getting it on the black market and getting it in droves, and in products they really shouldn't be getting, which are through the black market -- THC cartridges, things of that nature that have multiple flavors. And, I understood where Senator Madden was going with his line of questioning.

But, please finish; I have more.

MS. HOUENOU: That's quite all right.

I just wanted to emphasize the safe-use campaign puts public messaging that we *are* engaging in -- not just on the CRC's side, but also in collaboration with other partners. I spoke earlier about the partnership between the CRC and the Division of Highway Traffic Safety and AAA to dissuade and discourage driving while under the influence of cannabis. We also work with the New Jersey Poison Center to understand information that they're receiving and what they're seeing to help inform the messages that

should be elevated and amplified so that people know that cannabis is not safe for everyone. And, we certainly need to make sure that we keep it away from young people who are the most vulnerable.

SENATOR TESTA: You mentioned outdoor cultivation, outdoor grows. Have you been speaking to municipalities as to whether any of these municipalities are going to even grant licensing for outdoor grows?

I'm an attorney. I'm not only a criminal defense lawyer; I have a law firm where I'm a partner. What I'm hearing, at least on the street, so to speak, is that nobody really wants this in their backyard -- an outdoor grow -- because of the strong odor that emanates from a large outdoor grow. There's also the fear that there's going to be theft of product while it's being cultivated; the security measures that they're going to have to have just to prevent people from-- These aren't tomatoes in Vineland, right? People know they can get that at any farmstand for a relatively good price. If people maybe, now, quite frankly, are cutting plants down in the middle of the night, people are afraid of that, I think.

So, have you taken a poll of which towns are even willing to allow outdoor grow?

MR. BROWN: We haven't looked at outdoor grow, specifically, but what our team has done is looked at municipal ordinances; what towns have opted in. I think we have certainly-- If they've imposed caps on cultivators, things like that. We've also held municipal town halls to answer questions. We held three regional town halls, I believe earlier this year or late last year, focused on educating municipalities about our rules.

To the security issue with outdoor grow-- And, Senator, I spoke to a grower in another state who mentioned the area in your district

particularly as being prime for outdoor cultivation. He said that in South Jersey, especially, you could do a combo of indoor and outdoor grow and have upwards of four or five harvests in a single growing season. So, it is an opportunity. We do try to work with municipalities, educate them about what's permissible under our rules.

We require outdoor grow to essentially have an exterior fence around the property, a secure fence, and then also an interior fence so that there's sort of two levels of security. Because, I agree, you don't want people getting into the outdoor grow, cutting down plants, things of that nature, which is why we put into place those standards. I talked to other states that do have significant outdoor cultivation to kind of understand what's worked and what hasn't.

But, that's something we want to see expand, and we'll continue to work with municipalities, continue to educate them about the options they have.

SENATOR TESTA: My area of South Jersey is prime farmland for anything that can be grown outside. I actually leaned over to Senator Steinhardt and said, "We're the Garden State for a reason," and obviously in South Jersey we have a lot of farmable land. So, that was one of the reasons why I asked that question.

I think many-- Here's also an issue. Farmers know how to farm. Have you spoken to actual farmers as to whether they are interested in maybe using this as a rotational crop, or things of that nature? Because my concern is that people who say, "Hey, I want to get into outdoor grow," do they really know how to properly farm and cultivate the land? I think that's why you're

seeing so much more interest in indoor grows as well. Have you spoken to local farms?

MS. HOUENOU: Yes, we have. Our Director of Diversity and Inclusion has actually reached out to the farming community to let them know what the opportunities are.

SENATOR TESTA: I only have a couple more questions.

And, thank you for such great latitude, Mr. Chairman. I know I can tend to be verbose at times. I just, as an attorney, I always try to follow the Constitution; it's really my guiding light.

How is it constitutional for the CRC to decide to limit warehouse distribution and delivery licenses to social equity applicants and bar applications from other businesses?

MS. HOUENOU: To be clear, the Commission has not barred applications from any business.

What we have done is, recently, when we adopted the notice of application acceptance, we established the schedule by which we will accept applications from all businesses. And, this is done to give the applicants advance notice of how they can prepare and when they can submit their applications. It also is meant to give the Commission opportunities -- sorry -- the time that it needs to do its due diligence so that we're not finding ourselves in a situation where applicants are waiting long stretches before they are able to be recommended for approval.

But, the Commission has not barred applications from any business.

SENATOR TESTA: I understand that you may not have actually barred applications from any businesses. How many of those

applications are just sitting there in the queue pending, but haven't been necessarily heard by the Commission yet?

Because that's my concern, and I think -- and, I don't want to put words in anybody's mouth -- but I think that's also a point that Senator Singleton sort of touched upon, is that there's this goal that you have, and now you have 81 staff and you look like you're going to get up to 135 staff. Is this now that these applications are just sitting there on multiple desks, or someone's desk, and they're not moving forward? How many are in the queue?

MR. BROWN: I shared earlier that of the 2,084 applications we received -- and, we received none for the license types that you just asked about, because they were not accepting for those -- we received some, but they get rejected and noted that they can't apply for those yet, until that notice is active.

But, we had 679 applications still under review, out of 2,084. I believe 400 are in licensing, so those are more recent submissions; 150 are in our Office of Compliance and Investigations. That's essentially where we conducted criminal history, background checks, financial probity, much like is done in the casino industry, looking at the source of funds; looking at the investors; where the money is coming from; where it's going; the overall business structure. So, we have a total -- I believe -- 679 applications still in queue out of over 2,000.

MS. HOUENOU: And, then, I'll also just note for those conditional licensees -- and, I know Senator Singleton was really speaking to this issue of what the conditional licensees have to go through to then convert their conditional license to an annual license -- we have actually received an

astounding number of requests from those conditional license holders to have more time to submit their application to convert to an annual license.

So, under the statute, these conditional licenses are meant to be temporary and to encourage and assist the business owners in getting their other components of an annual license application ready. And, we get a tremendous number of those conditional license holders who actually need more time for various reasons, but the most common reason that they are not yet ready to submit an application for an annual license are lack of funding; lack of -- or, struggles with getting municipal approval, as stipulated in the statute; and struggles with getting and securing property.

Now, what the Commission has done to help those individuals is we've partnered with agencies that provide -- that are providing grant funding through the Economic Development Authority. The Business Action Center is also planning for their technical assistance program to assist companies in navigating municipal processes as well. And, we educate people about what this actually takes to get up and running so that they know ahead of time what pitfalls they can avoid and how they can get access to resources to help them.

SENATOR TESTA: Thank you for that.

So, 679 current applications are pending, correct? How long do you think it will take to get through that 679?

MR. BROWN: As I said, I'm confident that if everything is in order with those applications, that our goal is to get through those before we open up for new applications, which are slated in September.

SENATOR TESTA: OK.

So, there's also-- There's obviously statute requirements that most licensees enter collective bargaining agreements with unions. How is that legal, given Federal law protects the rights of workers to decide whether to unionize or not? And, I know this is a grey area, it's just that I feel that there's going to be, eventually, a legal challenge. And, as the Legislature, I really want to try to prevent any further holdup of all of this.

MS. HOUENOU: So, we can't speak to legal questions about the statute, and any problems that our state statute may encounter in reconciling with the Federal laws.

SENATOR TESTA: So, I have one last question.

My understanding is that farmland-assessed land is currently impermissible for cannabis growth under CREAMM Act. Is anything being done to possibly work to remove that?

MR. BROWN: That's in the statute, so there's nothing the CRC can do; that is in the statute.

SENATOR TESTA: I hear that a lot, when somebody says, "Hey, we're a regulatory body, there's nothing we can do, it's up to the Legislature." You *can* make recommendations based on, this is-- I think it was said by someone that we're sort of building the plane while the flight is happening.

You could make recommendations. Is that a recommendation the CRC would want to make, to say, "Hey, look, this would open up a lot more land for the outdoor grows that you were previously referencing?" Or not?

MR. BROWN: So, we've engaged with stakeholders. It's certainly been raised to us. We know we can't make, sort of, comment on

legislation, but I would recommend, certainly, also bringing Department of Agriculture into that discussion. I'm sure they have some thoughts; we've talked to them; we've engaged with the Farm Bureau.

I certainly share the goal of seeing more outdoor cultivation, getting New Jersey's farmers engaged in this industry.

SENATOR TESTA: Thank you, Mr. Chairman.

SENATOR STACK: Thank you, Senator Testa.

Any other members have any questions?

Senator Steinhardt.

SENATOR STEINHARDT: Chairman, thank you.

Good morning -- still.

I'm pinch hitting for Senator Bucco today, but I did have a few quick questions, if you don't mind.

Chairman, thank you.

First, this is on the topic of transparency. It's been suggested to me that the CRC has no concrete timelines for applications; the processing of applications. What guidelines do you publish -- strike that. What timelines do you follow as it relates to processing applications in the CRC?

MR. BROWN: We monitor timelines. And, so, I shared our current timelines for complete applications that can move forward--

SENATOR STEINHARDT: I promise I'll get to that.

MR. BROWN: Yes, so, we-- I mean, our goal is to process applications as fast as we possibly can.

I shared initially, in our pre-application webinar, that when we started accepting applications, given the influx that we anticipated, that we'd take longer than 90 days for conditional applications and, potentially, more

than six months for annuals and conversions. Now that we're better staffed up, and we've gotten through 1,300 of the over 2,000 applications that we've received, we're able to process applications more efficiently.

SENATOR STEINHARDT: So, if I-- To read between the lines of your answer, the answer is there aren't any specific guidelines that you follow. It's just kind of as it can get done.

MS. HOUENOU: I do want to underscore that, ultimately, the Commission needs to do its due diligence. The Commission must follow the requirements that are in the law and make sure that applications are complete.

So, as Director Brown previously mentioned, there are a number of applications that have taken longer to get to the approval phase, but some of the factors that influence the timeline include the need for the applicant to correct any deficiencies or provide supplemental information or documentation.

We have -- we see a lot of applications that are, when they're initially submitted, are missing simple things such as tax returns, as required -- especially if they are for a conditional license -- or we see applicants forget to include a copy of their State-issued ID. And, so, the responsiveness of the applicant to cure any of those deficiencies and provide supplemental information to complete their application, that is always the goal, to make sure that the applications that are being presented to the board for approval are complete, and that staff feel confident in the information that is provided by the applicant, and that the applicant is fully vetted, as required.

SENATOR STEINHARDT: Sure, I understand that; I hear what you're saying.

But, as an attorney who has practiced law for 30 years, if I have a land-use application, there are specific guidelines; the Board has to act within a certain time and tell somebody whether their application is complete. If they don't, it's deemed automatically complete, if they do, they can send it back and say it's rejected for certain reasons. And, there's a notice; there's a hearing; the Board has to act on that within a particular timeline. The whole point of it is so that bureaucracy doesn't just drag its feet, and make the process impossible for certain people to obtain or achieve an approval.

So, again, if I hear you correctly, there are no published guidelines that you guys would give to applicants to give them any sense of the kinds of timelines they need to meet. It's just kind of as you're able to get through whatever internal processes you set for yourself -- at least that's what I hear you telling me.

And, to your point, Chairwoman, you say requirements in the law -- I'll get to this eventually -- but I'm just wondering whether or not there aren't some deficiencies therefore in the law that should be a bit more bright-lined, that promote some sort of reliability or transparency when it comes to applicants bringing their applications to you at the CRC.

Likewise, it's been reported that the CRC assigns investigators who apply the same regulations to applications in vastly different ways depending on which investigators are assigned to them. Same question: What guidelines do you guys follow in terms of training investigators to make sure that your rules are applied uniformly amongst applications?

MR. BROWN: We have standard protocols that our investigators follow. Those have been developed over time. We have a

trained team of investigators, many with decades of experience; some who come from gaming, some who come from the State Police; other State backgrounds.

So, we do in fact have protocols that our Office of Compliance and Investigations follow. They standardize how we apply regulations.

SENATOR STEINHARDT: So, Director, what steps have you taken, then, to make sure that those guidelines are actually being applied uniformly among applicants?

MR. BROWN: I work with our Director of the Office of Compliance and Investigations and his supervisors to make sure that we have adequate oversight of our staff; that they are being trained appropriately; and that we're implementing internal accountability measures.

And, I'll just mention one thing that we've instituted, just as an internal protocol that speaks to your timeline question. When an application gets to investigations, they are-- They receive a letter. They have to get fingerprinted, so that's sort of the first communication that happens as soon as it goes to the Office of Compliance and Investigations. Then, they are assigned to an investigator. That investigator sends an introductory letter to the applicant. We've instituted the standard that the investigation has to commence no later than 45 days after that introductory letter is sent, and then after the investigation commences, the investigation has to be concluded within a total of 90 days from the time it was submitted to that investigator -- so, from the time that it was assigned.

So, that's internal standards that we've implemented in the Office of Investigations to make sure we're getting through applications efficiently. There are some investigations that are vastly more complex; it

depends on criminal history; it depends on business structure; it depends on how complex an organization is.

But, that's the standard that we've set for ourselves internally and investigations, and that's part of our protocols and our training. And, we make sure that we're training our staff adequately and providing adequate oversight.

SENATOR STEINHARDT: Through the Chair, I've asked if we can get a copy of whatever that manual is, those protocols. I'm just curious what they are; thank you.

Likewise, it's been reported that it's difficult if not impossible to determine who or what is handling any given part of an application or approvals or inspections. Same questions: Is there a guideline or something published that applications, or is there a point person who applicants deal with, like a single gatekeeper, so they can monitor where their application is in the pipeline and get a sense of where it's going and how much longer it might be?

MR. BROWN: As I mentioned in my opening remarks, we have two ways now that applicants can contact our licensing department: That's via *CRC.licensing@CRC.nj.gov*, as well as a phone number where they can reach a live person. Those-- Our staff will assist them in understanding where the application is. We are also working to change the licensing system.

And, I'll note, when we launched licensing for new businesses, we got our system operational eight months after the CRC was created. That's breakneck speed to get a vendor, build a system, and get it operational. Now that we're a year or two years in, we're going back with our vendor and looking at ways to make the system better. One of the things that we're

working on is making it so within the licensing system there are clear designations for where in the process the application is, so that the applicant can just log into the licensing system and they'll see what part of the process -- what part of our licensing process -- that application is in.

SENATOR STEINHARDT: OK, thank you.

A very short couple more questions, Chairman, please, if I may.

SENATOR STACK: Absolutely.

SENATOR STEINHARDT: It's also been reported to me, albeit secondhand, that staff members at the CRC have reported that applications cleared internally at CRC, but that you two specifically -- since you control or set the agenda for approvals -- that applications clear, but then just end up sitting there, whether it's due to politics or favoritism, and those were the words that were specifically used in relaying it to me.

That's not a question, I guess, so much as an accusation. What I would ask, though, is this licensing update that you have, where you spell out how much time it supposedly takes for conditional reviews and conversions, and annuals. I have attorneys that I've talked to, or applicants to whom I've spoken, who have indicated -- especially as it relates to annuals -- that they've had applications sitting there for over a year, far in excess of the 21 weeks that you've represented.

I'd love to ask, through the Chair, for a list of applications; when they were filed; what their status is; and when they were concluded; so we can verify how you derived the eight weeks, 18 weeks, and the 21 weeks -- redacting, of course, whatever information might be proprietary or private.

MR. BROWN: I just want to-- Those timelines are our current timelines. When we started licensing, they were naturally longer, as I shared.

And, I shared in the pre-application webinar that that would be the case so the applicants knew what was coming. We expected a large influx of applications, and that's exactly what we got.

SENATOR STEINHARDT: You're counting on me to be smart enough to figure out by looking at the dates, that I can tell what's old and what's new.

But, I would definitely ask the Chairman if it's possible to get a list so we can kind of see how much time it's really taking for these things to move along.

SENATOR STACK: Jeff, if you could please provide that to the Committee, and we'll get it to all the members.

MR. BROWN: I'll work with the team to see what data we can provide legally.

But, yes, we'll provide what we can.

SENATOR STEINHARDT: Great.

My last question is -- and, this is more of a general one, and I think I know the answer, but I'd like to ask of you -- you currently charge \$100,000 to convert medical retail licenses to recreational licenses, but you can apply for a recreational license for \$1,000. I suspect the answer is it has something to do with the cost associated, with research and obtaining a medical retail license, but it just seems to me that it's patently unfair to minority-owned and small businesses who may want to convert, but that \$100,000 fee is a bar for their ability to do so.

Can you give me a little commentary on that -- please?

MS. HOUENOU: Certainly.

So, if I understand your point, the applications that are from new business -- newly created businesses -- is one of the lowest in the country. Those businesses have the opportunity to put their business plans before the Commission for approval.

But, you're speaking to the ability for existing medical operators who wish to expand into the adult-use market as well, and the fees that they have to pay. So, in addition to the costs and the requirements that the CRC undertakes to process those requests, I think it is also important to recognize the significant advantage that medical operators have by expanding into the adult-use industry.

As Director Brown elaborated earlier, the time that it takes for new businesses to get off the ground and to open their doors to the public is substantial. And, so, during that time, if we have an industry that has operators with the option to have a greater market share of the industry, the costs reflect that fact as well.

So, our fees-- We believe our fees to be reasonable and in line with our values and the fees that are commonly seen across the country. But, those fees are not-- Those fees do not depend on the type of -- the size or the type of business that is seeking to operate in the state.

SENATOR STEINHARDT: Chairman, thank you.

SENATOR STACK: Thank you, Senator.

Any other members have any other questions at this point?

Sure, Senator Corrado.

SENATOR CORRADO: Thank you, Chairman.

And, thank you both for being here.

It's been quite a while, so I'm not going to reiterate some of the questions or go over too much that was already brought up.

I *will* reemphasize that there is a lack of transparency -- whether intentional or not. The fact that most of us have gotten our information from the *Star-Ledger* made it hard to prepare today. You gave us a lot of information; you gave us a lot of numbers; you gave us a lot of acronyms. And, I have a feeling when we leave here today, we'll probably have more questions in the future, and, so, perhaps another meeting might be necessary. But, I think it's good to start the conversation.

I will be honest: Some of the things you've said today don't match up with what we hear from our constituents. And, some of those things include a lack of transparency; big corporations get priority; the process takes too long; there is no communication during the process between the Commission and the applicant while they're going through it. And, some of those areas have been touched on today. Maybe those are things that you can go back and address whether it's fair or not. I understand that when you do start up an agency, there is an understanding that there will be some bumps in the road and things will take time. But, when we keep hearing some of the same statements over and over again, bipartisan, all different areas of the state -- I'm North Jersey -- your down in Warren County -- and we're hearing the same things: "I can't get in touch with anyone," "I can't get answers," "I don't know why my application is being held up."

And, I'll give you an example -- something so small. You should have a list -- when somebody applies -- of whether or not that business is allowed in the municipality. I also happen to be an attorney -- a municipal attorney -- and I get letters and we get contacted by the Commission,

questioning whether or not an applicant would be permitted to have the business in our municipality. The answer is no, but they shouldn't-- That's an extra step in the process that shouldn't even have to be addressed. It should be this town doesn't allow it, that town doesn't allow it. These are small things that would simplify it. But, I think the communication issue is definitely something that has to be addressed between the applicant and the employees of the Commission.

And, to that point, how often does the Commission actually meet? Is it once a month, twice a month with the Board?

MS. HOUENOU: So, the Board of Commissioners has its annual schedule. On average, we meet about once a month. There are some months, like the month of June, where we had more than one Board meeting, so it has averaged out at about once a month.

SENATOR CORRADO: And, on average, how many applications are actually approved at each Board meeting?

MS. HOUENOU: That varies dramatically. I do remember, I recall a few months ago there was a Board meeting at which we had, I believe it was like, three -- maybe 200 or 300 total applications, largely driven by the conditional license applications. Now, it's-- The numbers have dramatically reduced since we are over the major hump of getting through the bulk of the 2,000 applications that have been submitted.

So, I don't have a firm average number ready for you, but I can get back to you through the Chair with that information.

SENATOR CORRADO: OK, if you would do that, that would be appreciated.

Will you complete all the pending applications before accepting new applications?

MR. BROWN: So, as I shared, those 679 -- the goal is to get through every one that we can that meets the requirements and can move forward before we open up for those new application types.

SENATOR CORRADO: And, we talked about some revenue numbers and I know it was in your testimony as well, that we did about \$700 million in sales revenue, looking to go to \$1 billion. And, you explained that the money goes back to fund the Commission percentage.

MR. BROWN: Yes, and, Senator, that wasn't tax revenue, that was sales -- total sales. So, I think the Chair shared that latest numbers were \$26 million in tax revenue, I think we're projecting; total taxes and fees around \$44 million, I think that's what is in the Governor's budget.

But we can certainly get you back both those numbers for this year and next fiscal year, which are in the budget.

SENATOR CORRADO: And, just to clarify, does the tax revenue fund the Commission and the staff, or the sales revenue?

MR. BROWN: It's a combination of tax revenue and fees.

SENATOR CORRADO: OK, and, so, the additional money from when you provide sales and tax -- where does it go?

MS. HOUENOU: All of the revenue that is generated by the sale of cannabis activities in the state go into the CREAMM Fund, established by the statute.

And, as far as the total tax numbers: So, within the last year, between the adult-use sales tax and the social equity excise fee, I believe it comes out to just over \$30 million for the State. If we're looking at just sales

tax alone for the last year, it comes out to just over \$29 million. And, so, of all of the money that goes into the CREAMM Fund, the law states pretty explicitly that 15% of it has to be allocated to the Underage Deterrence and Prevention Account. These are funds that will then be used to promote the appropriate public messaging and programs to deter young people from using cannabis.

So, that's 15% off the top of the CREAMM Fund. From the remaining dollars, statute dictates that through the annual appropriations process, at least 70% of what remains goes to programming to support economic and educational opportunities and programming in municipalities, and no more than 30% of those remaining funds can be allocated to the CRC for its operations, as well as a couple of other initiatives.

SENATOR CORRADO: Thank you, I appreciate that.

And, if you could, one thing that I would just emphasize, the workplace standards is something that we hear constantly. You have been here in the past, and I know it's been discussed, and I know even when we were discussing legalization a while ago. It was one of the things that impacts local government, municipalities, and so many businesses across the state.

And, if you could make that a priority that would be appreciated, because it's one question that we get on a regular basis. They're afraid to enforce any policies because they are-- Businesses are afraid they'll be sued for wrongful termination. So, I think the sooner we have the standards, the better it will be.

MR. BROWN: Thank you, Senator.

SENATOR CORRADO: Thank you.

SENATOR STACK: Thank you, Senator.

Any other members have any questions at this point? (no response)

Seeing none; OK.

Dianna and Jeff, just if you could please stay for the remainder of the hearing, and we'll call up the next panel.

Thank you very much for your testimony.

Panel Number 2 is Ami Kachalia, American Civil Liberties Union; Cuqui Rivera, Latino Action Network; and, Reverend Charles Boyer, Salvation and Social Justice.

If you could please come forward.

Thank you very much. You may begin.

If you could just press the microphone so you see the red light on.

ANNA RIVERA: Hello, everyone. Happy Friday.

My name is Anna Cuqui Rivera; I am a founding member of the Latino Action Network (c)(4) advocacy organization, and I have been the Criminal Justice Reform Chair since its inception. (indiscernible)

The Latino Action Network is a broad, statewide coalition of Latino organizations dedicated to political empowerment, social justice, the promotion of civil rights, and the elimination of disparities in various areas including education; health; housing; employment; and more.

The Latino Action Network supported legalization of cannabis out of concern over the large-scale incarceration of Latino and Black people for possession of marijuana. We are generally pleased that legalization has resulted in the reduction of incarceration and the clearance of criminal records. However, we remain concerned about the continued lack of

opportunities for Latino participation in the burgeoning cannabis industry in New Jersey.

As the Criminal Justice Chair, I have personally seen members of the formerly incarcerated community approached because of minority needs to comply with social equity standards for this industry, and offered loans that it seems very uphill for them to be able to achieve, and it's very concerning. Campaigns to reduce stigma need a lot of attention. Community-based organizations and social equity and community programs need to (indiscernible) the resources to conduct appropriate programs in our communities.

Like it or not, the informal sale of cannabis has long been part of the economy of local poor communities. We are worried about the establishment of the legal cannabis industry, as it will disrupt informal cannabis businesses, depriving Latino communities of the revenue that has traditionally helped support local economies. Without safeguards in place to ensure that locally-based Black- and Latino-owned and operated cannabis businesses are given priority, money will be sucked out of local economies and transferred to big corporations that are white-owned and based out of state.

Furthermore, the exclusion of Blacks and Latinos who participated in the informal cannabis industry from the new legal industry -- especially the previously incarcerated -- will severely diminish the social justice impact that was envisioned in the movement to legalize cannabis. We know that New Jersey legislation has some of the strongest language of social equity in the nation.

We ask that as much intention be put into community inclusion -- if not more -- as is into the business of it, the law enforcement of it. All of this needs more work.

The Latino Action Network will always advocate that policies, practices, and funding be set up to ensure that Latino and Black communities that have already been decimated by the war on drugs do not suffer further harm by the establishment of the legal cannabis industry.

The work of the CRC -- in my opinion, as Cuqui -- needs to continue simply because of the gigantic scale of complexities of this industry. There is so much more that still needs to be done.

Thank you for hearing me.

SENATOR STACK: Thank you very much.

Next -- whoever is next, you can go.

AMI KACHALIA: Good morning, my name is Ami Kachalia, I am a Campaign Strategist at the ACLU of New Jersey.

Thank you to the Chair and members of the Committee for the opportunity to testify today.

The Legislature took historic steps in 2021 when it built a legislative framework for the creation of an equitable cannabis industry. Our goal, along with our advocacy partners, stakeholders, and community members, is to ensure that our industry in New Jersey lives up to the spirit of the legislation and the will of the voters who, in 2020, decided to legalize cannabis in our state through a racial justice lens.

We can and *must* live up to that potential. New Jersey's adult-use cannabis industry launched last year, when medical operators were allowed to start selling adult-use cannabis early due to a provision in the law.

While those businesses were all large, multi-state operators, The New Jersey Cannabis Regulatory Commission has since prioritized and awarded a significant number of conditional licenses to those with prior marijuana-related records; those from impact-zone communities and economically disadvantaged areas; as well as diversely owned businesses. This is a positive step towards creating opportunities for the communities that were most harmed by criminalization, and it should be applauded.

I would like to focus today, though, on gaps in the law that may prevent us from achieving the promise of a diverse and accessible industry, and actions the Legislature can take to immediately address them.

Access to startup capital is vital to ensuring that applicants interested in entering the cannabis marketplace are able to do so. We were pleased earlier this year to see that the EDA and CRC launched a \$10 million startup capital pilot program, but it is important to note that the State's investment in providing social equity applicants with resources pales in comparison to other states, like New York, which created a \$200 million fund for this purpose.

The delay in creating opportunities for New Jerseyans to access capital is particularly alarming, given the dwindling opportunities to enter the cannabis industry, as licenses are allocated. While New Jersey did not create caps on the number of licenses available in most of the categories, there are de facto caps in place because most municipalities chose to opt-out -- or, in some cases, towns that have opted in have placed limits on the number of businesses that can operate within their jurisdiction or have charged very high application and licensing fees. The net effect is that New Jersey has fewer opportunities, possibly, than some may have anticipated, with expensive

barriers to entry. Given the limited access to capital and the constraints at the municipal level, we do worry that some people who have been awarded conditional licenses or some people who are just earlier in the pipeline in terms of applying may not be able to open a business. It is still possible to course correct, but it will require immediate, meaningful investment.

As the budget is finalized over the next week, one clear step the Legislature could take to address this is to create a dedicated fund -- you can look at New York as an example and start close to there, maybe with \$50 million -- to provide startup grants and no-interest loans to social equity and diversely owned applicants and licensees.

I also just want to mention one more thing, which is the community reinvestment commitment that was built in the cannabis legalization law, and to encourage lawmakers in the Executive Branch to develop a more inclusive and transparent process for allocating those funds. New Jerseyans have made clear through the hearings before the Cannabis Regulatory Commission that they would like to see this money go to community resources like education and health and housing that help communities to thrive, but so far there's no information publicly available on how those dollars are being spent. And, so, while the revenue available for that reinvestment is relatively low right now, as this industry grows, we know that tax revenue and the social equity excise fee revenue will increase. And, we should set a precedent now for what that process looks like, and also to ensure that funds are being used in the manner that was directed by the Legislature.

Two steps we can take now are to create a public tracker that shows community reinvestment spending, and to develop additional

opportunities for community members to have input into how revenue from the cannabis industry can be used to best support their communities. Ultimately, we took a really great step in 2021; we did it with racial and social justice as the core component and motivator. And, while we've made some progress, we look forward to working together to ensure that those impacted by criminalization have real opportunities to succeed in the regulated industry, and that the communities that have historically been most harmed by criminalization are also seeing a benefit through reinvestment.

Thank you.

I should also note, we do have more detailed recommendations around municipalities and other ideas, so, I am happy to pass those on via email if anyone is interested.

REVEREND CHARLES F. BOYER: Thank you, Mr. Chair, and Committee.

Charles Boyer, Salvation and Social Justice. I also pastor the oldest Black church here in the City of Trenton.

I have no interest in the product, but I do have massive interest in the racial justice components of this. I've been involved with this issue for quite some time, as maybe some of you know, and particularly around the CRC, was very vocal and adamant that the Commission actually represent -- be a representative of -- the very people who were most impacted by prohibition.

My viewpoint is that the CRC has been doing the best it can around social equity issues, in particular with the limited tools that the Legislature gave them in the first place. The Legislature and legalization has done a lot to advantage large, white, rich cannabis businesses and investors,

and not enough for Black owners. I think we've done some things here in the state; certainly, advocacy fought for a lot of good things, but certainly not enough is there through the statute.

The way the Legislature has set them up to fail is by giving too much power to the municipalities to add financial burdens to equity applicants. So, what may be done to get a license is undone on a municipal level, as Ami pointed out. The equity benchmarks in and of themselves were set way too low to begin with. If 60% of the arrests were Black folks, and the benchmarks are anything less than that, we are far away from anything that is moral, just, or anything that we could even think about calling equity. Especially if those benchmarks are around 15% for all minorities all put together, when you have a state that is pretty much almost majority minority -- and, particularly, if the majority of those arrests that happened during prohibition were Black folks.

What I see is the Commission trying to do their best to ensure equity is done by the restrictions of the law. And, they also ensure, in my mind, big players are doing what they should be doing regarding equity and not just lip service. And, so, if equity is really the priority for us as a state over economics, barriers for big, majority white players shouldn't be the issue at stake.

We need more business development support for Black-owned businesses. Even-- I encourage all of us, as we are growing in our knowledge here, to really think about poor, financially disadvantaged people who used the selling of cannabis in order to feed their families sometimes. A lot of these folks being Black-- So, even when we talk about getting rid of the black market, I think it says a lot. I encourage just to think about our language,

and how we refer to these things, and think about how we pull people from the legacy market into the regulated market.

And, we need to create incentives for investors -- we do it for a variety of other things in New Jersey -- create incentives for investors to not only invest in, but to incubate, to train, and to mentor folks who are in the legacy market. People know how to do business on the street, but may not know how to do business on State Street. And, so, we really need to really invest in translating that. Particular investment funds for Black entities to hire finance people and operations people. Somebody may have a vision, but they may not have an MBA. But, certainly, the State could help with that. And, as the equity fund from the social equity excise tax grows over time, that can really be one of the main mechanisms in what that does.

At the end of the day -- to just put my preacher hat on -- you reap what you sow. So, the Legislature at this point has crafted a law that did not go far enough for equity -- particularly for Black people -- and that is ultimately I think what we see. We have a lot of folks in the queue, but not a lot of folks on the ground.

Finally, the CRC should be given oversight and tools to track the 70% of the sales tax revenue -- not only how much is collected, but, by statute, is supposed to be going to the communities most impacted by the drug war. As of right now, I don't think we can track one dime of those dollars going to what they're intended for.

Thank you so much for your time.

SENATOR STACK: Thank you very much for your testimony.

Do any members have a question?

Sure; Senator Singleton.

SENATOR SINGLETON: Thank you, Chairman.

Reverend Boyer, we've been friends a long time, so I want to make sure I heard what you said. And, through the Chair, as a matter of follow up, I imagine there will be additional questions that we'll send through to the Commission.

You said that, to your knowledge, there's been no either reporting or information publicly available that demonstrates where resources through the social equity tax that have gone to the various disciplines that the Legislation laid out. You have not -- there's no public record of that at this point.

REV. BOYER: My knowledge is, whether it's the social equity excise tax -- which is the tax on weight -- or the 70% of the sales tax, there's no reporting that I've seen, which is where that \$30 million, or \$21 million of it by statute, is going back to the impact zones.

SENATOR SINGLETON: Chairman -- and, I apologize for this, and you can tell me I'm out of bounds. Is there any way that we could ask members of the CRC to come back to address that point? Because I think that's a critical point, if there's some clarity we could get on that.

SENATOR STACK: Absolutely.

MS. KACHALIA: Would it be possible for me to add a little here? Do you mind?

SENATOR SINGLETON: Can we just -- you can, but can we just hold for that? I think if we could get some clarity around that point, I think that's a pretty mic-drop kind of statement, and I just want to make sure that I'm understanding that from the governmental side correctly.

REV. BOYER: And, also, Senator, statutorily, the CRC has no control over the 70%, not even--

SENATOR SINGLETON: No, that's the Legislature that moves that through. But, the accounting of such comes through the CRC, and then ultimately where it goes is ultimately where the Legislature decides.

So, I'm just trying to get some clarity on what is happening, what is not happening at this juncture.

SENATOR STACK: Yes, please; please, if you could.

MS. HOUENOU: Thank you, Senator Singleton.

As to the process for the allocation of the funds -- particularly the social equity excise fee -- the commission -- what the Commission does, and is required by statute to do this, we hold public hearings to solicit input from the public, so that we know we can hear from them where they want to see these monies go; what programs, what initiatives are needed in their communities, and what do they think should be funded for the revenue generated by the social equity excise fee.

The Commission held five such hearings between November and January of this year, and the culmination of those hearings resulted in a report that was adopted by the Commission Board on February 8, and forwarded to the Governor and every member of the Legislature, I believe on February 10. Those dollars, by statute, are not allocated by the Commission, but rather through the annual appropriations process. The statute as to the accounting piece, Senator Singleton, that you're pointing to -- the statute requires that the Legislature then report back to the CRC, which of the recommendations the Legislature is funding through the Annual Appropriations Act.

But, that is the limited extent of the Commission's involvement in how those dollars are allocated.

SENATOR SINGLETON: Dianne, (*sic*) thank you.

And, to that broader point, then -- to the first panel -- this is literally the time of year when that discussion is being had, and will be determined. So, I would probably say that's to be continued.

To your point, Reverend Boyer -- and to others -- you may have color around that as to where those allocations will go. But, we should know that over the next week.

Thank you, Chairman.

MS. KACHALIA: If you don't mind, I just want to address one quick thing, which is I'm really-- We will hear about where these funds will go, hopefully over the next week.

But, the way in which the funding likely will be allocated is in the budget lines throughout the budget. Which means it's unlikely that there will be a page somewhere, or a public tracker that says, "\$20 million and here's how it was spent," you can see exactly where it will go. And, that's the kind of transparency that we're really asking for here with a public tracking tool. We think it's so important.

The public was so invested in legalizing cannabis, and, more importantly, in wanting to see revenue that comes into the State go back to the communities that are most harmed. We want to make sure they actually get to see where the money is going, and, so, I would just encourage that as this process is being undertaken that a public tracking tool -- and, building in that accountability and transparency -- is part of the process.

REV. BOYER: And, also, if I could just add to that.

Part of what I'm a little bit nervous about is the accounting just saying -- just finding \$21 million, and saying, "it went to social equity programs," when prior to cannabis legalization we spent \$20 million to programs. I think part of that accounting needs to be that there was an increase in spending year over year by that certain amount.

I mean, you really have to track it. I'm just hopeful that a shell game doesn't happen, and that we're really making real, tangible investments in communities.

SENATOR STACK: Thank you, Senator.

Any other members have any questions at this time? (no response)

Thank you again to the panel. And, Reverend Boyer, we commented on the black market; I apologize for incorrect terminology. The Senators and myself up here meant the unregulated -- for that, I apologize.

REV. BOYER: Thank you.

SENATOR STACK: The next panel that will come up is Todd Edwards of the NAACP, and the Reverend Eric Dobson of the United Black Agenda.

If you could please step forward.

Good afternoon.

T O D D E D W A R D S: Good afternoon.

SENATOR STACK: You may begin.

MR. EDWARDS: Thank you.

SENATOR STACK: Thank you.

MR. EDWARDS: First of all, my name is Todd Edwards; I am the Political Action Chairman for the state NAACP.

I have a long history involved in this, because since 2015 we've been running around the state trying to get legalized cannabis. And, we were successful. We had-- I'll never forget the day when our Senate President came in and handed us the bill that he proposed and told us if we wanted social equity in it, "good luck," is what he told us. And, I think we were pretty successful at getting social equity in this cannabis bill.

We appreciate -- we meaning the NAACP -- appreciate the invitation to continue the dialogue that we have here. But, my purpose today is to tell you about some of the real problems that the conditional social equity licensures are holding; that they are facing. And, when I say "conditional social equity license," that means something to me personally. I don't hold a license by any means, but I thought long and hard for actual social equity people to receive licenses. And, I take full responsibility for some of these imperfections of what we are going through.

In a nutshell -- and, I heard Reverend Boyer touch about it for a second -- you guys are so caught up on the amount of licenses -- licensing converting into annual licenses. Money is the key issue. I also am a consultant in the cannabis industry, and I represent the people exactly who we tried to get the license to, the street-level people; and, I represent the people who I thought had money, and they still can't find money.

Just, please, picture yourself going through all of the hard work to apply for this hard-to-obtain license, as everyone is saying, and they receive it. I had a 46-year-old African American male who sold weed his whole life. He was so-- He used to come up to me every day, "Todd, I'm getting a cannabis license, I'm getting a cannabis license." If I had a dollar for every person who told they were getting a cannabis license, I'd never have to work

again. But, he obtained it. But, what he obtained is a golden ticket, and an opportunity to change his life, is what he did. But the money part of this is super hard to get.

And, I come from-- Personally, I come from an upper-middle class family; Senator Testa is probably one of my better friends. He knows who the money people in our area -- and they don't want to invest. And, why don't they want to invest? People thought once you got this golden ticket, "Dude, you're going to have people throwing money at you, throwing money at you." But, that's not the case.

One of the reasons would be -- and, there's multiple reasons -- but one of the reasons is an investor. So, you're asking a gentleman who sold weed his whole life -- who doesn't pass the eyeball test, first of all -- but he had enough wherewithal to get -- and, he doesn't have a formal education; know that too -- but he had enough sense to hire someone to help him get a license. He obtained the license. Now, the hard part is you get Todd Edwards on your side; now we're going to try to find money.

I sit down with the money people, he doesn't, like I said pass the eyeball test; he doesn't have a formal education; but we're asking an investor to give -- in South Jersey, these are South Jersey numbers. I represent someone in Newark and those numbers are completely ridiculous. You've got to ask this investor to purchase real estate, because that social equity person who grabbed that license -- who won that license, and was awarded -- doesn't have the money to purchase an Enterprise rental car, which is a perfect, perfect dispensary -- but it's \$300,000. Kid didn't have \$300,000; he had \$86,000 of his own money to invest.

And, then, we have the predatory investors. They come and say, “Oh, yeah, I’ll buy the building for you, but I’m going to charge you \$30,000 a month rent.” How are you expecting these licenses to get converted? The CRC has no control over that. You guys need to get creative and give investors incentives to give money to these social equity license holders. And, that doesn’t really have a color on it. You have people who have these licenses who can’t convert because it costs \$800,000 to \$1 million in South Jersey to convert a conditional license to a functioning open dispensary. And, that’s not even talking about a micro-manufacturing license or grow; that’s upwards of \$2 million.

And, these are regular, working people who have invested their-- I have one client, they invested their mother-in-law’s pension. He’s \$500,000 in. And, now, the municipalities are moving the goalposts on them, and they’re doing different things to them. It’s not the CRC. There’s other things that need to be looked at, and you guys are pointing the finger at the CRC. Investors, first of all, don’t even get what social equity is. So, social equity to me is that 46-year-old license holder. This is what I’ve been facing; these are real issues in the community.

The social equity people, they want to buy the property -- like I said, price gouge -- but they won’t put the licensee on as a real estate. They create a real estate company; they purchase the real estate; but, the license holder is not a part of the real estate company. Now, to me, that’s social equity. I happen to find the guy, finally, someone who wanted to make him 30% of the real estate company on paper. And, what that does for the social equity license holder is the guy who sold weed this whole time could never get on paper; could never open a bank account with any of that money; never

buy a house. But, now, the person who believed in him and put him on and helped uplift him that social equity -- you don't only get a return on your investment -- and that's what the investors are only worried about. They are not worried about uplifting what I was at the table for: creating social equity.

So, we need to figure out a way that we can give the ability for the investors to want to sit down at the table; to want to invest in our license holders; and we need to educate them on what they are actually investing in -- social equity. You've got to help uplift this license holder.

So, the solutions I came up with are tax incentives. Like I said, you guys are the smart people; some way to figure out a creative way for the investors to want to sit down with our license holders. We need to educate them on what actual social equity is.

The social equity fund people keep referring to. And, when I sat down at the table in the beginning, we're like, "Yeah, we're going to get these open, we're going to put money into the social equity fund; the social equity fund we can then--" And, the CRC is doing the best they can; they give \$10 million out, it went like 10 minutes, because there's *so* many applicants. Two-hundred fifty thousand is a huge help to someone. But, what we're finding is, the social equity license holders, they don't have that startup money -- let's call it startup, you guys call it startup. I call it continuing money -- to continue to pay legal fees; architects; engineers. Because now you have to have a lawyer go to your city council or your planning board -- all that costs money. So, we need to put money back into that from our social equity fund so they don't have to give the percentage of their already only 51%, because they've got to give 49% away, because they don't have any money. So, they're finding

themselves giving percentages away of their license to get normal things done, what normal business people would have the equity to do.

My suggestion would be to put some more money into the CRC. It sounds like you guys are completely against that, but you need to fully staff them. Because, boy, they are doing their best. I tell clients, "Put the question in the portal." And, literally, the question gets popped right back, they've got an answer to it -- might not always be the answer you want to hear, but they do get back to you. And, they're not perfect; the CRC is not perfect. But, what they've got and what they're dealing with, God bless them.

The staff suggestions that I think the CRC should do -- I think they should sometimes meet with these people who have \$500,000 of hard-earned money invested. What is it going to take for me to get over the hump? But, legally, I don't think they can actually sit down with an applicant to have this dialogue to see what it does to get them across the threshold. The CRC should have more say on where that money is spent. You guys are the dictators of that; they should have more input on where that goes.

I heard Senator Testa talk about pricing for cannabis. Boy, they're doing a hell of a job in my area to get the price down. We have one active dispensary in our area, and it's-- You can go buy the same, an ounce of cannabis in the dispensary for \$200, the same way you can go to the street guy and get \$200 for an ounce of cannabis. So, the price is coming down. The good part is you know what you're getting in the dispensary -- you don't have a clue with the fentanyl and all that, what the street part is. So, the price is coming down. The sooner we get license holders' money, the sooner we get cannabis on the shelves and growing, the way better the pricing will be.

I heard someone talk about the veterans, 4%. Four percent is never going to go up for the disabled veterans if they can't get money either; their money is already even more tied up, because all their income is Federal. There are so many blocks with only -- you got two banks in the whole state that allow cannabis money. So, there's so many issues that I think the CRC is getting blamed for that's not really in their control.

Also, you guys keep talking about "outdoor grow, outdoor grow." To increase-- My personal opinion is I would try to block every outdoor grow that came to my town. I own a funeral home; I don't want people walking into the funerals having to smell the cannabis growing outdoors. That's just me with that part.

And, you spend a lot of time on the gas stations, and the Delta 9's, and what they can sell in a store. Legislatively, don't the corner stores and gas stations have mercantile licenses to say what they can or can't sell? That seems to me like an easy fix to just put, "You can sell hemp," or "you can't sell hemp," where it's not -- and then have that policed that way. That's just me with some suggestions.

I'm an avid cannabis fan. I promise you, if there's any questions you have, I'm here for any answers.

SENATOR STACK: Thank you very much, Todd.

Reverend?

REVEREND ERIC DOBSON: Thank you, Chairman Stack; good to see you all.

Thank you, Committee, for having this hearing. This truly is an honor for us to be here speaking with you all.

Now, I'm going to say a quote that may be weird, but I'll tie it into this. So, the Book of Job says, "Jesus turned water into wine, (indiscernible)." And, that's a reference to legalizing marijuana. And, for you all, Jesus turned water into wine, and for you, took a pen. You took a pen and made legislation that made recreational marijuana legal. That's a miracle -- a miracle in New Jersey -- and it opened up so many opportunities for Black and brown folks to enter this industry.

So, I want to applaud you, the Legislature, and advocates, and folks who are really championing an effort -- and, we championed this effort, too -- to really look at how we can change the trajectory of peoples' lives. So, I applaud you for that.

And, also, I want to just highlight a few things about why I think it's important for this legislation to be more engaged in this space. Because I actually believe in government; I'm a big fan of government. I believe our democracy depends on government working. If it doesn't work, then we have anarchy, right? So, historically -- as Todd has talked about -- when new government steps in and makes significant investments, we have great issues and we have great success in this country.

One-- Let's talk for one minute now, and I'll be brief -- the New Deal. When a government stepped in-- Now, of course, it was racialized, and Black and brown folks was left out of the New Deal, but you get the point. The second great initiative was the Great Society Initiative, one of the greatest presidents who has ever existed in America, who actually addressed poverty and tried to relieve poverty. And, the third thing is something that you all did -- particularly Senator Stack, I've got to applaud you for your work

during COVID-19, and the \$750 million that we all, me, you, Senator Singleton, got money for renters' relief.

So, when government steps in and makes significant investments, it sets the state on a trajectory for prosperity and opportunities for folks to come out of poverty. When you think about that COVID-19, that global pandemic, do you realize because we made these investments that the poverty level didn't increase, when nobody had jobs? When businesses shut down? You know, the poverty level actually *decreased*. When government works and makes investments, things happen.

So, when you're talking about making investment in the cannabis industry, as Todd is talking about, to get Black and brown folks engaged in this industry, we need to make significant investments in this industry. Whether it's staffing, as Todd had talked about, or grants for minority businesses getting involved in this business, because of course they can't go to banks; they can't go to lending institutions; they don't have the backing of private sector. So, we need the government to work for the people.

So, here's a few things I was thinking about, how we can address this thing. I like to bring things out of the abstract. I think one of the senators was lauding a Greek reference by one of the judges that came up -- the Greek reference. I was in Greece a few months ago, it was an amazing country. Before the Greeks, the greatest society in the world was the Egyptians, and the term about philosophy, science, and physics -- the Egyptians invented all that. And, they invented teaching about God. But God was a very abstract *thing* out there -- whether it was a sun god, or animals -- but it was the Greeks that humanized God. You know, Zeus. And, people

have come to see in theology -- Reverend Boyer just left -- that God had emotions.

And, so when you think about bringing things out of the abstract, particularly the cannabis industry, we talk about it in terms of tax revenue; we're talking about licensing; and we don't really talk about people. The people who are impacted by this. The people whose emotions, those who are returning citizens who have been incarcerated for 10, 15 years -- friends of mine. Now, they want to get into this business. And, without a significant investment of a government that works, it's not going to happen.

You guys turned water into wine with a pen stroke. Now, continue that process by making a significant investment in making sure that returning citizens -- communities ravaged by this sick, racialized war on drugs -- have the opportunity to move into this to shrink the wealth gap; have the opportunity to move into home ownership.

One thing we can do with some of that revenue -- and, we talked about this when we first were advocating for this -- some of the cannabis revenue can be used for home ownership. Some of that money can be used for down payment assistance. What about State-owned land? Is there any way the State can get involved in State-owned land? Or, how about EDA, the resources that EDA has? Like, the money is there, and when you want to find the money to make investments, to bring people out of poverty, or to save the State from bankruptcy because of COVID-19, you can find the money. And, we can find the money today.

You turned water into wine for real. So, I just was thinking about that for a moment, and I really appreciate the opportunity. I believe in government; I believe in you guys. Now, unfortunately for me, my vote is

not going to be in history on the record, so you've got to live with your vote; I don't have to deal with that. So, your vote is on history forever. But, I appreciate you guys, I appreciate what you do. Because when government works, our country and our State works. And, now, we're talking about making sure the cannabis industry works here in New Jersey. And, being creative and making the investments -- it will work.

And, not only will just some people in New Jersey -- because we look at -- I love the State of New Jersey's emblem. When you guys got sworn into office, if you look at that flag, I mean, there, it says, "Liberty and prosperity." Right there, under the State emblem -- liberty and prosperity. Unfortunately, in New Jersey, it has only been for a few people. The cannabis industry has an opportunity for that to happen for all people. So, liberty and prosperity for all people. So, one day, when we do pledge allegiance to that flag, the United States of America, and to the republic for which it stands, one nation, under God, indivisible with liberty, justice, and prosperity for all.

Thank you; I appreciate your time.

SENATOR STACK: Thank you very much, Reverend, thank you.

Do any members have any questions for this panel at all? (no response)

Thank you both for your testimony.

Just, Jeff, if you and Dianna can come back up, just for a second, just before we call up the next panel.

Just a question I had is, what funding is currently -- just tying into what the Reverend just said, and what Todd just spoke about -- what funding is currently available for minority and social equity applicants? Does

the State make any grants? Is there low-interest loans available for these businesses? Is it enough?

MR. BROWN: So, as the Chairwoman mentioned in her opening remarks, we did work with the EDA, and the EDA spearheaded this \$10 million pilot program, grants to businesses.

I don't think that is enough. That's why-- I think they've talked about working with us to look at low-interest loans and stuff like that. But, I think as tax revenue comes in, it's up to this body and the Governor to determine how it's spent. We hear from our Director of Diversity and Inclusion -- Wesley McWhite is here -- and his office hears from entrepreneurs all the time that the struggles they have finding financing. And, it's true for everybody; it's particularly true for smaller businesses, minority entrepreneurs, and I agree with the social equity applicants.

SENATOR STACK: How much of that-- You said \$10 million I believe. How much of that \$10 million has been given out?

MS. HOUENOU: To our knowledge, the Economic Development Authority is still in the process of handling and reviewing the applications that they received. But, this is a program that is administered entirely by the EDA, so the CRC does not have any special insight into the specifics of the application reviews.

But, I do also want to share, Mr. Chairman, that when we're looking at -- when we're talking about cannabis and cannabis businesses, I think it's important for us to remember that the way we talk about the revenue can impact the revenue that business owners can expect to see. Because what we have seen, and what we've heard about, is that for-- Not only are applicants struggling with finding financing, but they also are

struggling with property control, which is dictated -- required by statute -- to be in place at the time of applying for an annual license. And, we hear from applicants constantly that they are encountering landlords who are imposing exorbitant fees, or charging exorbitant rates for properties; who are changing the terms of an agreement at the last minute; and who are leaving people at the table in favor of higher-paying individuals.

And, so, these are complaints that we hear daily from the applicants themselves. And, so, I share that because I think it's important to know that as we talk about cannabis revenue -- as we talk about what the prospects of the cannabis business -- I think we all should be mindful that if everyone expects a cannabis business to make millions of dollars, ultimately what is happening is that business owners are being squeezed from all sides. And, I think that actually works against the goals of equity and the promises of the American dream and being able to own your own business here. So--

SENATOR STACK: I think what you just said is very important. I think that's what we need to hear from you and from Jeff and from the Commission itself.

What more can we do as a Legislature to help this move along? I think we need to-- And, I'm not saying you have to tell us today, but I think going forward, in short order, we should get something back, whether it is the next report telling us what steps the Legislature can take to make things better and to move this along.

MR. BROWN: Happy to work with you to provide some ideas.

SENATOR STACK: Please.

MR. BROWN: Yes.

SENATOR STACK: I'm just -- I'm concerned, too, that out of that \$10 million, none of that money has been disseminated by the EDA. That surprises me, and it's been quite some time now.

When do we expect that some of that money will move out and help minority-owned businesses?

MR. BROWN: I just wanted, Chairman-- They, I believe, launched the applications for it I believe on April 20.

SENATOR STACK: OK.

MR. BROWN: So, it's a relatively new program, and we're happy to follow up with them, and it's sort of -- as the Chairwoman mentioned, it's not us running that program.

But, it is a new program, and we're one of the few states -- thankfully, because of EDA's efforts -- to offer something like this. And, hopefully it's successful and we can expand it.

SENATOR STACK: And, maybe what you could do in a quarterly report, maybe from the information you're getting from the EDA, and maybe we could require the EDA-- Maybe we need to have another hearing and possibly bring in the EDA and other, maybe the Department of Agriculture was mentioned before; maybe the Attorney General's office; just to get more of an update from them. Also, to come back in again.

But, maybe that can be mentioned in a quarterly report, how much of that money is going out to minority-owned businesses. That would be very helpful for the members to see.

MS. HOUENOU: We'd be happy to share the information that we receive from our partners.

And, I want to spend just a moment longer on this point, to provide some of the background on how we got to the point of having this wonderful program that is provided by the State.

So, even before the Commission launched in April 2021, Director Brown and I had conversations with the senior leadership at the Economic Development Authority, and they were very eager to lend a hand and to support us in our efforts to establish meaningful pathways for aspiring business owners to get a footing in this industry. So, I do want to acknowledge the courage and the willingness and the true participation from the Economic Development Authority to leaning into this space.

Now, what they did encounter, though, was that because the law at the outset, the CREAMM Act prohibited economic incentives from being used to support cannabis businesses. So, the Legislature went back and amended the law. Now, to Senator Testa's point, the Legislature did keep intact the prohibition on using farmland-assessed property for cannabis purposes. But, the Legislature amended the law to allow for economic incentives to support certain businesses, and *that* is really what gave the Economic Development Authority the ability to move forward in providing the grant programs that they are launching.

SENATOR STACK: Thank you very much.

We'll call up the next panel. Just please remain for the remainder of the hearing.

Thank you very much.

The next panel is Eric Richard, Legislative Affairs Director for the AFL-CIO, and AJ Clayborne, State Legislative Representative for the United Food and Commercial Workers International Union.

Thank you both for being here today and for offering your testimony.

ERIC RICHARD: Good afternoon, Chairman Stack; good afternoon, members of the Committee.

Thank you very much for the opportunity to appear before you.

My name is Eric Richard, I am the Legislative Director for the State AFL-CIO, and we appreciate the opportunity to give our thoughts, in particular on labor-law enforcement within the jurisdiction of the CRC.

And, specific to labor issues, the AFL-CIO feels that the CRC has implemented and enforced them even-handedly, and we appreciate that. It's really important in our opinion that we understand that if we're serious about labor-law enforcement in the state; if we're serious about economic and social justice for workers in this industry; then we must ensure that the CRC continues its mission.

To illustrate this, I would like to bring one issue -- one particular issue -- to the attention of the Committee. And, I distributed this via written testimony as well, and there's a couple articles attached to it, and I believe Senator Smith had referenced this incident earlier as well. And, in our opinion, this is exactly why we need the CRC and why we appreciate their enforcement of labor laws.

In our opinion, there was a clear act of union avoidance that occurred at a cultivation facility in southern New Jersey, and it was done by one of the world's most profitable cannabis companies. The UFCW union, which is affiliated with the AFL-CIO, achieved majority representation status through card-check recognition, and was indeed in the process of filing those cards with the National Labor Relations Board the very next day to begin the

certification process of the union. That same day, management from the employer called a mandatory employee meeting, and after that meeting, several employees requested the UFCW rescind their authorization to form a union. The company then closed the facility and transferred most of the employees to other locations. As I mentioned, additional details are in the packet I distributed.

This appears, to us, to be a clear act of retaliation against the union and against the employees for expressing their constitutional right to join a union. The CRC clearly stated in their deliberations that at no time did the company notify them of the facility's closing, as required by regulation. The closing was spontaneous, and it coincided with the UFCW filing for a certification election with the National Labor Relations Board. The UFCW then immediately filed a complaint with the CRC, and filed an Unfair Labor Practice -- or a ULP -- with the National Labor Relations Board, illustrating their violation of New Jersey law by breaking the provisions of a signed labor harmony agreement. The CRC subsequently did not renew the license for this company, and asked the company to negotiate in good faith with the UFCW as required by law. After four days, the company received a temporary extension of their license. And, I'm proud to say that, today, the UFCW is filing those cards with the National Labor Relations Board, illustrating majority support for the union.

Without the CRC's intervention, this act would have gone unchallenged by any agency of the state, and this company's anti-union behavior would have clearly illustrated to the recreational market that New Jersey is not serious about labor-law enforcement in this industry. The ripple effect could have had a devastating impact on our goals of ensuring this new

industry isn't just creating low-wage jobs with few, if any, benefits; but instead is creating careers with family-sustaining compensation and all the benefits of collective bargaining.

In closing, we understand that the CRC may need some reform in certain areas; however, we should not ignore the fact that this agency has had a significant positive impact on ensuring the recreational cannabis law is properly enforced. And, to date, we applaud their actions on implementing and enforcing labor-law protections.

Thank you.

AJ CLAYBORNE: Good afternoon, members of the Senate Judiciary Committee.

My name is AJ Clayborne, I am the State Legislative Representative for UFCW International.

I am here today on behalf of UFCW -- United Food and Commercial Workers. We represent cannabis workers all across the country, as well as many grocery stores and other food-processing areas. Today, I am here on behalf of UFCW Local 360, and UFCW Local 152, who together represent thousands of cannabis workers all across the State of New Jersey.

And, I appreciate the opportunity to speak to you guys about the New Jersey Cannabis Regulatory Commission and its important work here in New Jersey.

Nationally, we represent over 1.3 million hard-working men and women in high-regulated industries, including the emerging -- including this one -- and our cannabis members can be found across multiple states in growing and cultivating facilities, manufacturing and processing facilities, and labs and dispensaries. Wherever cannabis is legalized, we are committed to

building family-sustaining jobs and a strong, diverse, and skilled workforce. And, because of that commitment, I am proud to state UFCW's unequivocal support for the Cannabis Regulatory Commission in New Jersey.

In my capacity as a State Legislative Representative for the IU, I have the opportunity to witness the work of many similar cannabis regulatory agencies across the country, and I can say that the CRC in New Jersey has been uniquely effective in carrying out its mandate to enforce labor law in the state's new cannabis market. In many places, regulatory agencies bicker or drag their feet when asked to perform basic enforcement to ensure that the voices of cannabis workers are heard -- or, worse, they simply throw up their hands and surrender to bad industry actors.

Where many other cannabis regulatory bodies have failed, New Jersey CRC has been particularly responsive. When UFCW has demonstrated that employers are cheating workers, the New Jersey CRC takes action, and this action serves to ensure that equity and social justice are achieved for the workers in the cannabis industry here. The Commission has only performed the tasks that this legislative body wisely tasked it to perform.

We at UFCW understand that it can be an arduous process to set up a new industry, and we can understand that some may be frustrated at the pace of change. We welcome any changes to streamline the application process or whatever might be gumming up the works, as long as it's done in such a way that the rights of cannabis workers are protected so that we can continue to ensure that this industry provides good-paying, family-sustaining jobs for the people of the state.

Thank you for speaking with me.

SENATOR STACK: Thank you both for your testimony.

Any members have any questions at this time?

SENATOR CORRADO: Just one quick question.

SENATOR STACK: Senator Corrado.

SENATOR CORRADO: Thank you.

Gentlemen, the incident that you just talked about with Curaleaf-- Was it an isolated incident that you've experienced in this new industry in our state? (indiscernible)

MR. RICHARD: I think that the incident that I explained is on the far end of the spectrum. I would say there's a whole host of additional incidents perhaps in the middle of the spectrum that often can be mediated. But, it is not a simple process, and, as my colleague mentioned, organizing an entirely new industry from the beginning has a lot of growing pains and we're feeling that on labor-law enforcement in particular.

But, yes, we do have a whole host of problems in regard to compliance within particular the provisions of the labor harmony agreement, and in particular with good-faith bargaining within the 200-day threshold.

SENATOR CORRADO: OK, thank you.

SENATOR STACK: Thank you, Senator.

Any other members have any questions at this point? (no response)

Thank you both for your testimony.

MR. RICHARD: Thank you.

MR. CLAYBORNE: Thank you.

SENATOR STACK: Thank you.

The next panel is Panel 5. Scott Rudder, New Jersey Cannabis Association; Bill Caruso, cannabis attorney, (indiscernible), Co-Founder,

New Jersey United for Marijuana Reform, Counsel to the New Jersey Cannabis Business Association; and, Todd Johnson, New Jersey Cannabis Trade Association.

Thank you all for your patience and for testifying today.

You may begin, please.

T O D D J O H N S O N: Thank you.

Good afternoon, Chairman Stack, and members of the Senate Judiciary Committee.

My name is Todd Johnson, and I am the Executive Director of the New Jersey Cannabis Trade Association, an organization comprised exclusively of licensed cannabis businesses operating in New Jersey. I was going to be joined by my colleague Mike McQueeney, but his daughter is graduating today, and he had to leave a little early; he sends his apologies for not being up here to talk to you all as well. He's our General Counsel.

The NJCTA's membership is made up of 16 license holders, including 10 vertically integrated medical alternative treatment centers and six licensed operators from the 2019's round of medical licenses that were announced in October and December of 2021. We expect more operators to join our membership, including newly approved adult-use licensees, as we strive to build a fair, equitable, and profitable industry here in the Garden State.

Prior to serving as the Executive Director of the NJCTA, I held the position of Executive Vice President and Head of New Jersey Operations for Justice Grown and Block Dispensary from October 2019 until September 2022. Justice Grown was one of the six vertically integrated ATCs awarded a license in New Jersey's 2018 request for applications. In my role as Head

of Operators, I oversaw the build-out of a cultivation facility and dispensary in Ewing, New Jersey, as well as two satellite dispensaries located in Somerset and Waretown. I was responsible for hiring and training all of the cultivation, finished product, inventory, security, and dispensary team members. On the regulatory and compliance side, I served as Justice's point of contact for compliance and communication with the New Jersey Department of Health and, subsequently, the Cannabis Regulatory Commission.

I have had the pleasure of working closely with CRC Executive Director Jeff Brown and members of DOH and the CRC staff as we received permits to cultivate medicinal cannabis in 2020, and distribute medicinal cannabis in our Ewing dispensary in 2022.

I have experienced the exhilaration of passing our final inspections, following by the planting of cannabis seeds which would become our first harvests. I've also experienced the frustrations of waiting for long periods of time for approvals of everything from new-hire background checks to new packaging to new product applications; wholesale supply agreements; minor facility upgrades and changes; and even approval to use our Block Dispensary name at our own grand opening. Processes that I thought would be formalities or take days for approval sometimes took months before a resolution was reached.

Prior to the cannabis industry, I worked in financial services and investment research industry for 18 years. I spent my college years right down the road from here at Penn, graduating with the Economics Degree from Wharton, with concentrations in Finance and Management.

When I looked at the list of speakers for the hearing today, I noticed that there was not a single operator, and only one other applicant --

Scott Rudder -- scheduled to speak. This absence spoke volumes, as I believe some folks have a bit of a fear of getting up here and talking about some of the realities and frustrations of operating in the cannabis industry here in New Jersey. As Executive Director of NJCTA, I am afforded a bit more freedom to communicate these realities as a spokesman on behalf of an organization of a group of operators. However, I am also a cannabis entrepreneur and hold a conditional license for a Class 5 adult-use retail dispensary myself. Part of me and all of my business partners wished someone else would be up here to deliver this message, but my primary goal here today is to contribute to the development and evolution of a robust and successful cannabis industry in New Jersey -- one that other states will aspire to replicate.

Before I dive into the details and my testimony, I would like to acknowledge the staff of the CRC for the tremendous work they have put in and accomplished to date. Over the past two years, the CRC has worked to conduct -- to construct -- an industry from scratch while simultaneously ensuring the involvement of all relative stakeholders. This endeavor, as has been mentioned a few times here today-- This endeavor can be compared to building a plane as its taking off from the runway, and fly it while there are engineers actually working on both wings. The magnitude of this undertaking should not be underestimated, and it is important to acknowledge the immense importance of the work being carried out by the CRC. The NJCTA commends the team at the CRC for all that has been accomplished to date.

With that being said, it's essential to understand that members of the NJCTA, along with other operators and applicants in the industry, are akin to passengers on this plane ride. Any subtle shift in direction profoundly

impacts how we operate our businesses. Business operators crave stability, which allows us to plan, forecast, and strategize effectively with our management teams and investors. Bumps in the road are to be expected; sink holes, conversely, are not, and cause huge problems. While I loathe complainers, my job here is to highlight examples of sink holes that have caused issues and made operating more difficult and expensive.

The first issue severely impacting the ability of operators to forecast and plan is a lack of transparency, communication, or adherence to mandated approval timelines under CREAMMA. For instance, CREAMMA mandated that applications for conditional licenses be approved within 30 days, and applications for annual licenses be approved within 90 days. As of today, many annual license applicants who submitted applications the first day they opened -- which was on December 15 of 2021 -- have been waiting over 540 days to hear their name called at a CRC Board meeting, without clarity or a resolution in sight. These are cultivation and manufacturing licenses that were allowed to apply on December 15, and that is the exact group of businesses that we need to expand right now so that we can increase supply in the marketplace. These license hopefuls have spent hundreds of thousands, if not millions of dollars, in order to maintain site control of properties that they plan to use to operate their businesses once they are fully approved.

For operators, delays and lack of communication are notorious among cultivators and manufacturers when new product applications are submitted to the CRC. Whenever an individual operator seeks to start making a new product, the operator must submit what often amounts to hundreds of pages of documents for review and approval before starting that

product line. This process is repeated for every new product from that manufacturer, even when that same exact product -- pre-rolls, for instance -- has already been approved for use by other operators in the marketplace. In contrast, states like Maryland have a streamlined process that simply require operators to submit a compliance checklist prior to commencement of production, with the understanding that if the operator fails to comply with underlying regulations, they will be fined and their product pulled from the market.

Furthermore, it is a seemingly impossible task to secure a meeting -- for an operator to secure a meeting with any of the CRC's commissioners in hopes of having some sort of educational conversation or express concern. One of our members, in fact, has submitted over 1,000 meeting requests to connect with individual commissioners via the official CRC communications channels. To date, only one response was received to those requests, and that response was a denial; the rest of the requests have gone unanswered.

To capture the next issue negatively impacting the cannabis marketplace in New Jersey, I will share a personal story about Justice opening the first Block dispensary in Ewing, New Jersey. The construction of this dispensary was fraught with issues for two years, including the roof caving in during the tornadoes that touched down in Bucks County, Pennsylvania, and Mercer County here in late in the summer of 2021. But, by 2022, we were finally ready to open our doors. However, because our official business name was JG New Jersey, and our dispensary name was Block, we had to file for a certificate of name change -- or DBA -- with the Department of Treasury. That went smoothly; we received the approval from Treasury and we were ready for our grand opening on July 16. Or, so we thought.

Because our name change was not approved at an official CRC board meeting, we were informed on July 14 that we could not open our doors with the Block name displayed anywhere on the exterior of our store. I would like to let that sink in for a moment: We were about to have our grand opening, and we couldn't have our name anywhere on the outside of our store. We had already received approval from Treasury; that was not enough. We needed to have a CRC Board meeting where that was approved, and the next Board meeting was weeks away. Why? That was a question I didn't have time to answer. We needed to open our doors ASAP and start generating sales. I ordered \$800 worth of tarps with next-day delivery to cover up the Block name everywhere on the outside of our storefront.

There I was, leaning against our building while standing on a 20-foot ladder covering up the business' name, while simultaneously preparing to host a grand opening celebration and press event two days later. In our case, this bureaucratic hurdle did not help set our business up for success. Regulation without a clear and defined purpose leads to over-regulation; over-regulation inevitably hurts industry. Streamlining processes and promoting efficiencies is vital to provide operators with a strong regulatory foundation that prioritizes compliance, as well as speed to market.

Over-regulation and lack of transparency also impacts an operator's ability to raise money from investors. Cannabis is a very capital-intensive industry, one in which operators do not have the ability to seek conventional loans from traditional banks or lenders. As a result, operators rely on private investment, non-traditional lenders, and investors that better understand the specific risk factors involved, given cannabis' Federal illegality. However, the lack of transparency from the CRC on timelines,

expectations, and outcomes, in turn, diminishes investor confidence and the availability of capital for *all* potential operators here in New Jersey. What is an investor supposed to think when they just witnessed an existing operator in good standing with over \$50 million invested into the New Jersey marketplace, and they have their adult-use license not renewed at what was expected to be a routine license-renewal process? An operator that received recommendation for approval by CRC staff and no communication whatsoever that their license renewal was in jeopardy, or why.

As an investor, if the CRC can do that to an operator with an established track record and tens of millions of dollars invested in the State, what could happen to a smaller, less established operator? To quote Walter Wriston, “Capital goes where it is welcome, and it stays where it is well treated.” The opposite is also true as capital flees where there is uncertainty and risk of loss.

Contrary to popular belief, our membership is eagerly awaiting an expanded adult-use cannabis marketplace. More cultivators bring diversity of products to be sold in dispensaries. More manufacturers bring diversity in brands and product categories. An increase in dispensaries allows for a greater number of wholesale outlets and expands consumer access to safe and regulated products. Since adult-use applications began to be accepted in December of 2021, there have been over 2,000 applications submitted. Of those applications, only four adult-use licensees have become operational, and all four of those are retail licenses. No new adult-use cultivators or manufacturers have entered the marketplace. Every other operator to come online in the adult-use marketplace has been an expanded ATC from one of the previous medical rounds. There are currently medical-

only ATCs desperate to expand their operations into the adult-use market, given the severe drop in medical cannabis sales.

In Q3 of 2022, medical cannabis sales totaled \$61 million. In Q1 of 2023, that number dropped to \$24 million -- sorry, that number dropped to \$34 million; a drop of \$27 million or a staggering decline of 45%. This statistic should shock and concern everyone who supports a strong legal cannabis industry. While some may point to an increase in adult-use sales as the reason for the drop in medical, the total market sales, adult-use and medical combined, in Q3 of 2022 was \$177 million; and, in Q1 of 2023, it was \$179 million. Forecasts were for our market to be \$1 billion annually, but a 1.2% growth rate over the first six months of this program is a far cry from the strong growth most forecasters expected. In contrast, Missouri -- a state with a total population of 6 million, or two-thirds the size of New Jersey -- brought in \$256 million in total cannabis sales in its first three months of legal sales for adult use.

In conclusion, New Jersey must act to strengthen the cannabis marketplace and make it easier to operate, or risk seeing operators fail under the weight of bureaucracy and unnecessarily high operating costs. Decreasing delays, streamlining processes, increasing communication and transparency will all help build efficiencies and make it easier for operators and new licensees to be successful over time.

Thank you very much for your time.

SENATOR STACK: Thank you; thank you for your testimony.

S C O T T R U D D E R: Good afternoon, now -- correct?

So, thank you Mr. Chairman for having me here.

My name is Scott Rudder and I am the Founder and President of New Jersey CannaBusiness Association. We are New Jersey's first and largest trade association here in the state. We proudly call ourselves New Jersey's cannabis chamber of commerce. We represent current license holders, applicants, and the ancillary market. Collectively, we have nearly 700 members and we are growing every day.

The NJCBA fosters growth within the cannabis industry by hosting workshops, networking events, conferences, and lunch-and-learns. We have also formed subcommittees that work with the CRC where we produce policy papers on topics such as lab testing standards, manufacturing of products, and the types of products, consumption lounges, delivery, and more. I am also a former mayor, former assemblyman, where I served with some of the members of this Committee, so I can certainly appreciate the intensity of what's going on here and this conversation; it's really necessary, and I'm glad we're having it. I want to provide some perspective as we go along, because there's a lot of comments that I have to say that have already been said but just from a perspective point of view.

Every state that has launched its cannabis industry is struggling -- every single state; it's not unique to New Jersey. And, despite the challenges and frustrations experienced by applicants, local officials, and others interested in the success of this industry, we're actually in a much better position than we were in 2018 and 2019, which, many of you will recall resulted in lawsuits and significant delays. So, people who applied, for example, in 2019, had to wait a couple of years because of lawsuits to get themselves up and running.

But, today, under this new construct, under the CRC, if an applicant can build a team; go through the application process; raise the funds needed to launch and operate a cannabis startup; and get municipal support, they will get a license. But that's just the hard part; that's a very, very hard part. I'm telling you, as you mentioned here, I am an applicant myself -- this is a very hard process for everybody. This current process, though, has limited lawsuits and has allowed the approval process to move forward without disruption, and I think that's also very key as we build this new industry.

So, what are the biggest challenges? We discussed a lot of them; perhaps the most significant for most applicants is funding and identifying properties and towns. We've had those discussions today, but since we started this process -- when we started this process, the world's economic landscape has shifted, and there's a lot of folks who thought that once they got their conditional licenses, that there would be all this money thrown at them. But inflation has gone up; interest rates have gone up; and the cost of money has gone up significantly. So, where we thought there was going to be this rush of money and rush of investment back in 2020 and 2021, the reality is it's not here today. So, all these applicants are struggling to figure out how they can get to the next step, how I can convert my conditional to an annual, or if I have my annual or my conditional approval -- my conditional-conversion approval -- how do I even get started, and under the current climate?

So, we don't control what's going on with banking; we don't control what's going on at the Federal level; but, there's things that we can control. And, so, why are we in this place to begin with? We have to

appreciate what the CRC is undergoing. The CRC has been given this legislation, given these rules and regulations to implement, and that's what we're seeing. We wanted-- Back in the day, we were all discussing these, what the new adult-use world is going to look like. We wanted to break up the requirement-- There used to be a requirement that all licenses be vertically integrated. We wanted mom and pops. We wanted mom-and-pop local businesses to compete alongside larger, more established companies. We wanted to give priority status to social equity applicants. We wanted to give priority to diversely owned business owners and applicants looking to locate in impact zones. We wanted to give a pathway for applicants who either lacked funding at the township level to get started through the application process, which is why we can create the conditional license.

We did all this, as I said, back in '20 and 2021 when the economic climate was different. Today's reality is as we just discussed-- Today's reality is it's really hard to get moving forward. There is a backlog for sure. A lot of it is something where the applicants are creating their own challenges, sometimes. It's really difficult putting a team together. But, also, when you go to certain municipalities and you get your resolution -- and, this has happened -- you get your resolution for support, which is a requirement for the application, and some of these municipalities, while you're in the middle of the process, while your application is being reviewed, some of these towns have changed the rules in the middle of the game. So, some of these towns are rescinding some of these approvals while they're already waiting for the CRC, or waiting for this process -- some towns have rescinded some of these resolutions. So, some of these folks have to get that restarted.

So, when we want to measure success-- So, what is New Jersey's definition of success? In the beginning, we viewed the numbers of conditional licenses awarded and the percentage of social equity and diversely owned businesses as part of the process. We measure that as success. All these conditional licenses, every time there's a CRC hearing and we're getting all these conditionals out there, everybody is really excited. But, then again, the reality changed. And, so, I think what we need to do is change the definition of success from not just how many conditional awardees do we have, but how many applicants can we get across the finish line, and what resources does the CRC need to help make that happen?

You heard Todd Edwards talk about this earlier: There is a bottleneck. There is a challenge going on, but some of this could be resolved through resources, some of these can be resolved for agencies that are already in place right now. The EDA, the Business Action Center, they're doing their part to help a lot of these applicants get across the finish line, but, I think that is the very definition of success, is how many of these applications can cross that finish line.

SENATOR STACK: Thank you very much for your testimony.

Bill.

W I L L I A M J. C A R U S O, ESQ.: Chairman, members of the Committee, good afternoon.

Cannabis has a weird effect on your ability to process time, and we started here this morning and it is this afternoon.

MR. RUDDER: It happens. It happens.

MR. CARUSO: Cannabis has that impact, doesn't it?

I am here today wearing a variety of hats. You mentioned some of them: I'm a lawyer; I am a member in the general council of the CannaBusiness Association. I was an advocate and founder -- co-founder -- of the organization that brought us this experiment, New Jersey United for Marijuana Reform back in the day. I had the pleasure of serving with some of you, when I served on staff here as an Executive Director in the Assembly.

And, I want to go back in time for a minute before we talk about the present and the future, because I think it's important to know that I started working for a United States congressman in 1997, at 22 years old, and that was coincidentally around the time that this medical marijuana experiment begun in our country. California adopted a program in 1996 -- way, way, way back then. Some of our friends here that are on staff now may not have even been born at that point in time, so, we've been at this for a while in our country. We've not been doing well, though, and, as Scott said, we're not the only state challenged by this.

In 2009 though, New Jersey led the way in a very innovative way to create the first medical program here in New Jersey, and then we didn't implement it. We had some challenges. There's a gentleman running for president right now in the Republican primary that did not have a view that many others had about adopting a cannabis program, and, so, Governor Christie's views and some other views at the time -- the public's views -- weren't there. We worked with those issues; we adopted a cannabis program, a medical cannabis program. It never really matured to the way it should have or did in other states. So, we can't go back in time; we can't fix that.

But, it's important to know when you ask about what Colorado is doing; when you ask about what California is doing; when you ask about

what Oregon and other places are doing; they started before us and they built out a very robust medical program and then converted that. And, yes, many of those folks are large industry, multi-state operators -- MSOs, as they're affectionately called -- and, they are in that industry and they belong in this industry and they're doing great work. But, that is a model that they created and then they were able to convert. And, yes, they, in some cases, were further along than we were.

Jersey started our efforts soon after Colorado did in 2014 to begin the legalization effort in 2015. Our first hearing happened in this building, in this room, in 2015, led now by the Senate President and former Chairman. Chairman Stack, you were here; Senator Pou was here; it was a landmark hearing. And, it took us five more years to get to legalization. I am proud to say we passed, in a pandemic, with very little resources, the most successful ballot question that has ever gone through this state. That doesn't necessarily mean, though, that everybody who voted for that is for every single thing that we've talked about here. Some came for racial social justice; some came for the ability to walk in the store and buy regulated cannabis; some just wanted to get tax revenue out of this and figure out how to spend it on other things. And, all of those reasons-- That ended up with our industry.

But, we have not done what we could have done in our earlier pathway. We could have created a legalized market earlier; we could have created a medical market earlier. We don't have the ability to go back in time. Now, all we can do is go from where we are. Here's the good news, though: We're not making the mistakes that some of those states made. We don't want to be California. California has a *huge* unregulated market

problem that they created themselves. Colorado is destroying crops right now because they have a glut on cannabis. Same with Oregon; they don't know what to do with their overabundance. Other states have done a miserable job at local zoning, and have created these bottlenecks.

So, Jersey has the ability to do this differently. We don't want to take a bad model -- we don't need to. We're also creating something different here. We don't have to go back in and reengineer social equity and racial social justice around an existing industry; we're building it from the ground floor. It's a blended market.

And, I'm proud to say that in my private-sector work I represent clients of all shapes and sizes, all different places. They come to us from out of state, they come to us from in state. We represent local entrepreneurs and we represent major players in the market. That's what we should be doing in this market. It's a blended market that, if you're familiar with beer, you can look at the large brewery industry that goes on -- the Coors Lights, the Anheiser-Busches, all these different major players. But, Jersey's got one of the best craft brew industries in the nation; you can match it up against any other state -- it's incredible. We can do similar here, and we will. We're going to have craft cannabis alongside the big players, and that's good.

Here's one thing we didn't do, and I want to just take one moment out of this to just talk about medical. This is a hearing about adult-use industry, and I get that 100%, but we missed the boat a little bit on medical. The CRC just did something amazing the other day: They passed new rules on what we're going to see in the clinical registrant license. And, it's good to get familiar with that, because that's going to marry up what the Federal government finally has done to start legitimizing the space with

homegrown research and the ability to develop new drugs -- new products -- here in New Jersey before the Federal government comes in and allows this to happen and you have the payor mix come in -- Medicaid, Medicare, private-pay insurance -- VA, in fact, the Federal government is working on some VA authorizations now.

Drug companies, the kinds of which we used to see here located in New Jersey -- huge manufacturing facilities that are creating state-of-the-art treatments, anti-opioid medications, and things of that nature -- that's going to happen here. That's coming here. That has nothing to do with our adult-use industry right now, but that's built into this program, and that's coming.

Let's talk about adult use. We've done some really amazing things here, and the Legislature should take a bow for this. You came in last year and fixed something. This Legislature is not afraid to come in and say, "You know what, we're learning as we're going, and we're going to fix something." And, Chairwoman Houenou just mentioned this -- the EDA tried to do something innovative and create a fund here and they ran into a statutory impediment and couldn't get it done. This Legislature came in after a hearing just like this last year and decided to adopt a change in law that created a pathway forward for that. And, now, you have a three-legged stool. The CRC is your regulator; the EDA is your funder; and the New Jersey Business Action Center is an anti-bureaucratic force that's going to help streamline some of the issues that these licensees are facing. This is *just* coming around. That EDA fund that went out on April 20 was done within minutes; it was supposed to be \$20 million initially. It is not out of these social equity monies, by the way, this is separate appropriated money. I think

that the best thing this Legislature could be focused on right now is putting more money, more gas into that engine, because it isn't coming from other sources right now.

The ability to put *more* money into that EDA fund -- and, I'm going to say this to you: You may say, "Well, that seems crazy. Why would we be reinvesting state resources into the cannabis pot? Wasn't it supposed to work the other way? Weren't we promised tons of revenue that we're going to be flowing out of this?" Yes. But, you've got to invest a little to get it on the backend. And, these are tough-putt markets right now. EDA knows how to go into these places and do that, but they just don't have the resources right now. So, that would be job one. We need more money in the EDA fund, that they're on the right track. I think the ability to put these grants out for these folks to get a leg up and a little gas in this engine and move, and attract other public-private partnership money into the equation so there's matching funds. That's Number 1.

I agree with increasing staffing. We do not have enough staffing. I represent clients in this space, and I tell them all the time the best thing you can do is stay in touch with your investigators. The investigators are fantastic. They don't need a lot-- You don't need a lot of resources from a lawyer or a lobbyist to get this information back out when you're trying to move through. But, there are not a lot of people there to answer us. I think you heard, collectively, we need more bodies; we need more people; they need more help. And, that's something that I think the CRC is going to work on.

The last piece that I want to focus on in terms of what we can be doing better right now is honesty. This is New Jersey. If you want to build a shed in your backyard, it's a tough regulatory environment. You sprinkle

in the absurdity with the lack of Federal guidance and lack of Federal law in the cannabis experiment -- good luck. When I have clients come to me and ask me what it's going to take to get this done, it's going to take time, resources, and your patience. Because this isn't quick. This isn't easy. But, what we can do, and what we can help with, is provide more time. And, the CRC has done that. The CRC has gone out of their way to extend deadlines for conditional applicants; keeping the clock running; making sure that they understand there are challenges and impediments to getting this done. It's fantastic, and it's really smart.

I think the other thing that we should be doing right now is we should be leaning in heavy. The CRC must, *must* put out clear guidance on manufacturing. The President of the United States has recently said that there-- One of his main focuses is bringing manufacturing back to the United States. I think that is a fantastic bipartisan initiative. We want to do that here, too, in New Jersey. We want to do that here in the medical space. We want to do that here in the adult-use space. We want to create New Jersey-based brands. We want New Jersey and the east coast to be a leader in this space. But, right now, we've got gummies that are really lozenges; vape pens; and flower -- and something called shatter and wax if you're playing.

These are *not* sophisticated products in a regulated market that the consumer base wants to deal with. But, I can walk into a convenience store right now -- or, better yet, my 15-year-old kid can walk into a convenience store right now -- and buy products that we promised the public weren't going to be sold. These are unregulated products; these are not cannabis products. These are not on cannabis store shelves. These are an unregulated market. So, this Legislature has the ability right now-- And,

Senator Lagana, you asked a very important question before, “Do you have the authority?” You darn well do have the authority. You guys can get in here and can put those products behind the store shelves. You can regulate them. There’s bills out here right now on a bipartisan basis to do that.

This CRC, then, can take those products -- take their regs -- and provide the regulatory guidance to entrepreneurs; to manufacturers who want to start producing the products here in New Jersey. And, you will watch the industry grow, and grow, and grow. The revenue will flow. That billion dollars that Jeff Brown talked about will double. This is where we’re headed. I don’t think we need major course corrections right now. I encourage this Legislature to continue to do the hearings the check-ins that you’re doing, because I think this really does help educate the process. I think increasing funding -- because access to capital is the Number 1 issue right now.

And, the other thing is, remember: This is your new regulated market, new regulated industry that you created. You’ve worked on counterfeit cigarettes; you’ve worked with the liquor industry. And, so, we need to work to protect this one, too.

But, by and large, I think what you’re seeing here is something new, something different, and that’s always a challenge -- particularly in cannabis. You’re not going to have any help right now from the Federal government. But, this Legislature knows that’s par for the course. That’s how you end up working on a regular basis when there’s challenges, when the Federal government is at odds with where state law is. But, right now, New Jersey is leading the way in an innovative new program that no other state has done. I would say stay the course, keep working, and, Chairman Stack, your point about regular check-ins is absolutely the right path. This is a good,

good, good oversight of a brand-new industry that I think we're still all figuring out where we're going.

I thank you for the time, and I thank you for the opportunity to be here with you today.

SENATOR STACK: Thank you very much, Bill.

Thank you to the three of you.

Yes, Senator Testa.

SENATOR TESTA: Thank you, Mr. Chairman.

And, Bill, you and I have had many off-line discussions about this. Obviously -- and, I've said this before -- I wasn't necessarily for cannabis being in the State of New Jersey. But, it's here.

And, as Co-Chair of the Manufacturing Caucus, you brought up manufacturing. Myself and Senator Greenstein take the Manufacturing Caucus very seriously, so I think we can certainly work together on pathways to make sure that this is done the right way. Certainly, what I don't want to see happen is that we do things the wrong way. I think we have more than one chance to get this right, but we also have a multitude of chances to get this very wrong, so I'm more than willing to work with you on that, in my capacity as the Co-Chair of the Manufacturing Caucus, to get this correct and make sure it's here and it's not getting into the wrong hands and it's marketed properly. Because, you mentioned those other products that, you know, Senator Lagana, Senator Stack, myself, have talked about, that have some really dire consequences, and people are looking at it -- improperly, I might add -- under the umbrella of legal weed or cannabis, and it's not. It is not those things.

But, I think that goes back to something that Chairman Stack said: There needs to be an educational component here. And, I don't care where it comes from. I think there needs to be some partnerships between the CRC and the Department of Health to say, "Hey, look, these are products that are 'legal' and not meant for juveniles, obviously, at all, and these are products that are not regulated by the CRC and can be extremely dangerous," because we actually don't really know 100% what is in them, because they aren't manufactured here, and they're not regulated by a regulatory body like the CRC.

So, again, I just want to-- I appreciate your intellectual commentary on this subject, and, obviously, the manufacturing component is huge. That bridge right in this very town of Trenton says, "Trenton makes and the world takes." Let's make that mean something.

MR. CARUSO: Senator, thank you.

And, just reference this: You and I have had conversations about our region. We represent one of the poorest regions in New Jersey, and we've talked about the need for economic growth and economic development. Cumberland County was born out of a food-processing background; food-manufacturing background. The bones are there.

The ability to do bottling of beverages right now -- which is a major, you know-- We talked about edibles; there are actually cannabis-infused beverages right now. And, this is a recreational market, OK. But, we've seen seltzers, alcohol-based seltzers and other things. This is an evolving world. This is happening, but there's no reason why a former Progresso plant can't be now manufacturing these types of efforts.

But, I also want to encourage every member of this Committee and every member of this Legislature: Don't sleep on medical manufacturing. This is revolutionary here. We watched pharma flee the state; we have the ability to bring it back. And, this has a direct impact on anti-opioids; this has a direct impact on 65-and-over pain management, anti-arthritic drugs.

And, I'll just say this to you. My mother -- who is not a big fan of her son being in this space, I will offer you -- had a stroke last year, and she's fine. She is not a big fan of cannabis, but was willing to try a topical cream on her arthritic knee that she had, and it was a game changer for her. People are understanding now, coming around, that this isn't the dirty "devil's lettuce," "devil's medicine." There are benefits here. And, we talked a little bit about the down -- the impact on the medical world. Some people don't want to go get a medical card now, but they do want to experience this in some way. But we don't have the maturation now where medical doctors can prescribe medicine in a cannabis form and you can go to a place that is either a dispensary or a medical place and then have it reimbursed by your insurance carrier.

That's coming; Jersey should be ready for that. Jersey should have the industry ready for that. Because, I will say this to you: If you're predicting the long game-- We talked about the past; we talked about the present; here's the future. The Federal government is going to legalize marijuana at some point. De-scheduling-- We're going to see some of this. And, I think that the majority of the grow cultivation facilities that are here in the northeast are gone; they're going. They're going to go south -- cheap labor, cheap land, cheap energy -- and they're probably going offshore -- Mexico, Africa, Costa Rica. You're going to import this like you import

pineapples -- we do Del Monte down in the Port of Camden -- or, oil. If there's a lifeblood of this industry, it is cannabis oil.

But, manufacturing will stay. We have a highly skilled workforce in the richest economy in the free world in a 100-square mile radius. Manufacturing is going to stay.

SENATOR TESTA: And, I truly appreciate your comments concerning manufacturing.

The issue, obviously, is the Fed's haven't acted *yet*, so we have a lot of testimony concerning financing, and so many of these people who are holding conditional licenses, but really, as a Legislature, we really can't do anything, even if we wanted to. And, I'm not saying that we want to get into the loan space, or the financing space, but banks aren't willing to do this. I know there are now-- I've heard there are two banks. I was only familiar with Valley Bank. It's one bank. Valley Bank is willing to enter the space -- at their own risk, I might add -- because if they have FDIC, they really can't. So, we can have all the testimony we want; we can spend hours and hours on the financing aspect, but the truth of the matter is without private equity, those folks who hold those conditional licenses -- they're out of luck.

And, I've had this conversation with Todd Edwards, who is a dear friend of mine. We're on opposite sides of the aisle, and we have many discussions, and frank discussions, but the truth of the matter is that financing is a pipe dream at this point, I truly believe without the private equity space.

What say you about that?

MR. CARUSO: So, I had this conversation with Tai Cooper at the EDA, and Tim Sullivan -- two people who I really enjoy working with and

trust. I've known Tai for my entire career, and Tim more recently as a new addition to the New Jersey economic development effort.

EDA is the patron saint of tough putts. You look at places like Camden, Paterson, New Brunswick, Jersey City. EDA has gone into those places and attracted in different types of financing, money, different types of revenue that they can pull in from a variety of different sources. Now, they don't have the same tools that they can do, even in those places. But, what EDA can do -- and, there is money that is available. First infusion was \$10 million. I believe they have another \$10 million to add to the equation. We're talking about a couple hundred thousand dollars. It's not life changing, but it's seed money. The next chapter now for EDA is to figure out how to attract in the private equity markets to do matching funds there.

And, I think where the delta exists right now is -- and, Todd talked a little bit about this -- there's uncertainty. There's uncertainty in this cannabis experiment; there's uncertainty here in New Jersey about where we're going; and there's also uncertainty here, as Scott mentioned, in the economic world that we've entered into post-COVID. Are we looming on a recession, or are we not? So, there's a lot of those challenges that have nothing to do with cannabis.

But, EDA, I believe, is the conduit. EDA has the ability to put seed money down and then track in money from the private equity side. That's the pathway now, because there is no other pathway.

SENATOR TESTA: Because one of the concerns that I have -- and, I heard a lot of the testimony today, I've been paying attention the whole time -- as the Legislature, we're not in the business of lending money. That's

not what we're here to do. We're here to make laws, and, obviously, we want to make sure that our laws are fair.

And, I understand what the spirit and intent of the CRC is, but once those folks have those licenses, it's not up to us -- at least, and I don't want to speak for everybody, but I'll speak for myself -- it's not up to us as the Legislature to find money. These are investments. But, with every major investment, there comes some level of risk, and it sounds like to me, from the testimony that I heard, that if folks want to get a license and be in a space where there's no investment risk -- well, that's not really what capitalism is about; that's not what America is about.

What are your thoughts on that?

MR. CARUSO: One hundred percent agree.

And, by the way, you've also got to play by the rules, and there are a lot of rules in this space. You know, Todd mentioned the issue about the name change. It's an issue, and you have multiple regulators now that you've got to deal with, and there are challenges. The innovation of throwing up tarps and saying, "We're not going to be stopped, we're going to open," you do those things, right? So, some of it isn't just funding, it's actually being tenacious and innovative in what you're going to do.

But, respectfully, Senator, I do disagree with your comment, though, about the Legislature's role. The Legislature's role, to some extent, is investing in different industries. We have an appropriations process in this state, and we do appropriate money from time to time to put investments in. We have an angel investor fund; we have different types of efforts. But, the goal isn't to take away the risk; the goal isn't to fund failure. The goal is to create a necessary and appropriate closure of the delta, so that it will attract

in outside funding; it will allow some success down the line, because then that would return on the investment will come back 10-fold here to the public treasury.

SENATOR TESTA: Your characterization of that is far different from the testimony that we heard.

MR. CARUSO: Fair.

SENATOR TESTA: Far different. It wasn't about investment and about attracting, it was about helping specific individuals who can't otherwise find financing. And, I don't truly believe that that -- getting specific individuals and creating yet another sort of protected class who are going to be given specific appropriations forward to help them in a business -- I don't see that as government's role. Maybe overall-- Like I said, Co-Chair of the Manufacturing Caucus, to attract more manufacturers here to the State of New Jersey, and to maybe help keep some of our manufacturers that are fleeing the state -- that's another issue altogether.

And, my fear is, what you did say in your testimony, is that once this does go big nationally, you're going to see cultivation leave New Jersey; you're going to see cultivation go to southern states or offshores, where it is a whole lot cheaper to do business.

MR. CARUSO: That's coming. But, you're betting on the speed of the Federal government, so, I think we're OK for a minute.

But, I think we also prepare for that, Senator. I think what you try to do right now is build up that manufacturing base.

SENATOR STACK: Any other members have any questions at this time? (no response)

Hearing none -- thank you.

MR. JOHNSON: If I could chime in--

SENATOR STACK: Sure--

MR. JOHNSON: --on two things.

One, Senator Testa and Senator Lagana, regarding the hemp-derived cannabinoids and the Delta 8, Delta 10 products that are being sold in unregulated fashion -- the New Jersey Cannabis Trade Association put out a white paper highlighting the risks and the factors. We support-- There are two bills out right now. We support regulation of these cannabinoids. We do not think they should be proliferating the way that they are; however, prohibition is probably going too far to the right, given that we are in the process of legalizing cannabis. We're happy to send Chairman Stack our white paper, and it can be disseminated to the Committee for review and education.

Second: Senator Testa, with all due respect, I think what you hear people asking for is the State to fund minority-owned social equity businesses because we are dealing with decades of over-policing of certain racial groups that have, I think-- I don't know all the stats, but I think Blacks in New Jersey are 3.5 times more likely to be arrested for marijuana than whites. And, there needs to be a government-funded way to balance what has happened over the course of the past 50, 60 years. And, that is what people are asking for -- not just willy nilly, you know, can you help fund these people because they want to get into an industry. It's not a protected class; it's a class that has been targeted.

SENATOR TESTA: I just don't see how funding someone's startup money in a business helps someone else who was arrested 25, 30 years

ago. I guess I just don't-- I don't see the nexus between those two, when someone is granted a license.

To me-- Look, if you're going to get into a business, it's not the government's job to provide you with all of the startup money in that business. You got the license -- which is a difficult process, we know that; it's a very difficult process. And, I feel for the individual that Todd Edwards was talking about, who, he was honest, intellectually honest in his testimony, saying the individual he knows he said sold weed his whole life. So, he readily admits someone who was not following the law now wants the government to help him with his startup money because banks can't get really into that space.

I just-- That portion, I'm not there with you on that, I will say; I'm not there with you on that.

MR. JOHNSON: I respect that, 100%.

And, one more thing, Senator Singleton. We-- You talked earlier about the number of cultivators in the state, and how there are 17 and, respectfully, again, I think that we need to look at how we measure the necessary number of cultivators in the state in a different way.

You could have 100 cultivators that each have 1,000 square feet of canopy space or growing space to total 100,000 square feet -- 100 cultivators, 1,000 square feet each -- or, you could have one cultivator with 100,000 square feet of canopy. But, if you have 889 cultivators, and each has 100,000 square feet of canopy, I can tell you that 875 of those are going to go bankrupt.

So, what we need to look at is the total number of canopy square feet that is used to cultivate and figure out what the right balance is so that

we don't see what is happening in Oklahoma right now, where there is 32 times more cannabis available than demand. And, that's because they handed out cultivation licenses to anybody who applied.

So, I would really encourage everybody to measure the cultivation aspect of this industry in the square footage of growing space, versus the just aggregate number of operators.

SENATOR SINGLETON: Chairman, may I?

SENATOR STACK: Sure.

Senator Singleton.

SENATOR SINGLETON: Seventeen was the CRC's number when we asked them that question. I would love to know, based on the point that you said, based on the spacing as it were, the number of acreage and etc. cultivators have.

I think we can both agree 17 is probably not a good enough number to put downward pressure on pricing, and I think the CRC agrees with that as well. So, we need to move beyond that and see how we can get more people to put more product into the space and, thus, hopefully lower costs.

MR. JOHNSON: One hundred percent I agree -- 100%. Seventeen is not enough; we need many more cultivators. But we don't want oversupply issues either two years, three years down the road.

SENATOR SINGLETON: I'll take a happy medium, how about that?

MR. JOHNSON: Sounds good.

SENATOR SINGLETON: Thanks.

SENATOR STACK: Thank you, Senator.

Any other members have any questions for this panel at this time? (no response)

Thank you, thank you very much for being here today. Thank you very much.

At this time, we have members of the public who are signed up to testify.

David.

MR. LORETTE: Yes, Chairman, we had three sign-up slips from members of the public.

We have Beau Huch, representing Porzio Governmental Affairs; he's available. We also have a Mr. Jim Miller, representing himself. And, then, there was a third sign-up slip from Jay Lassiter, also representing himself, but I don't-- I think he left. So, we're just going to have the two people.

SENATOR STACK: Please begin.

Thank you very much. Thanks for your patience and waiting.

B E A U W. H U C H, ESQ.: I think you guys owe a big thanks from everybody here for doing this. It's much needed, and this has been a grueling hearing.

My name is Beau Huch, I am a Director of Porzio Governmental Affairs, and an attorney with Porzio, Bromberg and Newman that practices in this space. Prior to jumping to the private sector, I was the person who drove Declan O'Scanlon nuts for seven years, so you have me to thank for that, too. I worked heavily on the medical marijuana law. David, I know how many drafts you did of the adult-use legislation.

This has been a painful, painful process, so I just want to highlight a few things that really haven't been hit on a whole lot today.

Of everybody who has testified, the Bar Association has kind of been missing from this discussion. The Cannabis Committee are very active on some of the issues that are problematic with this legislation and the regulations.

Senator Testa, Senator Steinhardt, you guys get the gold star today. You hit the biggest nail on the head today as far as mentioning the municipal land-use law. This is something that is a weak point in our piece of legislation here. This is probably the most problematic thing for applicants in this space. If we created some type of shot clock for how municipalities have to respond to applicants at the local level, it would save everybody tens of thousands of dollars easily.

I am an attorney saying, "I don't want to make money off my clients this way; this is wrong." You can have a town change their ordinance retroactively. I had a town just the other day say, "We're going to go from four spots, four parking spots per 1,000 square feet of lease space to seven." The tenant in that space who's been waiting on litigation in that town has been basically renting that out for a year. How is that fair? You have towns sometimes that are really interested in getting the MSOs into that town. They might have a cap, and they just might sit on things for a really long time, and bleed out the little guy. That's not fair either, and that tends to happen a whole lot in this space.

I would like to remind everybody, too, that the history of the municipal land-use law was to prevent corruption; was to prevent the appearance of corruption, even. And, this industry of cannabis -- it is

notorious for having problems. So, a shot clock would really help everybody at least feel like they are being respected and playing by the rules.

Now, as far as Senator Corrado, you brought up a great little point. The CRC does reach out to towns and ask, "Hey, are you actually opting in?" And, that's because when a town opts in, they're not actually required to notify the CRC that they've opted in. They're not even required to give them a copy of the ordinance. When a town modifies that ordinance, they're not required to let them know about it. When a town issues a municipal resolution, if the town has a cap, they're not required to notify the CRC about that. So, here's some low-hanging fruit for a bill: Require towns that they have to notify the CRC about this; have the State come up with a basic database on it, that says very simple information to aggregate; have OIT put it together. Any time that the cap gets drawn down on a town for a given license type, have it recorded.

I use a program. My firm is kind enough to pay for it -- several thousand a year, probably. It's a beta program to look up similar information. It's not that good. No, I shouldn't say that; it's pretty good. There are programs that cost \$30,000 a year for a subscription to do that. This is not something the public should have to be fighting for to find this information. You could piggyback off the DCA's live website for where their ordinances are. There's a great repository of all municipal ordinances. It could happen pretty quickly.

Senator Lagana and Stack and Testa -- you guys all chatted a little bit about Delta 8. I was involved with Senator O'Scanlon's bill on that; I was jumping up and down about that for the past couple years. I can't stress enough what a problem that whole industry is evolving into, and I think this

often gets lost with the Legislature, too, and I hear everyone talk about it. We need to stop thinking about this in the scope of plants and more in the scope of chemistry.

Real quick analogy: I represent the New Jersey Craft Distilleries Guild. I learned about how larger alcohol manufacturers make certain spirits. They use something called a “neutral grain spirit.” You can make out of a neutral grain spirit-- You can make a vodka, a gin, a rum, whatever you really need to out of that base spirit; that chemical compound of alcohol. Well, you can also make a neutral spirit out of a fruit; you can make it out of a grape; you can make it out of a tuber like a potato. CBD is now similar to neutral grain spirit as to how to think about this. Most of the CBD is not even coming in from the U.S. anymore. The American market has basically collapsed; 70% contraction in farm production here for that. So, most of this stuff is entering from, probably, out of country with very, very poor safety standards for even having that base of hemp production. So, those molecular artifacts -- incredibly dangerous. So, I won't beat that horse to death. I just wanted to really highlight those basic points.

Oh, and touching back on one last thing. The Bar Association, again, they did form a sub-committee on land use, it's gotten so bad for just this exact subject matter. So, please, have a chat with them.

Any questions?

SENATOR STACK: Thank you very much.

MR. HUCH: Thank you.

SENATOR STACK: I'm sorry -- Senator Testa.

SENATOR TESTA: Beau, you mentioned the State Bar Association. I used to be on the Board of Trustees for the State Bar Association. I know the Chair of the Cannabis Committee.

Do you know if there's a reason why they're not represented here today?

MR. HUCH: I have no idea.

SENATOR TESTA: That's all.

MR. HUCH: I can only speculate that this is because this is a hearing on the industry rollout, and maybe there's a plan for future hearings. This is a complicated subject matter, and we've already been here several hours, and lawyers, we can talk for a very long time, and we might want to spare you some mercy.

Thank you.

SENATOR STACK: Thank you.

Any other members, any questions so far?

JIM MILLER: My name is Jim Miller, I am the longest-serving medical cannabis advocate in New Jersey, dating back to 1993 during the Florio administration. I am also a Co-Founder of the 501(c)(3) Coalition for Medical Marijuana New Jersey, but I am not here representing them.

This was a rather quick meeting, and we didn't have time to have a board meeting to see if what I say would be sanctioned by the rest, and I'm actually kind of happy with that, because I get to speak a little more frankly. This is personal to me; it's not my job, I don't make money at it.

I want to thank the Committee for convening this meeting specifically for the stated purpose of taking testimony from invited guests and

members of the public on issues concerning the implementation of recreational cannabis in New Jersey.

One issue concerning the implementation of recreational cannabis in New Jersey is, in fact, cited by Senate leadership as the reason for not allowing a medical patients-only cannabis home grow bill -- S342 -- to be posted for an informational hearing. Senate leadership told the New Jersey CannaBusiness Association in 2022 that, "I'm not against marijuana being grown at home for medical purposes, and maybe even just for recreational purposes. But, we've got to let this industry -- it's not off the ground yet." The medical cannabis industry has been off the ground over a decade at the time of that statement. There would be including a net that's being cast way too wide to include them.

S342 is a bill that would allow patients to grow four mature plants and four immature plants. It has three Democratic co-sponsors, and five Republican co-sponsors -- that's not a typo; five Republican co-sponsors. This *is* a bipartisan bill that could get some movement. S353 is the bill that everybody talks about that would allow adults to grow six plants and patients to grow 10. It has three Democratic co-sponsors, and only one Republican co-sponsor, indicating, clearly, that a patients-only bill would be easier to pass than a Senate bill that includes home grow for both adults and patients. These bills are not mutually exclusive; both bills have the same two primary sponsors for a reason. Senator Singleton -- thank you -- and Senator Gopal understand the obvious need for a patient lifeboat bill to be prepared ahead of time, seeing clearly that minority party senators are becoming comfortable with patients growing some of their medicine, while not nearly as comfortable

with adults growing their own. Senator Bucco, not here today, would be able to expound on that -- he is one of those Senators.

Still, medical cannabis bill 34 -- 342 -- and its identical predecessor, S3420, have sat -- excuse me -- on the Senate Health Committee shelf gathering dust for two years, four months, and 14 days. Senate Health Committee Chairman Vitale told me on a Zoom meeting half a year ago that he will *immediately* post S342 for a hearing whenever the Senate President allows him to do so. Primary sponsor, Senator Singleton, formally requested that his bill be posted for a hearing on December 16, 2022. The resulting lack of action does speak louder than words, don't you think?

Many patients are now using the black market to cut their expense in half or more, while Senate leadership expresses worries that patient home grow *might* benefit the black market -- when it is clear that it is the lack of patient home grow that is currently benefiting the black market most. The choice between patients right now, that they're being given by lack of action and by everybody watching this happen for over two years, is they either run out of medicine obeying the law and getting it at dispensaries-- - Well, actually, I don't believe it is against the law so much for them to acquire it somewhere else now, that adults can possess up to 6 ounces and patients, many are adults.

Not to be surprised, and I do condone it, the ones who would run out otherwise; you don't see them in pain. I do. I've been coming to Trenton concerning medical marijuana issues since 1993 when Governor Florio's Commissioner of Health with Dr. Bruce Siegel -- all he could do is try to find a way to help my wife, Cheryl, access legal Federal marijuana to mitigate her multiple sclerosis pain and spasticity -- which was *intense*. I made

Cheryl a deathbed promise four days before she died on June 7, 2003 -- just over 20 years ago -- I promised her I would continue to show up where she would have until New Jersey patients have full access to their medicine. She would have been here, and you would have listened. If she was still with us today, I wouldn't be able to afford an uninterrupted supply of cannabis for her, and my promise won't be fulfilled until patients can grow at least some of their own medicine.

And, now that you notice, and you can easily verify everything that I'm saying -- we all know that -- you're either going to do something about it, or you become enablers. You're culpable deniability is gone. You know, and you can find this out. This is about information; it's about having a hearing that would give you information about this bill that you don't have. Do you have a better source of information than a Committee hearing where people both for and against this have a chance to question testimony in real time, to their own satisfaction? I'm watching it work here. It would work there.

This doesn't have to be. I'd hope that you'd give Senator Singleton and Senator Gopal a chance to convince you that your Senate President needs to understand us more clearly than he does. I know he's proud to be the godfather of cannabis legalization in New Jersey, but he was also patients' idol when he passed -- got medical marijuana provisions for six plants passed -- on the Senate floor, out of committee; on the floor, 22 to 16. He got that passed, only to have them optioned out in Assembly, compromised, more like an ultimatum, and we don't even know why that was. That was done 10 minutes before the Assembly had a voting session on this. There was no testimony taken. And, we cannot find out *why*.

How are patients supposed to fix something when they're not allowed to know what broke? Is that impediment still around? We don't know. And, I think patients deserve to know. They can't be here -- another patient, Michael Brennan, was here; he couldn't make it anymore, he's in pain. I'm in pain, too, because I don't use my-- I had a catastrophic foot injury a dozen years ago, a ladder fall. I'm straight up and down; it's going sideways; feet bottomed out; ankles turned sideways; and I will not take my medicine before I talk to you all, because I want to make sure that I touch every base. And, yes, it does make me feel a little good, and I'm not going to apologize for that. It's not why I take it; I *am* in a lot of pain right now; it *does* work.

And, on Sunday, I'm going to have to go to where I go, to a little bit of a farm market, and I'm going to have to buy medicine for patients who cannot afford it, and there's the sweetest little old -- what I call a little old lady -- we're the same age. I'm not going to call her that; I feel a little stupid doing that. But, you haven't seen her in pain, and I have. It's intense. This works. And, when she runs out of medicine, you're not there to see it.

It's all about information. This is the starting gate for a bill becoming a law. Patients are dying at a rate we only can extrapolate from because the mortality rate is not published by the Department of Health anymore. It used to be right around 5% of the total amount of patients. Now that there's as many as there are, there's like, 20,000, back when you could do estimations like that. There was probably somewhere between 2,000 and 5,000 patients dying every year; somewhere between five and 10 today; and they never had the chance to grow their medicine.

There's going to be a hearing in the Judiciary Committee on Monday about psilocybin mushrooms -- magic mushrooms -- where it was OK to put that up for a hearing, and home grow of mushrooms is going to be allowed after patients don't even get a hearing? I'm sorry if I sound angry, I apologize; I'm not angry with you. But, I've been at this 30 years. I'm tired. I want somebody to do their job and get this bill heard, so it can at least be fair, and you can send me home for good. That's what I want.

Thanks for your time.

SENATOR STACK: Thank you for your testimony.

Any further-- Do we have any further?

MR. MILLER: Thank you, Senator Singleton, in particular.

In particular, my better two-thirds-- People get a better half; I get a better two-thirds. I need more help than a lot of guys.

That's how I got here. That's where all this got done. And, she's your constituent, and, so, that's why I know what's going on. And, you and your staff do a great job. I appreciate it very much, and, on behalf of a lot of patients, thank you.

SENATOR STACK: Thank you very much. No questions on the matter, I'm imagining?

Thank you.

David, do we have anyone else who signed up to testify?

OK. Anything further from any members of the Committee?

(no response)

I would just like to thank everyone who testified, who came down today, and for your patience during the hearing.

I would like to thank all the members also for your time and your patience today to stay for the hearing.

Thank you very much, everyone.

Meeting is adjourned.

(MEETING CONCLUDED)