

S21 (2R)

INTRODUCED BILL

(INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: ASSEMBLY: No

SENATE: Yes
Judiciary 11-9-2020
Judiciary 12-14-2020
Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: Yes

Committee meeting of Senate Judiciary Committee : the Committee will hear testimony from invited guests and the public on deterring minors and young adults from obtaining and using lawful cannabis items intended for adults over 21 years of age and decriminalized marijuana, as proposed in recently passed bills
February 15, 2021
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NEWSPAPER ARTICLES: Yes

"Gov. Murphy signs adult use cannabis reform bills into state law"
Cranbury Press, February 24, 2021

RH/CL

Title 24.
Chapter 6I.(Rename) Cannabis
§§1-3, 6, 18-27, 31, 33, 35-37, 41,
47&48, 51-53,86 -
C.24:6I-31 to 24:6I-56
Title 54.
Subtitle 8F.(New) Cannabis.
Chapter 47F.(New)
Optional Social Equity Excise Fee
§39 - C.54:47F-1
Title 40.
Chapter 48I.(New)
Optional Local Cannabis Transfer
and User Tax
§40 - C.40:48I-1
§§46,50,61,64 - C.2C:35-10a to
2C:35-10d
Title 18A.
Subtitle 8A.
Chapter 61F.(New) Cannabis
§49 - C.18A:61F-1
§59 - C.2C:35-23.1
§60 - C.2C:52-6.1
§77 - C.40:48-1.2b
§87 - Note

P.L. 2021, CHAPTER 16, *approved February 22, 2021*
Assembly, No. 21 (*Second Reprint*)

- 1 **AN ACT** concerning the regulation and use of cannabis, and
2 amending and supplementing various parts of the statutory law.
3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6
7 1. (New section) This act shall be known and may be cited as
8 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
9 Marketplace Modernization Act.”
10
11 2. (New section) The Legislature finds and declares that:
12 a. It is the intent of the people of New Jersey to adopt a new
13 approach to our marijuana policies by controlling and legalizing a
14 form of marijuana **[product]**², to be referred to as cannabis, in a
15 similar fashion to the regulation of alcohol for adults;

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted November 19, 2020.

²Assembly AAP committee amendments adopted December 14, 2020.

- 1 b. It is the intent of the people of New Jersey that the
2 provisions of this act will prevent the sale or distribution of
3 cannabis to persons under 21 years of age;
- 4 c. This act is designed to eliminate the problems caused by the
5 unregulated ²~~manufacture~~ manufacturing², distribution, and use
6 of illegal marijuana within New Jersey;
- 7 d. This act will divert funds from marijuana sales from going to
8 illegal enterprises, gangs, and cartels;
- 9 e. Black New Jerseyans are nearly three times more likely to be
10 arrested for marijuana possession than white New Jerseyans, despite
11 similar usage rates;
- 12 f. New Jersey spends approximately \$127 million per year on
13 marijuana possession enforcement costs;
- 14 g. Controlling and legalizing cannabis for adults ²~~like~~ in a
15 similar fashion to² alcohol will free up precious resources to allow
16 our criminal justice system to focus on serious ²~~crime~~ criminal
17 activities² and public safety issues;
- 18 h. Controlling and legalizing cannabis for adults ²~~like~~ in a
19 similar fashion to² alcohol will strike a blow at the illegal
20 enterprises that profit from New Jersey's current, unregulated
21 illegal marijuana market;
- 22 i. New Jersey must strengthen ²~~our~~ its² support for
23 evidence-based, drug ²use² prevention programs that work to
24 educate New Jerseyans, particularly young New Jerseyans, about
25 the harms of drug abuse;
- 26 j. New Jersey must enhance State-supported programming that
27 provides appropriate, evidence-based treatment for those who suffer
28 from the illness of drug addiction;
- 29 k. Controlling and regulating the ²~~manufacture~~
30 manufacturing², distribution, and ²~~sale~~ sales² of cannabis will
31 strengthen our ability to keep it ²~~and~~ along with² illegal
32 marijuana away from minors;
- 33 l. A controlled system of cannabis manufacturing, distribution,
34 and ²~~sale~~ sales² must be designed in a way that enhances public
35 health and minimizes harms to New Jersey communities and
36 families;
- 37 m. The ²~~regulated~~ legalized² cannabis ²~~system~~
38 marketplace² in New Jersey must be regulated so as to prevent
39 persons younger than 21 years of age from accessing or purchasing
40 cannabis;
- 41 n. A marijuana arrest in New Jersey can have a debilitating
42 impact on a person's future, including consequences for one's job
43 prospects, housing access, financial health, familial integrity,
44 immigration status, and educational opportunities; and
- 45 o. New Jersey cannot afford to sacrifice public safety and
46 ²individuals'² civil rights by continuing its ineffective and wasteful
47 past marijuana enforcement policies.

1 3. (New section) Definitions.

2 As used in P.L. , c. (C.) (pending before the Legislature
3 as this bill) regarding the personal use of cannabis, unless the
4 context otherwise requires:

5 “Alternative treatment center” means an organization issued a
6 permit pursuant to the “Jake Honig Compassionate Use Medical
7 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) to operate as a
8 medical cannabis cultivator, medical cannabis manufacturer,
9 medical cannabis dispensary, or clinical registrant, as well as any
10 alternative treatment center deemed pursuant to section 7 of that act
11 (C.24:6I-7) to concurrently hold a medical cannabis cultivator
12 permit, a medical cannabis manufacturer permit, and a medical
13 cannabis dispensary permit.

14 “Cannabis” means all parts of the plant *Cannabis sativa* L.,
15 whether growing or not, the seeds thereof, and every compound,
16 manufacture, salt, derivative, mixture, or preparation of the plant or
17 its seeds, except those containing resin extracted from the plant,
18 which are cultivated and, when applicable, ¹**[processed]**
19 manufactured¹ in accordance with P.L. , c. (C.) (pending
20 before the Legislature as this bill) for use in cannabis ¹**[items]**
21 products¹ as set forth in this act, but shall not include the weight of
22 any other ingredient combined with cannabis to prepare topical or
23 oral administrations, food, drink, or other product. “Cannabis” does
24 not include: medical cannabis dispensed to registered qualifying
25 patients pursuant to the “Jake Honig Compassionate Use Medical
26 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
27 c.158 (C.18A:40-12.22 et al.); marijuana as defined in N.J.S.2C:35-
28 2 and applied to any offense ¹**[or civil violation]**¹ set forth in
29 chapters 35, 35A, and 36 of Title 2C of the New Jersey Statutes, or
30 P.L.2001, c.114 (C.2C:35B-1 et seq.), or marihuana as defined in
31 section 2 of P.L.1970, c.226 (C.24:21-2) and applied to any offense
32 set forth in the “New Jersey Controlled Dangerous Substances Act,”
33 P.L.1970, c.226 (C.24:21-1 et al.); or hemp or a hemp product
34 cultivated, handled, processed, transported, or sold pursuant to the
35 “New Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

36 “Cannabis consumption area” means, as further described in
37 section 28 of P.L.2019, c.153 (C.24:6I-21), a designated location
38 operated by a licensed cannabis retailer or permit holder for
39 dispensing medical cannabis, for which both a State and local
40 endorsement has been obtained, that is either: (1) an indoor,
41 structurally enclosed area of the cannabis retailer or permit holder
42 that is separate from the area in which retail sales of cannabis items
43 or the dispensing of medical cannabis occurs; or (2) an exterior
44 structure on the same premises as the cannabis retailer or permit
45 holder, either separate from or connected to the cannabis retailer or
46 permit holder, at which cannabis items or medical cannabis either
47 obtained from the retailer or permit holder, or brought by a person
48 to the consumption area, may be consumed.

1 ¹“Cannabis cultivator” means any licensed person or entity that
2 grows, cultivates, or produces cannabis in this State, and sells, and
3 may transport, this cannabis to other cannabis cultivators, or usable
4 cannabis to cannabis manufacturers, cannabis wholesalers, or
5 cannabis retailers, but not to consumers. This person or entity shall
6 hold a Class 1 Cannabis Cultivator license.¹

7 “Cannabis delivery service” means any licensed person or entity
8 that provides courier services for ¹consumer purchases of cannabis
9 items and related supplies fulfilled by¹ a cannabis retailer in order
10 to make deliveries of ¹the¹ cannabis items and related supplies to
11 ¹[a] that¹ consumer ¹, and which services include the ability of a
12 consumer to purchase the cannabis items directly through the
13 cannabis delivery service, which after presenting the purchase order
14 to the cannabis retailer for fulfillment, is delivered to that
15 consumer¹. This person or entity shall hold a Class 6 Cannabis
16 Delivery license.

17 “Cannabis distributor” means any licensed person or entity that
18 transports ¹cannabis in bulk intrastate from one licensed cannabis
19 cultivator to another licensed cannabis cultivator, or transports¹
20 cannabis items in bulk intrastate ¹[,]¹ from ¹any¹ one ¹class of¹
21 licensed cannabis establishment to another ¹class of¹ licensed
22 cannabis establishment, and may engage in the temporary storage of
23 ¹cannabis or¹ cannabis items as necessary to carry out
24 transportation activities. This person or entity shall hold a Class 4
25 Cannabis Distributor license.

26 “Cannabis establishment” means a cannabis ¹[grower]
27 cultivator¹, ¹[also referred to as a cannabis cultivation facility]¹, a
28 cannabis ¹[processor] manufacturer¹, ¹[also referred to as a
29 cannabis product manufacturing facility]¹, a cannabis wholesaler,
30 or a cannabis retailer.

31 “Cannabis extract” means a substance obtained by separating
32 resins from cannabis by: (1) a chemical extraction process using a
33 hydrocarbon-based solvent, such as butane, hexane, or propane; (2)
34 a chemical extraction process using the hydrocarbon-based solvent
35 carbon dioxide, if the process uses high heat or pressure; or (3) any
36 other process identified by the Cannabis Regulatory Commission by
37 rule ²or regulation².

38 “Cannabis flower” means the flower of the plant *Cannabis sativa*
39 *L.* within the plant family *Cannabaceae*.

40 ¹“Cannabis grower” means any licensed person or entity that
41 grows, cultivates, or produces cannabis in this State, and sells, and
42 may transport, this cannabis to other cannabis growers, cannabis
43 processors, cannabis wholesalers, or cannabis retailers, but not to
44 consumers. This person or entity shall hold a Class 1 Cannabis
45 Grower license. A cannabis grower may also be referred to as a
46 "cannabis cultivation facility."¹

1 “Cannabis item” means any ¹usable¹ cannabis, ¹**【cannabis**
2 **resin】**¹, cannabis product, ¹**【and】**¹ cannabis extract ¹, and any other
3 cannabis resin¹. “Cannabis item” does not include: any form of
4 medical cannabis dispensed to registered qualifying patients
5 pursuant to the “Jake Honig Compassionate Use Medical Cannabis
6 Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015, c.158
7 (C.18A:40-12.22 et al.); or hemp or a hemp product cultivated,
8 handled, processed, transported, or sold pursuant to the “New
9 Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

10 “Cannabis leaf” means the leaf of the plant *Cannabis sativa* L.
11 within the plant family Cannabaceae.

12 ¹“Cannabis manufacturer” means any licensed person or entity
13 that processes cannabis items in this State by purchasing or
14 otherwise obtaining usable cannabis, manufacturing, preparing, and
15 packaging cannabis items, and selling, and optionally transporting,
16 these items to other cannabis manufacturers, cannabis wholesalers,
17 or cannabis retailers, but not to consumers. This person or entity
18 shall hold a Class 2 Cannabis Manufacturer license.”¹

19 “Cannabis paraphernalia” means any equipment, products, or
20 materials of any kind which are used, intended for use, or designed
21 for use in planting, propagating, cultivating, growing, harvesting,
22 composting, manufacturing, compounding, converting, producing,
23 processing, preparing, testing, analyzing, packaging, repackaging,
24 storing, vaporizing, or containing cannabis, or for ingesting,
25 inhaling, or otherwise introducing a cannabis item into the human
26 body. “Cannabis paraphernalia” does not include drug
27 paraphernalia as defined in N.J.S.2C:36-1 and which is used or
28 intended for use to commit a violation of chapter 35 ²or 36² of Title
29 2C of the New Jersey Statutes.

30 ¹**【“Cannabis processor” means any licensed person or entity that**
31 **processes cannabis items in this State by purchasing or otherwise**
32 **obtaining cannabis, manufacturing, preparing, and packaging**
33 **cannabis items, and selling, and optionally transporting, these items**
34 **to other cannabis processors, cannabis wholesalers, or cannabis**
35 **retailers, but not to consumers. This person or entity shall hold a**
36 **Class 2 Cannabis Processor license. A cannabis processor may also**
37 **be referred to as a “cannabis product manufacturing facility.”】**¹

38 “Cannabis product” means a product containing ¹usable¹
39 cannabis ¹**【or】**¹ cannabis ¹**【extracts】** extract, or any other
40 cannabis resin¹ and other ingredients intended for human
41 consumption or use, including a product intended to be applied to
42 the skin or hair, edible ¹cannabis¹ products, ointments, and
43 tinctures. ¹“Cannabis ¹**【products do】** product” does¹ not include:
44 (1) ¹usable¹ cannabis by itself; or (2) cannabis extract by itself ¹; or
45 (3) any other cannabis resin by itself¹ .

46 “Cannabis resin” means the resin extracted from any part of the
47 plant *Cannabis sativa* L. ¹**【and any compound, manufacture, salt,**

1 derivative, mixture, or preparation of such resin] , including
2 cannabis extract and resin extracted using non-chemical processes¹,
3 processed and used in accordance with P.L. , c. (C.)
4 (pending before the Legislature as this bill). “Cannabis resin” does
5 not include: any form of medical cannabis dispensed to registered
6 qualifying patients pursuant to the “Jake Honig Compassionate Use
7 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and
8 P.L.2015, c.158 (C.18A:40-12.22 et al.); hashish as defined in
9 N.J.S.2C:35-2 and applied to any offense ²[or civil violation]² set
10 forth in chapters 35, 35A, and 36 of Title 2C of the New Jersey
11 Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.), or as defined in
12 section 2 of P.L.1970, c.226 (C.24:21-2) and applied to any offense
13 of the “New Jersey Controlled Dangerous Substances Act,”
14 P.L.1970, c.226 (C.24:21-1 et al.); or hemp or a hemp product
15 cultivated, handled, processed, transported, or sold pursuant to the
16 “New Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

17 “Cannabis retailer” means any licensed person or entity that
18 purchases or otherwise obtains ¹usable¹ cannabis from cannabis
19 ¹[growers] cultivators¹ and cannabis items from cannabis
20 ¹[processors] manufacturers¹ or cannabis wholesalers, and sells
21 these to consumers from a retail store, and may use a cannabis
22 delivery service or a certified cannabis handler for the off-premises
23 delivery of cannabis items and related supplies to consumers. ¹A
24 cannabis retailer shall also accept consumer purchases to be
25 fulfilled from its retail store that are presented by a cannabis
26 delivery service which will be delivered by the cannabis delivery
27 service to that consumer.¹ This person or entity shall hold a Class 5
28 Cannabis Retailer license.

29 “Cannabis testing facility” means an independent, third-party
30 entity meeting accreditation requirements established by the
31 Cannabis Regulatory Commission that is licensed to analyze and
32 certify cannabis items and medical cannabis for compliance with
33 applicable health, safety, and potency standards.

34 “Cannabis wholesaler” means any licensed person or entity that
35 purchases or otherwise obtains, stores, sells or otherwise transfers,
36 and may transport, cannabis items for the purpose of resale or other
37 transfer to either ¹[to]¹ another cannabis wholesaler or to a
38 cannabis retailer, but not to consumers. This person or entity shall
39 hold a Class 3 Cannabis Wholesaler license.

40 “Commission” means the Cannabis Regulatory Commission
41 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

42 “Conditional license” means a temporary license designated as
43 either a Class 1 Cannabis ¹[Grower] Cultivator¹ license, a Class 2
44 Cannabis ¹[Processor] Manufacturer¹ license, a Class 3 Cannabis
45 Wholesaler license, a Class 4 Cannabis Distributor license, a Class
46 5 Cannabis Retailer license, or a Class 6 Cannabis Delivery license
47 that allows the holder to lawfully act as a cannabis ¹[grower]

1 cultivator¹, cannabis ¹**[processor]** manufacturer¹, cannabis
2 wholesaler, cannabis distributor, cannabis retailer, or cannabis
3 delivery service as the case may be, which is issued pursuant to an
4 abbreviated application process, after which the conditional license
5 holder shall have a limited period of time in which to become fully
6 licensed by satisfying all of the remaining conditions for licensure
7 which were not required for the issuance of the conditional license.

8 “Consumer” means a person 21 years of age or older who
9 purchases, ¹directly or through a cannabis delivery service,¹
10 acquires, owns, holds, or uses cannabis items for personal use by a
11 person 21 years of age or older, but not for resale to others.

12 “Consumption” means the act of ingesting, inhaling, or otherwise
13 introducing cannabis items into the human body.

14 “Delivery” means the transportation of cannabis items and
15 related supplies to a consumer. “Delivery” also includes the use by
16 a licensed cannabis retailer of any third party technology platform
17 to receive, process, and fulfill orders by consumers, ²which third
18 party shall not be required to be a licensed cannabis establishment,
19 distributor, or delivery service,² provided that any physical acts in
20 connection with ²**[filling]** fulfilling² the order and delivery shall be
21 accomplished by a certified cannabis handler performing work for
22 or on behalf of the licensed cannabis retailer ¹, which includes a
23 certified cannabis handler employed or otherwise working on behalf
24 of a cannabis delivery service making off-premises deliveries of
25 consumer purchases fulfilled by that cannabis retailer¹ .

26 “Department” means the Department of Health.

27 “Director” means the Director of the Office of Minority,
28 Disabled Veterans, and Women Cannabis Business Development in
29 the Cannabis Regulatory Commission.

30 “Executive director” means the executive director of the
31 Cannabis Regulatory Commission.

32 “Financial consideration” means value that is given or received
33 either directly or indirectly through sales, barter, trade, fees,
34 charges, dues, contributions, or donations.

35 “Immature cannabis plant” means a cannabis plant that is not
36 flowering.

37 “Impact zone” means any municipality, based on past criminal
38 marijuana enterprises contributing to higher concentrations of law
39 enforcement activity, unemployment, and poverty ², or any
40 combination thereof,² within parts of or throughout the
41 municipality, that:

42 (1) has a population of 120,000 or more according to the most
43 recently compiled federal decennial census as of the effective date
44 of P.L. , c. (C.) (pending before the Legislature as this bill);
45 ²**[or]**²

46 (2) ¹based upon data for calendar year 2019,¹ ranks in the top 40
47 percent of municipalities in the State for marijuana- or hashish-

1 related arrests for violation of paragraph (4) of subsection a. of
2 N.J.S.2C:35-10 ¹ [in the calendar year next preceding the effective
3 date of P.L. , c. (C.) (pending before the Legislature as this
4 bill)]¹; has a crime index total of 825 or higher based upon the
5 indexes listed in the ¹ [most recently issued]¹ annual Uniform
6 Crime Report by the Division of State Police ¹ [as of that effective
7 date]¹; and has a local average annual unemployment rate that
8 ranks in the top 15 percent of all municipalities ¹ [for the calendar
9 year next preceding that effective date]¹, based upon average
10 annual unemployment rates estimated for the relevant calendar year
11 by the Office of Research and Information in the Department of
12 Labor and Workforce Development ²;

13 (3) is a municipality located in a county of the third class, based
14 upon the county's population according to the most recently
15 compiled federal decennial census as of the effective date of P.L. ,
16 c. (C.) (pending before the Legislature as this bill), that
17 meets all of the criteria set forth in paragraph (2) other than having
18 a crime index total of 825 or higher; or

19 (4) is a municipality located in a county of the second class,
20 based upon the county's population according to the most recently
21 compiled federal decennial census as of the effective date of P.L. ,
22 c. (C.) (pending before the Legislature as this bill):

23 (a) with a population of less than 60,000 according to the most
24 recently compiled federal decennial census, that for calendar year
25 2019 ranks in the top 40 percent of municipalities in the State for
26 marijuana- or hashish-related arrests for violation of paragraph (4)
27 of subsection a. of N.J.S.2C:35-10; has a crime index total of 1,000
28 or higher based upon the indexes listed in the 2019 annual Uniform
29 Crime Report by the Division of State Police; but for calendar year
30 2019 does not have a local average annual unemployment rate that
31 ranks in the top 15 percent of all municipalities, based upon average
32 annual unemployment rates estimated for the relevant calendar year
33 by the Office of Research and Information in the Department of
34 Labor and Workforce Development; or

35 (b) with a population of not less than 60,000 or more than 80,000
36 according to the most recently compiled federal decennial census;
37 has a crime index total of 650 or higher based upon the indexes
38 listed in the 2019 annual Uniform Crime Report; and for calendar
39 year 2019 has a local average annual unemployment rate of 3.0
40 percent or higher using the same estimated annual unemployment
41 rates².

42 “License” means a license issued under P.L. , c. (C.)
43 (pending before the Legislature as this bill), including a license that
44 is designated as either a Class 1 Cannabis ¹ [Grower] Cultivator¹
45 license, a Class 2 Cannabis ¹ [Processor] Manufacturer¹ license, a
46 Class 3 Cannabis Wholesaler license, a Class 4 Cannabis
47 Distributor license, a Class 5 Cannabis Retailer license, or a Class 6

1 Cannabis Delivery license. The term includes a conditional license
2 for a designated class, except when the context of the provisions of
3 P.L. , c. (C.) (pending before the Legislature as this bill)
4 otherwise intend to only apply to a license and not a conditional
5 license.

6 “Licensee” means a person or entity that holds a license issued
7 under P.L. , c. (C.) (pending before the Legislature as this
8 bill), including a license that is designated as either a Class 1
9 Cannabis ¹**[Grower]** Cultivator¹ license, a Class 2 Cannabis
10 ¹**[Processor]** Manufacturer¹ license, a Class 3 Cannabis Wholesaler
11 license, a Class 4 Cannabis Distributor license, a Class 5 Cannabis
12 Retailer license, or a Class 6 Cannabis Delivery license, and
13 includes a person or entity that holds a conditional license for a
14 designated class, except when the context of the provisions of
15 P.L. , c. (C.) (pending before the Legislature as this bill)
16 otherwise intend to only apply to a person or entity that holds a
17 license and not a conditional license.

18 “Licensee representative” means an owner, director, officer,
19 manager, employee, agent, or other representative of a licensee, to
20 the extent that the person acts in a representative capacity.

21 ¹“Manufacture” means the drying, processing, compounding, or
22 conversion of usable cannabis into cannabis products or cannabis
23 resins. “Manufacture” does not include packaging or labeling.¹

24 “Mature cannabis plant” means a cannabis plant that is not an
25 immature cannabis plant.

26 “Medical cannabis” means cannabis dispensed to registered
27 qualifying patients pursuant to the “Jake Honig Compassionate Use
28 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and
29 P.L.2015, c.158 (C.18A:40-12.22 et al.). “Medical cannabis” does
30 not include any ²cannabis or² cannabis item which is cultivated,
31 produced, processed, and consumed in accordance with P.L. ,
32 c. (C.) (pending before the Legislature as this bill).

33 “Microbusiness” means a person or entity licensed ²**[by the**
34 **Cannabis Regulatory Commission]** under P.L. , c. (C.)
35 (pending before the Legislature as this bill)² as a cannabis
36 ¹**[grower]** cultivator¹, cannabis ¹**[processor]** manufacturer¹,
37 cannabis wholesaler, cannabis distributor, cannabis retailer, or
38 cannabis delivery service that may only, with respect to its business
39 operations, and capacity and quantity of product: (1) employ no
40 more than 10 employees; (2) operate a cannabis establishment
41 occupying an area of no more than 2,500 square feet, and in the
42 case of a cannabis ¹**[grower]** cultivator¹, grow cannabis on an area
43 no more than 2,500 square feet measured on a horizontal plane and
44 grow above that plane not higher than 24 feet; (3) possess no more
45 than 1,000 cannabis plants each month, except that a cannabis
46 distributor’s possession of cannabis plants for transportation shall
47 not be subject to this limit; (4) acquire ²**[and process]**² each month,

1 in the case of a cannabis ¹**[processor]** manufacturer¹, no more than
2 1,000 pounds of ¹usable¹ cannabis ¹**[in dried form]**¹; (5) acquire
3 for resale each month, in the case of a cannabis wholesaler, no more
4 than 1,000 pounds of ¹usable¹ cannabis ¹**[in dried form]**¹, or the
5 equivalent amount in any ¹**[other]**¹ form ¹of manufactured cannabis
6 product or cannabis resin¹, or any combination thereof; and (6)
7 acquire for retail sale each month, in the case of a cannabis retailer,
8 no more than 1,000 pounds of ¹usable¹ cannabis ¹**[in dried form]**¹,
9 or the equivalent amount in any ¹**[other]**¹ form ¹of manufactured
10 cannabis product or cannabis resin¹, or any combination thereof.

11 “Noncommercial” means not dependent or conditioned upon the
12 provision or receipt of financial consideration.

13 “Premises” or “licensed premises” includes the following areas
14 of a location licensed under P.L. , c. (C.) (pending before
15 the Legislature as this bill): all public and private enclosed areas at
16 the location that are used in the business operated at the location,
17 including offices, kitchens, rest rooms, and storerooms; all areas
18 outside a building that the Cannabis Regulatory Commission has
19 specifically licensed for the production, ¹**[processing]**
20 manufacturing¹, wholesaling, distributing, retail sale, or delivery of
21 cannabis items; and, for a location that the commission has
22 specifically licensed for the production of cannabis outside a
23 building, the entire lot or parcel that the licensee owns, leases, or
24 has a right to occupy.

25 ¹**[“Process”** means the processing, compounding, or conversion
26 of cannabis into cannabis products or cannabis extracts. “Process”
27 does not include packaging or labeling.**”]**¹

28 “Produce” means the ¹**[manufacture,]**¹ planting, cultivation,
29 growing or harvesting of cannabis. “Produce” does not include the
30 drying of cannabis by a cannabis ¹**[processor]** manufacturer¹, if the
31 cannabis ¹**[processor]** manufacturer¹ is not otherwise ¹**[producing]**
32 manufacturing¹ cannabis ¹**[**; or the cultivation and growing of an
33 immature cannabis plant by a cannabis processor, cannabis
34 wholesaler, or cannabis retailer if the cannabis processor, cannabis
35 wholesaler, or cannabis retailer purchased or otherwise received the
36 plant from a licensed cannabis grower**”]**¹.

37 “Public place” means any place to which the public has access
38 that is not privately owned; or any place to which the public has
39 access where alcohol consumption is not allowed, including, but not
40 limited to, a public street, road, thoroughfare, sidewalk, bridge,
41 alley, plaza, park, playground, swimming pool, shopping area,
42 public transportation facility, vehicle used for public transportation,
43 parking lot, public library, or any other public building, structure, or
44 area.

45 “Radio” means a system for transmitting sound without visual
46 images, and includes broadcast, cable, on-demand, satellite, or

1 Internet programming. “Radio” includes any audio programming
2 downloaded or streamed via the Internet.

3 “Significantly involved person” means a person or entity who
4 holds at least a five percent investment interest in a proposed or
5 licensed cannabis ¹[grower] cultivator¹, cannabis ¹[processor]
6 manufacturer¹, cannabis wholesaler, cannabis distributor, ¹[or]¹
7 cannabis retailer, ¹or cannabis delivery service,¹ or who is a
8 decision making member of a group that holds at least a 20 percent
9 investment interest in a proposed or licensed cannabis ¹[grower]
10 cultivator¹, cannabis ¹[processor] manufacturer¹, cannabis
11 wholesaler, cannabis distributor, ¹[or]¹ cannabis retailer ¹, or
12 cannabis delivery service,¹ in which no member of that group holds
13 more than a five percent interest in the total group investment
14 interest, and the person or entity makes controlling decisions
15 regarding the proposed or licensed cannabis ¹[grower] cultivator¹,
16 cannabis ¹[processor] manufacturer¹, cannabis wholesaler,
17 cannabis distributor, ¹[or]¹ cannabis retailer ¹, or cannabis delivery
18 service¹ operations.

19 “Television” means a system for transmitting visual images and
20 sound that are reproduced on screens, and includes broadcast, cable,
21 on-demand, satellite, or Internet programming. “Television”
22 includes any video programming downloaded or streamed via the
23 Internet.

24 “THC” means delta-9-tetrahydrocannabinol ¹and its precursor,
25 tetrahydrocannabinolic acid¹, the main psychoactive ¹[chemical]
26 chemicals¹ contained in the cannabis plant.

27 ¹“Usable cannabis” means the dried leaves and flowers of the
28 female plant Cannabis sativa L., and does not include the seedlings,
29 seeds, stems, stalks, or roots of the plant.¹

30

31 4. Section 3 of P.L.2009, c.307 (C.24:6I-3) is amended to read
32 as follows:

33 3. As used in P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
34 c.158 (C.18A:40-12.22 et al.):

35 "Academic medical center" means (1) an entity located in New
36 Jersey that, on the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
37 al.), has an addiction medicine faculty practice or is in the same
38 health care system as another facility located in New Jersey that
39 offers outpatient medical detoxification services or inpatient
40 treatment services for substance use disorder; has a pain
41 management faculty practice or a facility-based pain management
42 service located in New Jersey; has graduate medical training
43 programs accredited, or pending accreditation, by the Accreditation
44 Council for Graduate Medical Education or the American
45 Osteopathic Association in primary care and medical specialties; is
46 the principal teaching affiliate of a medical school based in the
47 State; and has the ability to conduct research related to medical

1 cannabis **[. If] ¹[, and if] . If¹** the entity is part of a system of
 2 health care facilities, the entity shall not qualify as an academic
 3 medical center unless the health care system is principally located
 4 within the State; or

5 (2) an accredited school of ¹[medicine or]¹ osteopathic
 6 medicine that ¹:¹ is located in a state that shares a common border
 7 with this State; has an articulation agreement or similar
 8 memorandum of understanding ¹, plus an agreement to establish
 9 and maintain an apprenticeship program in this State to train
 10 workers in the cannabis industry, which training would earn college
 11 credit, ¹ with any State college or university ¹located in a county of
 12 the first class¹ with a college of nursing or nursing degree program
 13 accredited by the Commission on Collegiate Nursing Education ¹on
 14 the effective date of P.L. , c. (C.) (pending before the
 15 Legislature as this bill)¹ ; and has an institutional review board that
 16 has, on the effective date of P.L. , c. (C.) (pending before
 17 the Legislature as this bill), previously approved a clinical research
 18 study ¹in this State¹ involving medical cannabis; and has the ability
 19 and will conduct all research and development in ¹[this State] the
 20 county in which the partner State college or university is located¹.

21 "Adverse employment action" means refusing to hire or employ
 22 an individual, barring or discharging an individual from
 23 employment, requiring an individual to retire from employment, or
 24 discriminating against an individual in compensation or in any
 25 terms, conditions, or privileges of employment.

26 "Cannabis" has the meaning given to "marihuana" in section 2 of
 27 the "New Jersey Controlled Dangerous Substances Act," P.L.1970,
 28 c.226 (C.24:21-2).

29 "Clinical registrant" means an entity that has a written
 30 contractual relationship with an academic medical center in the
 31 region in which it has its principal place of business, which includes
 32 provisions whereby the parties will engage in clinical research
 33 related to the use of medical cannabis and the academic medical
 34 center or its affiliate will provide advice to the entity regarding
 35 patient health and safety, medical applications, and dispensing and
 36 managing controlled dangerous substances, among other areas.

37 "Commission" means the Cannabis Regulatory Commission
 38 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

39 "Commissioner" means the Commissioner of Health.

40 "Common ownership or control" means:

41 (1) between two for-profit entities, the same individuals or
 42 entities own and control more than 50 percent of both entities;

43 (2) between a nonprofit entity and a for-profit entity, a majority
 44 of the directors, trustees, or members of the governing body of the
 45 nonprofit entity directly or indirectly own and control more than 50
 46 percent of the for-profit entity; and

1 (3) between two nonprofit entities, the same directors, trustees,
2 or governing body members comprise a majority of the voting
3 directors, trustees, or governing body members of both nonprofits.

4 "Department" means the Department of Health.

5 "Designated caregiver" means a resident of the State who:

6 (1) is at least 18 years old;

7 (2) has agreed to assist with a registered qualifying patient's
8 medical use of cannabis, is not currently serving as ²a² designated
9 caregiver for more than one other qualifying patient, and is not the
10 qualifying patient's health care practitioner;

11 (3) subject to the provisions of paragraph (2) of subsection c. of
12 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
13 of possession or sale of a controlled dangerous substance, unless
14 such conviction occurred after the effective date of P.L.2009, c.307
15 (C.24:6I-1 et al.) and was for a violation of federal law related to
16 possession or sale of cannabis that is authorized under P.L.2009,
17 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);

18 (4) has registered with the commission pursuant to section 4 of
19 P.L.2009, c.307 (C.24:6I-4), and, except in the case of a designated
20 caregiver who is an immediate family member of the patient, has
21 satisfied the criminal history record background check requirement
22 of section 4 of P.L.2009, c.307 (C.24:6I-4); and

23 (5) has been designated as ²a² designated caregiver by the
24 patient when registering or renewing a registration with the
25 commission or in other written notification to the commission.

26 "Dispense" means the furnishing of medical cannabis to a
27 registered qualifying patient, designated caregiver, or institutional
28 caregiver by a medical cannabis dispensary or clinical registrant
29 pursuant to written instructions issued by a health care practitioner
30 pursuant to the requirements of P.L.2009, c.307 (C.24:6I-1 et al.).
31 The term shall include the act of furnishing medical cannabis to a
32 medical cannabis handler for delivery to a registered qualifying
33 patient, designated caregiver, or institutional caregiver, consistent
34 with the requirements of subsection i. of section 27 of P.L.2019,
35 c.153 (C.24:6I-20).

36 "Health care facility" means a general acute care hospital,
37 nursing home, long term care facility, hospice care facility, group
38 home, facility that provides services to persons with developmental
39 disabilities, behavioral health care facility, or rehabilitation center.

40 "Health care practitioner" means a physician, advanced practice
41 nurse, or physician assistant licensed or certified pursuant to Title
42 45 of the Revised Statutes who:

43 (1) possesses active registrations to prescribe controlled
44 dangerous substances issued by the United States Drug
45 Enforcement Administration and the Division of Consumer Affairs
46 in the Department of Law and Public Safety;

47 (2) is the health care practitioner responsible for the ongoing
48 treatment of a patient's qualifying medical condition, the symptoms

1 of that condition, or the symptoms associated with the treatment of
2 that condition, provided, however, that the ongoing treatment shall
3 not be limited to the provision of authorization for a patient to use
4 medical cannabis or consultation solely for that purpose; and

5 (3) if the patient is a minor, is a pediatric specialist.

6 "Immediate family" means the spouse, domestic partner, civil
7 union partner, child, sibling, or parent of an individual, and shall
8 include the siblings, parents, and children of the individual's spouse,
9 domestic partner, or civil union partner, and the parents, spouses,
10 domestic partners, or civil union partners of the individual's parents,
11 siblings, and children.

12 "Institutional caregiver" means a resident of the State who:

13 (1) is at least 18 years old;

14 (2) is an employee of a health care facility;

15 (3) is authorized, within the scope of the individual's
16 professional duties, to possess and administer controlled dangerous
17 substances in connection with the care and treatment of patients and
18 residents pursuant to applicable State and federal laws;

19 (4) is authorized by the health care facility employing the person
20 to assist registered qualifying patients who are patients or residents
21 of the facility with the medical use of cannabis, including, but not
22 limited to, obtaining medical cannabis for registered qualifying
23 patients and assisting registered qualifying patients with the
24 administration of medical cannabis;

25 (5) subject to the provisions of paragraph (2) of subsection c. of
26 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
27 of possession or sale of a controlled dangerous substance, unless
28 such conviction occurred after the effective date of P.L.2009, c.307
29 (C.24:6I-1 et al.) and was for a violation of federal law related to
30 possession or sale of cannabis that is authorized under P.L.2009,
31 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);
32 and

33 (6) has registered with the commission pursuant to section 4 of
34 P.L.2009, c.307 (C.24:6I-4).

35 "Integrated curriculum" means an academic, clinical, or research
36 program at an institution of higher education that is coordinated
37 with a medical cannabis cultivator, medical cannabis manufacturer,
38 or medical cannabis dispensary to apply theoretical principles,
39 practical experience, or both involving the cultivation,
40 manufacturing, dispensing, delivery, or medical use of cannabis to a
41 specific area of study, including, but not limited to, agriculture,
42 biology, business, chemistry, culinary studies, ecology,
43 environmental studies, health care, horticulture, technology, or any
44 other appropriate area of study or combined areas of study.
45 Integrated curricula shall be subject to approval by the commission
46 and the Office of the Secretary of Higher Education.

47 "Integrated curriculum permit" or "IC permit" means a permit
48 issued to a medical cannabis cultivator, medical cannabis

1 manufacturer, or medical cannabis dispensary that includes an
2 integrated curriculum approved by the commission and the Office
3 of the Secretary of Higher Education.

4 "Medical cannabis alternative treatment center" or "alternative
5 treatment center" means an organization issued a permit, including
6 a conditional permit, by the commission to operate as a medical
7 cannabis cultivator, medical cannabis manufacturer, medical
8 cannabis dispensary, or clinical registrant. This term shall include
9 the organization's officers, directors, board members, and
10 employees.

11 "Medical cannabis cultivator" means an organization holding a
12 permit issued by the commission that authorizes the organization to:
13 possess and cultivate cannabis and deliver, transfer, transport,
14 distribute, supply, and sell medical cannabis and related supplies to
15 other medical cannabis cultivators and to medical cannabis
16 manufacturers, clinical registrants, and medical cannabis
17 dispensaries, as well as to plant, cultivate, grow, and harvest
18 medical cannabis for research purposes. A medical cannabis
19 cultivator permit shall not authorize the permit holder to
20 manufacture, produce, or otherwise create medical cannabis
21 products, or to deliver, transfer, transport, distribute, supply, sell, or
22 dispense medical cannabis, medical cannabis products,
23 paraphernalia, or related supplies to qualifying patients, designated
24 caregivers, or institutional caregivers.

25 "Medical cannabis dispensary" means an organization issued a
26 permit by the commission that authorizes the organization to:
27 purchase or obtain medical cannabis and related supplies from
28 medical cannabis cultivators; purchase or obtain medical cannabis
29 products and related supplies from medical cannabis manufacturers;
30 purchase or obtain medical cannabis, medical cannabis products,
31 and related supplies and paraphernalia from other medical cannabis
32 dispensaries and from clinical registrants; deliver, transfer,
33 transport, distribute, supply, and sell medical cannabis and medical
34 cannabis products to other medical cannabis dispensaries; furnish
35 medical cannabis, including medical cannabis products, to a
36 medical cannabis handler for delivery to a registered qualifying
37 patient, designated caregiver, or institutional caregiver consistent
38 with the requirements of subsection i. of section 27 of P.L.2019,
39 c.153 (C.24:6I-20); and possess, display, deliver, transfer, transport,
40 distribute, supply, sell, and dispense medical cannabis, medical
41 cannabis products, paraphernalia, and related supplies to qualifying
42 patients, designated caregivers, and institutional caregivers. A
43 medical cannabis dispensary permit shall not authorize the permit
44 holder to cultivate medical cannabis, to produce, manufacture, or
45 otherwise create medical cannabis products.

46 "Medical cannabis manufacturer" means an organization issued a
47 permit by the commission that authorizes the organization to:
48 purchase or obtain medical cannabis and related supplies from a

1 medical cannabis cultivator or a clinical registrant; purchase or
2 obtain medical cannabis products from another medical cannabis
3 manufacturer or a clinical registrant; produce, manufacture, or
4 otherwise create medical cannabis products; and possess, deliver,
5 transfer, transport, distribute, supply, and sell medical cannabis
6 products and related supplies to other medical cannabis
7 manufacturers and to medical cannabis dispensaries and clinical
8 registrants. A medical cannabis manufacturer permit shall not
9 authorize the permit holder to cultivate medical cannabis or to
10 deliver, transfer, transport, distribute, supply, sell, or dispense
11 medical cannabis, medical cannabis products, paraphernalia, or
12 related supplies to registered qualifying patients, designated
13 caregivers, or institutional caregivers.

14 "Medical use of cannabis" means the acquisition, possession,
15 transport, or use of cannabis or paraphernalia by a registered
16 qualifying patient as authorized by P.L.2009, c.307 (C.24:6I-1 et
17 al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.).

18 "Minor" means a person who is under 18 years of age and who
19 has not been married or previously declared by a court or an
20 administrative agency to be emancipated.

21 "Paraphernalia" has the meaning given in N.J.S.2C:36-1.

22 "Pediatric specialist" means a physician who is a board-certified
23 pediatrician or pediatric specialist, or an advanced practice nurse or
24 physician assistant who is certified as a pediatric specialist by an
25 appropriate professional certification or licensing entity.

26 "Primary care" means the practice of family medicine, general
27 internal medicine, general pediatrics, general obstetrics, or
28 gynecology.

29 "Qualifying medical condition" means seizure disorder,
30 including epilepsy; intractable skeletal muscular spasticity; post-
31 traumatic stress disorder; glaucoma; positive status for human
32 immunodeficiency virus; acquired immune deficiency syndrome;
33 cancer; amyotrophic lateral sclerosis; multiple sclerosis; muscular
34 dystrophy; inflammatory bowel disease, including Crohn's disease;
35 terminal illness, if the patient has a prognosis of less than 12
36 months of life; anxiety; migraine; Tourette's syndrome;
37 dysmenorrhea; chronic pain; opioid use disorder; or any other
38 medical condition or its treatment that is approved by the
39 commission.

40 "Qualifying patient" or "patient" means a resident of the State
41 who has been authorized for the medical use of cannabis by a health
42 care practitioner.

43 "Registration with the commission" means a person has met the
44 qualification requirements for, and has been registered by the
45 commission as, a registered qualifying patient, designated
46 caregiver, or institutional caregiver. The commission shall establish
47 appropriate means for health care practitioners, health care
48 facilities, medical cannabis dispensaries, law enforcement, schools,

1 facilities providing behavioral health services or services for
2 persons with developmental disabilities, and other appropriate
3 entities to verify an individual's status as a registrant with the
4 commission.

5 "Significantly involved person" means a person or entity who
6 holds at least a five percent investment interest in an entity issued,
7 or applying for a permit to operate as, a medical cannabis cultivator,
8 medical cannabis manufacturer, medical cannabis dispensary, or
9 clinical registrant, or who is a decision making member of a group
10 that holds at least a 20 percent investment interest in an entity
11 issued, or applying for a permit to operate as, a medical cannabis
12 cultivator, medical cannabis manufacturer, medical cannabis
13 dispensary, or clinical registrant, in which no member of that group
14 holds more than a five percent interest in the total group investment
15 interest, and the person or entity makes controlling decisions
16 regarding the operations of the entity issued, or applying for a
17 permit to operate as, a medical cannabis cultivator, medical
18 cannabis manufacturer, medical cannabis dispensary, or clinical
19 registrant.

20 "Terminally ill" means having an illness or condition with a
21 prognosis of less than 12 months of life.

22 "Usable cannabis" means the dried leaves and flowers of
23 cannabis, and any mixture or preparation thereof, and does not
24 include the seeds, stems, stalks, or roots of the plant.

25 (cf: P.L.2019, c.153, s.3)

26

27 5. Section 31 of P.L.2019, c.153 (C.24:6I-24) is amended to
28 read as follows:

29 31. a. The Cannabis Regulatory Commission is hereby created
30 in, but not of, the Department of the Treasury, to :

31 (1) assume all powers, duties, and responsibilities with regard to
32 the regulation and oversight of activities authorized pursuant to
33 P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of Health
34 for the further development, expansion, regulation, and enforcement
35 of activities associated with the medical use of cannabis pursuant to
36 P.L.2009, c.307 (C.24:6I-1 et al.). All powers, duties, and
37 responsibilities with regard to the regulation and oversight of
38 activities authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.)
39 shall be transferred from the Department of Health to the Cannabis
40 Regulatory Commission at such time as the members of the
41 commission are appointed as provided in subsection b. of this
42 section and the commission first organizes. Thereafter, any
43 reference to the Department of Health or the Commissioner of
44 Health in any statute or regulation pertaining to the provisions of
45 P.L.2009, c.307 (C.24:6I-1 et al.) shall be deemed to refer to the
46 Cannabis Regulatory Commission. The provisions of this
47 **[subsection]** paragraph shall be carried out in accordance with the

1 "State Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.);
2 and

3 (2) oversee the development, regulation, and enforcement of
4 activities associated with the personal use of cannabis pursuant to
5 P.L. , c. (C.) (pending before the Legislature as this bill).

6 b. (1) The commission shall consist of five members, one of
7 whom shall be designated by the Governor as the chair, and one of
8 whom shall be designated the vice-chair in accordance with the
9 appointment process set forth in paragraph (7) of this subsection.

10 (2) The members of the commission shall be appointed by the
11 Governor as follows:

12 (a) One member shall be appointed upon recommendation of the
13 Senate President;

14 (b) One member shall be appointed upon recommendation of the
15 Speaker of the General Assembly;

16 (c) Three members, including the chair, shall be appointed
17 without any needed recommendation.

18 (3) Initial appointments of commission members pursuant to
19 paragraph (2) of this subsection shall not require the advice and
20 consent of the Senate. Subsequent appointments made pursuant to
21 subparagraph (c) of paragraph (2) of this subsection, including
22 reappointments of members initially appointed, shall be made with
23 the advice and consent of the Senate. Subsequent appointments
24 made pursuant to subparagraphs (a) and (b) of paragraph (2) of this
25 subsection shall be made in the same manner as the original
26 appointment.

27 (4) All five members shall be residents of this State. At least
28 one member shall be a State representative of a national
29 organization or State branch of a national organization with a stated
30 mission of studying, advocating, or adjudicating against minority
31 historical oppression, past and present discrimination,
32 unemployment, poverty and income inequality, and other forms of
33 social injustice or inequality, and all five members shall possess
34 education, training, or experience with legal, policy, or criminal
35 justice issues, corporate or industry management, finance,
36 securities, or production or distribution, medicine or pharmacology,
37 or public health, mental health, or substance use disorders.

38 (5) The chair and the other members shall serve for terms of five
39 years; provided that, for the two other members initially appointed
40 by the Governor without any needed recommendation, one shall be
41 appointed for a term of four years, and one shall be appointed for a
42 term of three years. The chair and the other members shall serve in
43 their respective capacities throughout their entire term and until
44 their successors shall have been duly appointed and qualified. Any
45 vacancy in the commission occurring for any reason other than the
46 expiration of a term, including a vacancy occurring during the term
47 of the initial chair or another initial member, shall be filled in
48 accordance with the requirements for subsequent appointments set

1 forth in paragraph (3) of this subsection for the remainder of the
2 unexpired term only.

3 (6) The chair and other members of the commission shall devote
4 full time to their respective duties of office and shall not pursue or
5 engage in any other business, occupation, or gainful employment.
6 Each member shall receive an annual salary to be fixed and
7 established by the Governor, which for the chair shall not exceed
8 \$141,000, and for the other members shall not exceed \$125,000.

9 (7) The members of the commission, at the commission's first
10 meeting when called by the chair, shall elect, by a majority of the
11 total authorized membership of the commission, one of the
12 members who is appointed based upon the recommendation of the
13 Senate President or Speaker of the General Assembly as set forth in
14 paragraph (2) of this subsection to serve as vice-chair during that
15 member's term. A new vice-chair shall be elected upon the
16 expiration of the current vice-chair's term, even if that member
17 remains on the commission until that member's successor is duly
18 appointed and qualified. The vice-chair shall be empowered to
19 carry out all of the responsibilities of the chair during the chair's
20 absence, disqualification, or inability to serve.

21 (8) A majority of the total authorized membership of the
22 commission shall be required to establish a quorum, and a majority
23 of the total authorized membership of the commission shall be
24 required to exercise its powers at any meeting thereof. However,
25 only if all five commissioners have been duly appointed in
26 accordance with the appointment process set forth in paragraph (2)
27 of this subsection, and five appointed commissioners are present at
28 a meeting, may a majority of the total authorized membership act to
29 assume the powers, duties, and responsibilities with regard to the
30 regulation and oversight of activities authorized pursuant to
31 P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of Health;
32 and similarly, only if all five appointed commissioners are present
33 at a meeting, may a majority of the total authorized membership act
34 to adopt the commission's initial rules and regulations concerning
35 personal use cannabis pursuant to subparagraph (a) of paragraph (1)
36 of subsection d. of section 6 of P.L. , c. (C.) (pending
37 before the Legislature as this bill), by which the licensing of
38 cannabis establishments, ²distributors, and delivery services,² and
39 the lawfully permitted licensing activities of those establishments,
40 ²distributors, and delivery services² may begin.

41 (9) The commission shall adopt annually a schedule of regular
42 meetings, and special meetings may be held at the call of the chair.

43 (10) Any member of the commission may be removed from
44 office by the Governor, for cause, upon notice and opportunity to be
45 heard at a public hearing. Any member of the commission shall
46 automatically forfeit the member's office upon conviction for any
47 crime.

1 c. (1) The commission **【may】** shall establish, and from time to
2 time alter, a plan of organization, and employ personnel as it deems
3 necessary under the direct supervision of a full-time executive
4 director for the commission. The plan of organization shall include
5 the Office of Minority, Disabled Veterans, and Women **【Medical】**
6 Cannabis Business Development established by section 32 of
7 P.L.2019, c.153 (C.24:6I-25).

8 (a) The initial executive director shall be appointed by the
9 Governor, and thereafter every subsequent executive director shall
10 be appointed by the Governor with the advice and consent of the
11 Senate. The executive director shall serve at the pleasure of the
12 appointing Governor during the Governor's term of office and until
13 a successor has been duly appointed and qualified. Any vacancy in
14 the office occurring for any reason other than the expiration of a
15 term, including a vacancy occurring during the term of the initial
16 executive director, shall be filled for the unexpired term only in the
17 same manner as the appointment of any subsequent executive
18 director as set forth herein. The executive director shall receive an
19 annual salary to be fixed and established by the Governor, which
20 shall not exceed \$141,000.

21 (b) (i) All employees of the commission under the direct
22 supervision of the executive director, except for secretarial and
23 clerical personnel, shall be in the State's unclassified service. All
24 employees shall be deemed confidential employees for the purposes
25 of the "New Jersey Employer-Employee Relations Act," P.L.1941,
26 c.100 (C.34:13A-1 et seq.).

27 (ii) If, as a result of transferring powers, duties, and
28 responsibilities with regard to the regulation and oversight of
29 activities authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.)
30 from the Department of Health to the commission pursuant to
31 subsection a. of this section, the commission needs to employ an
32 individual to fill a position, employees of the department who
33 performed the duties of the position to be filled shall be given a
34 one-time right of first refusal offer of employment with the
35 commission, and such employees may be removed by the
36 commission for cause or if deemed unqualified to hold the position,
37 notwithstanding any other provision of law to the contrary. A
38 department employee who becomes employed by the commission
39 shall retain as an employee of the commission the seniority, and all
40 rights related to seniority, that the employee had with the
41 department as of the last day of employment with the department;
42 provided, however, that such seniority and seniority rights shall be
43 retained only by an employee who was transferred from
44 employment with the department to employment with the
45 commission, and shall not be retained by an employee who was
46 removed from employment with the department due to layoff
47 procedures or who resigned from a position with the department
48 prior to being hired by the commission.

1 (2) The commission may sue and be sued in any court, employ
2 legal counsel to represent the commission in any proceeding to
3 which it is a party and render legal advice to the commission upon
4 its request, as well as contract for the services of other professional,
5 technical, and operational personnel and consultants as may be
6 necessary to the performance of its responsibilities.

7 (3) The commission may incur additional expenses within the
8 limits of funds available to it in order to carry out its duties,
9 functions, and powers under P.L.2009, c.307 (C.24:6I-1 et al.) and
10 P.L. , c. (C.) (pending before the Legislature as this bill).

11 d. With respect to the activities of the commission, neither the
12 President of the Senate or the Speaker of the General Assembly
13 shall be permitted to appear or practice or act in any capacity
14 whatsoever before the commission regarding any matter
15 whatsoever, nor shall any member of the immediate family of the
16 Governor, President of the Senate, or Speaker of the General
17 Assembly be permitted to so practice or appear in any capacity
18 whatsoever before the commission regarding any matter
19 whatsoever. As used in this subsection, "immediate family" means
20 the spouse, domestic partner, or civil union partner, and any
21 dependent child or stepchild, recognized by blood or by law, of the
22 Governor, President of the Senate, or Speaker of the General
23 Assembly, or of the spouse, domestic partner, or civil union partner
24 residing in the same household as the Governor, President of the
25 Senate, or Speaker of the General Assembly.

26 e. The commission may designate its powers and authority as it
27 deems necessary and appropriate to carry out its duties and
28 implement the provisions of P.L.2009, c.307 (C.24:6I-1 et al.) and
29 P.L. , c. (C.) (pending before the Legislature as this bill).

30 f. The commission shall, no later than three years after the date
31 it first organizes, contract with a public research university, as
32 defined in section 3 of P.L.1994, c.48 (C.18A:3B-3), to conduct an
33 independent study to review:

- 34 (1) the commission's organization;
- 35 (2) the commission's regulation and enforcement activities;
- 36 (3) the overall effectiveness of the commission as a full time
37 entity; and
- 38 (4) whether the regulation and oversight of medical cannabis or
39 personal use cannabis could be more effectively and efficiently
40 managed through a reorganization of the commission, consolidation
41 of the commission within the Department of Health or another
42 Executive Branch department, conversion to a part-time
43 commission, or the transfer of some or all of the commission's
44 operations elsewhere within the Executive Branch.

45 The commission shall submit the findings of the independent
46 study, along with the commission's recommendations for
47 appropriate executive, administrative, or legislative action, to the

1 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
2 19.1), to the Legislature.

3 (cf: P.L.2019, c.153, s.31)

4

5 6. (New section) Commission Activities Associated with the
6 Personal Use of Cannabis ²[:] ²

7 a. The Cannabis Regulatory Commission shall have all powers
8 necessary or proper to enable it to carry out the commission's
9 duties, functions, and powers under P.L. , c. (C.) (pending
10 before the Legislature as this bill). The jurisdiction, supervision,
11 duties, functions, and powers of the commission extend to any
12 person who buys, sells, ²cultivates,² produces, ²[processes]
13 manufactures², transports, or delivers any ²cannabis or² cannabis
14 items within this State.

15 b. The duties, functions and powers of the commission shall
16 include the following:

17 (1) To regulate the purchase, sale, ²cultivation,² production,
18 ²[processing] manufacturing², transportation, and delivery of
19 ²cannabis or² cannabis items in accordance with the provisions of
20 P.L. , c. (C.) (pending before the Legislature as this bill);

21 (2) To grant, refuse, suspend, revoke, cancel, or take actions
22 otherwise limiting licenses or conditional licenses for the sale,
23 ²[processing] cultivation², ²[or]² production ², or manufacturing²
24 of cannabis items, or other licenses in regard to cannabis items, and
25 to permit, in the commission's discretion, the transfer of a license
26 between persons;

27 (3) To investigate and aid in the prosecution of every violation
28 of the statutory laws of this State relating to ²cannabis and²
29 cannabis items and to cooperate in the prosecution of offenders
30 before any State court of competent jurisdiction;

31 (4) To adopt, amend, or repeal regulations as necessary to carry
32 out the intent and provisions of P.L. , c. (C.) (pending before
33 the Legislature as this bill);

34 (5) To exercise all powers incidental, convenient, or necessary
35 to enable the commission to administer or carry out the provisions
36 of P.L. , c. (C.) (pending before the Legislature as this bill),
37 or any other law of this State that charges the commission with a
38 duty, function, or power related to personal use cannabis. Powers
39 described in this paragraph include, but are not limited to:

40 (a) Issuing subpoenas;

41 (b) Compelling attendance of witnesses;

42 (c) Administering oaths;

43 (d) Certifying official acts;

44 (e) Taking depositions as provided by law;

45 (f) Compelling the production of books, payrolls, accounts,
46 papers, records, documents, and testimony; and

1 (g) Establishing fees in addition to the application, licensing,
2 and renewal fees, provided that any fee established by the
3 commission is reasonably calculated not to exceed the cost of the
4 activity for which the fee is charged;

5 (6) To adopt rules regulating and prohibiting the advertising of
6 cannabis items in a manner that is appealing to minors; that
7 promotes excessive use; that promotes illegal activity; or that
8 otherwise presents a significant risk to public health and safety; and

9 (7) To regulate the use of ²cannabis and² cannabis items for
10 scientific, pharmaceutical, manufacturing, mechanical, industrial,
11 and other purposes.

12 c. The powers of the commission further include the power to
13 purchase, seize, possess, and dispose of ²cannabis and² cannabis
14 items. The commission may purchase, possess, seize, or dispose of
15 ²cannabis and² cannabis items as is necessary to ensure compliance
16 with and enforcement of the provisions of P.L. , c. (C.)
17 (pending before the Legislature as this bill), and any rule adopted
18 pursuant thereto. Any State officer, board, commission,
19 corporation, institution, department, or other State body, and any
20 local officer, board, commission, institution, department, or other
21 local government body, that is permitted by the statutory laws of
22 this State to perform a duty, function, or power with respect to
23 ²cannabis or² a cannabis item, may purchase, possess, seize, or
24 dispose of the ²cannabis or² cannabis item as the State officer,
25 board, commission, corporation, institution, department or other
26 State body, or the local officer, board, commission, institution,
27 department, or other local government body, considers necessary to
28 ensure compliance with and enforce the applicable statutory law or
29 any rule adopted under the applicable statutory law.

30 d. (1) (a) Within 180 days after the effective date of this
31 section, which takes effect immediately upon enactment of P.L. ,
32 c. (C.) (pending before the Legislature as this bill), or within
33 45 days of all five members of the commission being duly
34 appointed in accordance with the appointment process set forth in
35 paragraph (2) of subsection b. of section 31 of P.L.2019, c.153
36 (C.24:6I-24), whichever date is later, and notwithstanding the
37 provisions of the "Administrative Procedure Act," P.L.1968, c.410
38 (C.52:14B-1 et seq.), to the contrary, the commission, after
39 consultation with the Attorney General, State Treasurer,
40 Commissioner of Health, and Commissioner of Banking and
41 Insurance, shall, immediately upon filing proper notice with the
42 Office of Administrative Law, adopt rules and regulations prepared
43 by the commission necessary or proper to enable it to carry out the
44 commission's duties, functions, and powers with respect to
45 overseeing the development, regulation, and enforcement of
46 activities associated with the personal use of cannabis pursuant to
47 P.L. , c. (C.).

1 (b) The initial rules and regulations adopted pursuant to
2 subparagraph (a) of this paragraph shall be in effect for a period not
3 to exceed one year after the date of filing with the Office of
4 Administrative Law. These rules and regulations shall thereafter be
5 adopted, amended, or readopted, and any subsequent rules and
6 regulations adopted, amended, or readopted, by the commission in
7 accordance with the requirements of the “Administrative Procedure
8 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), after consultation with
9 other department heads, as the commission deems appropriate.

10 (2) On the date of adoption of the initial rules and regulations
11 pursuant to subparagraph (a) of paragraph (1) of this subsection, the
12 provisions of P.L. , c. (C.) (pending before the Legislature
13 as this bill) shall become operative, other than those provisions
14 which were operative immediately upon enactment. Subsequent to
15 the date of adoption of the initial rules and regulations, the
16 commission shall determine the first date thereafter on which
17 cannabis retailers issued licenses and conditional licenses may
18 begin retail sales of personal use cannabis items, which latter date
19 shall not be more than 180 days after the commission’s adoption of
20 its initial rules and regulations. The commission shall provide
21 every person or entity issued licenses or conditional licenses by the
22 commission with at least 30 days’ notice of this date, and shall also
23 provide ²the 30-day] this² notice to every alternative treatment
24 center deemed to be licensed for personal use cannabis activities
25 pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7), as amended by
26 P.L. , c. (C.) (pending before the Legislature as this bill),
27 whether or not already engaged in retail sales of personal use
28 cannabis items as permitted prior to the retail sales date established
29 pursuant to this paragraph, as set forth in paragraph (3) of
30 subsection a. of section 33 of P.L. , c. (C.) (pending before
31 the Legislature as this bill).

32
33 7. Section 14 of P.L.2009, c.307 (C.24:6I-12) is amended to
34 read as follows:

35 14. a. The commissioner, or after the effective **[date]** dates of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) and P.L. , c. (C.)
37 (pending before the Legislature as this bill), the commission, shall
38 report to the Governor, and to the Legislature pursuant to section 2
39 of P.L.1991, c.164 (C.52:14-19.1):

40 (1) no later than one year after the effective date of P.L.2009,
41 c.307 (C.24:6I-1 et al.), on the actions taken to implement the
42 provisions of P.L.2009, c.307 (C.24:6I-1 et al.); and

43 (2) annually thereafter on the number of applications for
44 registration with the commission, the number of qualifying patients
45 registered, the number of designated and institutional caregivers
46 registered, the nature of the qualifying medical conditions of the
47 patients, the number of registrations revoked, the number of

1 medical cannabis cultivator, medical cannabis manufacturer, and
 2 medical cannabis dispensary permits issued and revoked, the
 3 number and type of integrated curricula approved, established, and
 4 maintained in connection with an IC permit, the number of testing
 5 laboratories licensed, the number of clinical registrant permits
 6 issued and the nature of the clinical research conducted by each
 7 clinical registrant, any incidents of diversion of medical cannabis,
 8 information concerning racial, ethnic, disabled veteran, and gender
 9 diversity in the individuals issued and currently holding permits
 10 issued by the commission, the number of permit applications
 11 received from businesses owned by minorities, disabled veterans,
 12 and women and the number of such applications that were
 13 approved, the business development initiatives undertaken by the
 14 Office of Minority, Disabled Veterans, and Women **[Medical]**
 15 Cannabis Business Development pursuant to section 32 of
 16 P.L.2019, c.153 (C.24:6I-25) and the outcomes or effects of those
 17 initiatives, statistics concerning arrests for drug offenses throughout
 18 the State and in areas where medical cannabis dispensaries are
 19 located, including information concerning racial disparities in arrest
 20 rates for drug offenses generally and cannabis offenses in particular,
 21 the number of motor vehicle stops by law enforcement involving
 22 violations of R.S.39:4-50, or section 5 of P.L.1990, c.103 (C.39:3-
 23 10.13) concerning operators of commercial motor vehicles, for
 24 driving under the influence of medical cannabis, or suspicion
 25 thereof, cataloged by the jurisdictions in which the stop occurred,
 26 and the race, ethnicity, gender, and age of the vehicle driver and
 27 any other vehicle occupants, the number of deliveries of medical
 28 cannabis performed and the percentage of total medical cannabis
 29 dispensations that were completed by delivery, and the number of
 30 health care practitioners authorizing patients for the medical use of
 31 cannabis, including the types of license or certification held by
 32 those practitioners; and

33 (3) beginning no later than one year after the effective date of
 34 P.L. , c. (C.) (pending before the Legislature as this bill),
 35 and annually thereafter in the same report concerning information
 36 on medical cannabis activities or a separate report, information on:

37 (a) the number of ²**[civil penalty]**² citations ²**[or]** ² arrests ² ²
 38 or charges for manufacturing, distributing, or possessing or having
 39 under control with the intent to distribute marijuana or hashish in
 40 violation of paragraph (12) of subsection b. of N.J.S.2C:35-5, or for
 41 obtaining or possessing marijuana or hashish in violation of
 42 paragraph ²**[(4)]** ⁽³⁾² of subsection a. of N.J.S.2C:35-10, cataloged
 43 by the jurisdictions in which the acts resulting in the citations,
 44 arrests, or charges occurred, and the race, ethnicity, gender, and age
 45 of the persons cited, arrested, or charged;

1 **(b) the number of motor vehicle stops by law enforcement**
2 **involving violations of R.S.39:4-50, or section 5 of P.L.1990, c.103**
3 **(C.39:3-10.13) concerning operators of commercial motor vehicles,**
4 **for driving under the influence of personal use cannabis or**
5 **marijuana, or suspicion thereof, cataloged by the jurisdictions in**
6 **which the stop occurred, and the race, ethnicity, gender, and age of**
7 **the vehicle driver and any other vehicle occupants;**

8 **(c) the total number of personal use cannabis licenses issued**
9 **since the distribution of the previous report to the Governor and**
10 **Legislature, as well as the number for each class of license issued,**
11 **and the total number and type of applicants that submitted**
12 **applications for licenses and whether they were approved,**
13 **reapproved, or denied; and**

14 **(d) the data compiled by the Office of Minority, Disabled**
15 **Veterans, and Women Cannabis Business Development pursuant to**
16 **section 32 of P.L.2019, c.153 (C.24:6I-25) about participation in the**
17 **lawful operation of cannabis establishments², distributors, and**
18 **delivery services² by persons from socially and economically**
19 **disadvantaged communities, including minority, disabled veterans’,**
20 **and women’s business licensing and business development in the**
21 **personal use cannabis marketplace, and the data shall include the**
22 **office’s analysis of the total number of licenses applied for and**
23 **issued since the distribution of the previous report to the Governor**
24 **and Legislature compared with the total number of minority**
25 **businesses and women’s businesses, as these terms are defined in**
26 **section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled**
27 **veterans’ businesses, as defined in section 2 of P.L.2015, c.116**
28 **(C.52:32-31.2), that submitted applications for licenses and whether**
29 **they were approved, reapproved, or denied.**

30 b. The reports shall not contain any identifying information of
31 patients, caregivers, or health care practitioners.

32 c. **(1)** Within two years after the effective date of P.L.2009,
33 c.307 (C.24:6I-1 et al.) and every two years thereafter, the
34 commissioner or, after the effective date of P.L.2019, c.153
35 (C.24:6I-5.1 et al.), the commission, shall: evaluate whether there
36 are sufficient numbers of medical cannabis cultivators, medical
37 cannabis manufacturers, medical cannabis dispensaries, and clinical
38 registrants to meet the needs of registered qualifying patients
39 throughout the State; evaluate whether the maximum amount of
40 medical cannabis allowed pursuant to P.L.2009, c.307 (C.24:6I-1 et
41 al.) is sufficient to meet the medical needs of qualifying patients;
42 and determine whether any medical cannabis cultivator, medical
43 cannabis manufacturer, medical cannabis dispensary, or clinical
44 registrant has charged excessive prices in connection with medical
45 cannabis.

46 The commissioner or, after the effective date of P.L.2019, c.153
47 (C.24:6I-5.1 et al.), the commission, shall report all such findings

1 no later than two years after the effective date of P.L.2009, c.307
 2 (C.24:6I-1 et al.), and every two years thereafter, to the Governor,
 3 and to the Legislature pursuant to section 2 of P.L.1991, c.164
 4 (C.52:14-19.1).

5 (2) The commission, beginning no later than one year after the
 6 effective date of P.L. , c. (C.) (pending before the
 7 Legislature as this bill), may also include in its reports information
 8 concerning its periodic evaluation of whether the existing numbers
 9 of cannabis ¹**[growers]** cultivators¹ , cannabis ¹**[processors]**
 10 manufacturers¹ , cannabis wholesalers, cannabis distributors,
 11 cannabis retailers, and cannabis delivery services are sufficient to
 12 meet the personal use cannabis market demands of the State, and
 13 actions the commission may take to issue additional cannabis
 14 licenses as authorized by paragraph (1) of subsection a. of section
 15 18 of P.L. , c. (C.) (pending before the Legislature as this
 16 bill), or if there is an oversupply of licenses, as well as information
 17 about any increase in the rates of use of marijuana and cannabis by
 18 persons under 21 years of age.
 19 (cf: P.L.2019, c.153, s.20)

20
 21 8. Section 33 of P.L.2019, c.153 (C.24:6I-26) is amended to
 22 read as follows:

23 33. a. No person shall be appointed to or employed by the
 24 commission if, during the period commencing three years prior to
 25 appointment or employment, the person held any direct or indirect
 26 interest in, or any employment by, any holder of, or applicant for, a
 27 medical cannabis cultivator, medical cannabis manufacturer,
 28 medical cannabis dispensary, or clinical registrant permit pursuant
 29 to P.L.2009, c.307 (C.24:6I-1 et al.) or otherwise employs any
 30 certified medical cannabis handler to perform transfers or deliveries
 31 of medical cannabis , or a cannabis ¹**[grower]** cultivator¹ , cannabis
 32 ¹**[processor]** manufacturer¹ , cannabis wholesaler, cannabis
 33 distributor, cannabis retailer, or cannabis delivery service ²license
 34 pursuant to P.L. , c. (C.) (pending before the Legislature as
 35 this bill)² , or an entity that employs or uses a certified personal use
 36 cannabis handler to perform work for or on behalf of a licensed
 37 cannabis establishment, distributor, or delivery service; provided,
 38 however, that notwithstanding any other provision of law to the
 39 contrary, any such person may be appointed to or employed by the
 40 commission if the person's prior interest in any such permit holder,
 41 license holder, entity, or applicant would not, in the opinion of the
 42 commission, interfere with the objective discharge of the person's
 43 obligations of appointment or employment, but in no instance shall
 44 any person be appointed to or employed by the commission if the
 45 person's prior interest in such permit holder, license holder, entity,
 46 or applicant constituted a controlling interest in that permit holder,

1 license holder, entity, or applicant; and provided further, however,
2 that notwithstanding any other provision of law to the contrary, any
3 such person may be employed by the commission in a secretarial or
4 clerical position if, in the opinion of the commission, the person's
5 previous employment by, or interest in, any permit holder, license
6 holder, entity, or applicant would not interfere with the objective
7 discharge of the person's employment obligations.

8 b. Prior to appointment or employment, each member of the
9 commission and each employee of the commission shall swear or
10 affirm that the member or employee, as applicable, possesses no
11 interest in any business or organization issued a medical cannabis
12 cultivator, medical cannabis manufacturer, medical cannabis
13 dispensary, or clinical registrant permit, or cannabis ¹**[grower]**
14 cultivator¹, cannabis ¹**[processor]** manufacturer¹, cannabis
15 wholesaler, cannabis distributor, cannabis retailer, or cannabis
16 delivery service license by the commission, or in any entity that
17 employs or uses a certified personal use cannabis handler to
18 perform work for or on behalf of a licensed cannabis establishment,
19 distributor, or delivery service.

20 c. (1) Each member of the commission shall file with the State
21 Ethics Commission a financial disclosure statement listing all assets
22 and liabilities, property and business interests, and sources of
23 income of the member and the member's spouse, domestic partner,
24 or partner in a civil union couple, as the case may be, and shall also
25 provide to the State Ethics Commission in the same financial
26 disclosure statement a list of all assets and liabilities, property and
27 business interests, and sources of income of each dependent child or
28 stepchild, recognized by blood or by law, of the member, or of the
29 spouse, domestic partner, or partner in a civil union couple residing
30 in the same household as the member. Each statement shall be
31 under oath and shall be filed at the time of appointment and
32 annually thereafter.

33 (2) Each employee of the commission, except for secretarial and
34 clerical personnel, shall file with the State Ethics Commission a
35 financial disclosure statement listing all assets and liabilities,
36 property and business interests, and sources of income of the
37 employee and the employee's spouse, domestic partner, or partner in
38 a civil union couple, as the case may be. Such statement shall be
39 under oath and shall be filed at the time of employment and
40 annually thereafter. Notwithstanding the provisions of subsection
41 (n) of section 10 of P.L.1971, c.182 (C.52:13D-21), only financial
42 disclosure statements filed by a commission employee who is in a
43 policy-making management position shall be posted on the Internet
44 website of the State Ethics Commission.

45 (cf: P.L.2019, c.153, s.33)

1 9. Section 34 of P.L.2019, c.153 (C.24:6I-27) is amended to
2 read as follows:

3 34. a. The “New Jersey Conflicts of Interest Law,” P.L.1971,
4 c.182 (C.52:13D-12 et seq.) shall apply to members of the
5 commission and to all employees of the commission, except as
6 herein specifically provided.

7 b. (1) The commission shall promulgate and maintain a Code
8 of Ethics that is modeled upon the Code of Judicial Conduct of the
9 American Bar Association, as amended and adopted by the Supreme
10 Court of New Jersey.

11 (2) The Code of Ethics promulgated and maintained by the
12 commission shall not be in conflict with the laws of this State,
13 except, however, that the Code of Ethics may be more restrictive
14 than any law of this State.

15 c. The Code of Ethics promulgated and maintained by the
16 commission, and any amendments or restatements thereof, shall be
17 submitted to the State Ethics Commission for approval. The
18 **[Codes]** Code of Ethics shall include, but not be limited to,
19 provisions that:

20 (1) No commission member or employee shall be permitted to
21 enter and engage in any activities, nor have any interest, directly or
22 indirectly, in any medical cannabis cultivator, medical cannabis
23 manufacturer, medical cannabis dispensary, or clinical registrant
24 issued a permit by the commission in accordance with P.L.2009,
25 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
26 medical cannabis handler to perform transfers or deliveries of
27 medical cannabis, or any cannabis **[grower]** cultivator¹, cannabis
28 **[processor]** manufacturer¹, cannabis wholesaler, cannabis
29 distributor, cannabis retailer, or cannabis delivery service issued a
30 license by the commission in accordance with P.L. , c. (C.)
31 (pending before the Legislature as this bill) or any entity that
32 employs or uses a certified personal use cannabis handler to
33 perform work for or on behalf of a licensed cannabis establishment,
34 distributor, or delivery service, except in the course of the
35 member’s or employee’s duties; provided that nothing in this
36 paragraph shall be construed to prohibit a member or employee who
37 is a registered qualifying patient, or who is serving as a designated
38 caregiver or institutional caregiver for a registered qualifying
39 patient, from being dispensed medical cannabis consistent with the
40 requirements of P.L.2009, c.307 (C.24:6I-1 et al.) ¹; and further
41 provided that nothing in this paragraph shall be construed to
42 prohibit a member or employee from being sold cannabis items by a
43 cannabis retailer as a consumer as authorized by P.L. ,
44 c. (C.) (pending before the Legislature as this bill)¹.

45 (2) No commission member or employee shall solicit or accept
46 employment from any holder of, or applicant for, a medical

1 cannabis cultivator, medical cannabis manufacturer, medical
2 cannabis dispensary, or clinical registrant permit or any entity that
3 employs any certified medical cannabis handler to perform transfers
4 or deliveries of medical cannabis, or ²[any] a² cannabis ¹[grower]
5 cultivator¹ , cannabis ¹[processor] manufacturer¹ , cannabis
6 wholesaler, cannabis distributor, cannabis retailer, or cannabis
7 delivery service ²[issued a]² license ²[by the commission in
8 accordance with P.L. _____ , c. (C. _____) (pending before the
9 Legislature as this bill)]² or any entity that employs or uses a
10 certified personal use cannabis handler to perform work for or on
11 behalf of a licensed cannabis establishment, distributor, or delivery
12 service, for a period of two years after termination of service with
13 the commission, except as otherwise provided in section 35 of
14 P.L.2019, c.153 (C.24:6I-28).

15 (3) No commission member or employee shall act in the
16 member's or employee's official capacity in any matter wherein the
17 member, employee, or the member's or employee's spouse,
18 domestic partner, or partner in a civil union couple, or child, parent,
19 or sibling has a direct or indirect personal financial interest that
20 might reasonably be expected to impair the member's or
21 employee's objectivity or independence of judgment.

22 (4) No commission member or employee shall act in the
23 member's or employee's official capacity in a matter concerning
24 any holder of, or applicant for, a medical cannabis cultivator,
25 medical cannabis manufacturer, medical cannabis dispensary, or
26 clinical registrant permit or any entity that employs any certified
27 medical cannabis handler to perform transfers or deliveries of
28 medical cannabis, or a cannabis ¹[grower] cultivator¹ , cannabis
29 ¹[processor] manufacturer¹ , cannabis wholesaler, cannabis
30 distributor, cannabis retailer ²[license]², or cannabis delivery
31 service ²license² or any entity that employs or uses a certified
32 personal use cannabis handler to perform work for or on behalf of a
33 licensed cannabis establishment, distributor, or delivery service,
34 who is the employer of a spouse, domestic partner, or partner in a
35 civil union couple, or child, parent, or sibling of the commission
36 member or employee when the fact of the employment of the
37 spouse, domestic partner, or partner in a civil union couple, or
38 child, parent, or sibling might reasonably be expected to impair the
39 objectivity and independence of judgment of the commission
40 member or employee.

41 (5) No spouse, domestic partner, or partner in a civil union
42 couple, or child, parent, or sibling of a commission member shall be
43 employed in any capacity by any holder of, or applicant for, a
44 medical cannabis cultivator, medical cannabis manufacturer,
45 medical cannabis dispensary, or clinical registrant permit ²[,]² or

1 any entity that employs any certified medical cannabis handler to
2 perform transfers or deliveries of medical cannabis, or a cannabis
3 '[grower] cultivator' , cannabis '[processor] manufacturer' ,
4 cannabis wholesaler, cannabis distributor, cannabis retailer, or
5 cannabis delivery service license or any entity that employs or uses
6 a certified personal use cannabis handler to perform work for or on
7 behalf of a licensed cannabis establishment, distributor, or delivery
8 service, nor by any holding, intermediary, or subsidiary company
9 thereof.

10 (6) No commission member shall meet with any person, except
11 for any other member of the commission or employee of the
12 commission, or discuss any issues involving any pending or
13 proposed application or any matter whatsoever which may
14 reasonably be expected to come before the commission, or any
15 member thereof, for determination unless the meeting or discussion
16 takes place on the business premises of the commission, provided,
17 however, that commission members may meet to consider matters
18 requiring the physical inspection of equipment or premises at the
19 location of the equipment or premises. All meetings or discussions
20 subject to this paragraph shall be noted in a log maintained for this
21 purpose and available for inspection pursuant to the provisions of
22 P.L.1963, c.73 (C.47:1A-1 et seq.).

23 d. No commission member or employee shall have any interest,
24 direct or indirect, in any holder of, or applicant for, a medical
25 cannabis cultivator, medical cannabis manufacturer, medical
26 cannabis dispensary, or clinical registrant permit or **[in]** any entity
27 that employs any certified medical cannabis handler to perform
28 transfers or deliveries of medical cannabis, or a cannabis '[grower]
29 cultivator' , cannabis '[processor] manufacturer' , cannabis
30 wholesaler, cannabis distributor, cannabis retailer, or cannabis
31 delivery service license or any entity that employs or uses a
32 certified personal use cannabis handler to perform work for or on
33 behalf of a licensed cannabis establishment, distributor, or delivery
34 service, during the member's term of office or employee's term of
35 employment.

36 e. Each commission member and employee shall devote the
37 member's or employee's entire time and attention to the member's
38 or employee's duties, as applicable, and shall not pursue any other
39 business or occupation or other gainful employment; provided,
40 however, that secretarial and clerical personnel may engage in such
41 other gainful employment as shall not interfere with their duties to
42 the commission, unless otherwise directed; and provided further,
43 however, that other employees of the commission may engage in
44 such other gainful employment as shall not interfere or be in
45 conflict with their duties to the commission **[or division,]** upon
46 approval by the commission **[, as the case may be].**

1 f. (1) A member of the commission and the executive director
 2 or any other employee of the commission holding a supervisory or
 3 policy-making management position shall not make any
 4 contribution as that term is defined in “The New Jersey Campaign
 5 Contributions and Expenditures Reporting Act,” P.L.1973, c.83
 6 (C.19:44A-1 et seq.).

7 (2) A member or employee of the commission shall not:

8 (a) use the member’s or employee’s official authority or
 9 influence for the purpose of interfering with or affecting the result
 10 of an election or a nomination for office;

11 (b) directly or indirectly coerce, attempt to coerce, command, or
 12 advise any person to pay, lend, or contribute anything of value to a
 13 party, committee, organization, agency, or person for political
 14 purposes; or

15 (c) take any active part in political campaigns or the
 16 management thereof; provided, however, that nothing herein shall
 17 prohibit a member or employee from voting as the member or
 18 employee chooses or from expressing personal opinions on political
 19 subjects and candidates.

20 g. For the purpose of applying the provisions of the “New
 21 Jersey Conflicts of Interest Law,” any consultant or other person
 22 under contract for services to the commission shall be deemed to be
 23 a special State employee, except that the restrictions of section 4 of
 24 P.L.1981, c.142 (C.52:13D-17.2) shall not apply to such person.
 25 Such person and any corporation, firm, or partnership in which the
 26 person has an interest or by which the person is employed shall not
 27 represent any person or party other than the commission.

28 (cf: P.L.2019, c.153, s.34)

29

30 10. Section 35 of P.L.2019, c.153 (C.24:6I-28) is amended to
 31 read as follows:

32 35. a. No member of the commission shall hold any direct or
 33 indirect interest in, or be employed by, any holder of, or applicant
 34 for, a medical cannabis cultivator, medical cannabis manufacturer,
 35 medical cannabis dispensary, or clinical registrant permit issued
 36 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or **[in]** any entity that
 37 employs any certified medical cannabis handler to perform transfers
 38 or deliveries of medical cannabis, or a cannabis ¹[grower]
 39 cultivator¹ , cannabis ¹[processor] manufacturer¹ , cannabis
 40 wholesaler, cannabis distributor, cannabis retailer, or cannabis
 41 delivery service license issued pursuant to P.L. , c. (C.)
 42 (pending before the Legislature as this bill) or any entity that
 43 employs or uses a certified personal use cannabis handler to
 44 perform work for or on behalf of a licensed cannabis establishment,
 45 distributor, or delivery service, for a period of two years

1 commencing on the date that membership on the commission
2 terminates.

3 b. (1) No employee of the commission may acquire any direct
4 or indirect interest in, or accept employment with, any holder of, or
5 applicant for, a medical cannabis cultivator, medical cannabis
6 manufacturer, medical cannabis dispensary, or clinical registrant
7 permit or **[in]** any entity that employs any certified medical
8 cannabis handler to perform transfers or deliveries of medical
9 cannabis, or a cannabis ¹**[grower]** manufacturer¹ , cannabis
10 ¹**[processor]** manufacturer¹ , cannabis wholesaler, cannabis
11 distributor, cannabis retailer, or cannabis delivery service license or
12 any entity that employs or uses a certified personal use cannabis
13 handler to perform work for or on behalf of a licensed cannabis
14 establishment, distributor, or delivery service. for a period of two
15 years commencing at the termination of employment with the
16 commission, except that a secretarial or clerical employee of the
17 commission may accept such employment at any time after the
18 termination of employment with the commission. At the end of two
19 years and for a period of two years thereafter, a former employee
20 who held a policy-making management position at any time during
21 the five years prior to termination of employment may acquire an
22 interest in, or accept employment with, any holder of, or applicant
23 for, a medical cannabis cultivator, medical cannabis manufacturer,
24 medical cannabis dispensary, or clinical registrant permit or **[in]**
25 any entity that employs any certified medical cannabis handler to
26 perform transfers or deliveries of medical cannabis, or a cannabis
27 ¹**[grower]** cultivator¹ , cannabis ¹**[processor]** manufacturer¹ ,
28 cannabis wholesaler, cannabis distributor, cannabis retailer, or
29 cannabis delivery service license or any entity that employs or uses
30 a certified personal use cannabis handler to perform work for or on
31 behalf of a licensed cannabis establishment, distributor, or delivery
32 service, upon application to, and the approval of, the commission,
33 upon a finding that the interest to be acquired or the employment
34 will not create the appearance of a conflict of interest and does not
35 evidence a conflict of interest in fact.

36 (2) Notwithstanding the provisions of this subsection, if the
37 employment of a commission employee, other than an employee
38 who held a policy-making management position at any time during
39 the five years prior to termination of employment, is terminated as a
40 result of a reduction in the workforce at the commission, the
41 employee may, at any time prior to the end of the two-year period,
42 accept employment with any holder of, or applicant for, a medical
43 cannabis cultivator, medical cannabis manufacturer, medical
44 cannabis dispensary, or clinical registrant permit or any entity that
45 employs any certified medical cannabis handler to perform transfers
46 or deliveries of medical cannabis, or a cannabis ¹**[grower]**

1 cultivator¹ , cannabis ¹**[processor]** manufacturer¹ , cannabis
 2 wholesaler, ¹**[or]** cannabis distributor,¹ cannabis retailer ¹, or
 3 cannabis delivery service¹ license or any entity that employs or uses
 4 a certified personal use cannabis handler to perform work for or on
 5 behalf of a licensed cannabis establishment, ¹distributor, or delivery
 6 service,¹ upon application to, and the approval of, the commission,
 7 upon a finding that the employment will not create the appearance
 8 of a conflict of interest and does not evidence a conflict of interest
 9 in fact. The commission shall take action on an application within
 10 30 days of receipt and an application may be submitted to the
 11 commission prior to or after the commencement of the employment.

12 c. No commission member or employee shall represent any
 13 person or party other than the State before or against the
 14 commission for a period of two years from the termination of office
 15 or employment with the commission.

16 d. No partnership, firm, or corporation in which a former
 17 commission member or employee has an interest, nor any partner,
 18 officer, or employee of any such partnership, firm, or corporation
 19 shall make any appearance or representation which is prohibited to
 20 the former member or employee.

21 (cf: P.L.2019, c.153, s.35)

22

23 11. Section 36 of P.L.2019, c.153 (C.24:6I-29) is amended to
 24 read as follows:

25 36. a. (1) No holder of, or applicant for, a medical cannabis
 26 cultivator, medical cannabis manufacturer, medical cannabis
 27 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
 28 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
 29 medical cannabis handler to perform transfers or deliveries of
 30 medical cannabis, or a cannabis ¹**[grower]** cultivator¹, cannabis
 31 ¹**[processor]** manufacturer¹ , cannabis wholesaler, cannabis
 32 distributor, cannabis retailer, or cannabis delivery service license
 33 issued pursuant to P.L. _____, c. (C. _____) (pending before the
 34 Legislature as this bill) or any entity that employs or uses a certified
 35 personal use cannabis handler to perform work for or on behalf of a
 36 licensed cannabis establishment, distributor, or delivery service,
 37 shall employ or offer to employ, or provide, transfer, or sell, or
 38 offer to provide, transfer, or sell any interest, direct or indirect, in
 39 any medical cannabis cultivator, medical cannabis manufacturer,
 40 medical cannabis dispensary, or clinical registrant permit holder, or
 41 any cannabis ¹**[grower]** cultivator¹ , cannabis ¹**[processor]**
 42 manufacturer¹ , cannabis wholesaler, cannabis distributor, cannabis
 43 retailer, or cannabis delivery service license holder, to any person
 44 restricted from such transactions by the provisions of sections 33
 45 through 35 of P.L.2019, c.153 (C.24:6I-26 through C.24:6I-28).

1 (2) In addition to any civil penalty imposed pursuant to
2 subsection c. of this section, the commission may deny an
3 application, or revoke or suspend a permit holder's permit or
4 license holder's license, for committing a violation of this
5 subsection.

6 b. (1) A member or employee of the commission who makes or
7 causes to be made a political contribution prohibited under
8 subsection f. of section 34 of P.L.2019, c.153 (C.24:6I-27) is guilty
9 of a crime of the fourth degree, but notwithstanding the provisions
10 of subsection b. of N.J.S.2C:43-3, a fine not to exceed \$200,000
11 may be imposed.

12 (2) A member or employee of the commission who willfully
13 violates any other provisions in sections 33 through 35 of P.L.2019,
14 c.153 (C.24:6I-26 through C.24:6I-28) is guilty of a disorderly
15 persons offense.

16 c. The State Ethics Commission, established pursuant to the
17 "New Jersey Conflicts of Interest Law," P.L.1971, c.182
18 (C.52:13D-12 et seq.), shall enforce the provisions of sections 33
19 through 36 of P.L.2019, c.153 (C.24:6I-26 through C.24:6I-29), and
20 upon a finding of a violation, impose a civil penalty of not less than
21 \$500 nor more than \$10,000, which penalty may be collected in a
22 summary proceeding pursuant to the "Penalty Enforcement Law of
23 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). If a violation also
24 represents a crime or disorderly persons offense as set forth in
25 subsection b. of this section, the State Ethics Commission shall also
26 refer the matter to the Attorney General or appropriate county
27 prosecutor for further investigation and prosecution.

28 (cf: P.L.2019, c.153, s.36)

29

30 12. Section 2 of P.L.1971, c.182 (C.52:13D-13) is amended to
31 read as follows:

32 2. As used in this act, and unless a different meaning clearly
33 appears from the context, the following terms shall have the
34 following meanings:

35 a. "State agency" means any of the principal departments in the
36 Executive Branch of the State Government, and any division, board,
37 bureau, office, commission, or other instrumentality within or
38 created by such department, the Legislature of the State, and any
39 office, board, bureau, or commission within or created by the
40 Legislative Branch, and, to the extent consistent with law, any
41 interstate agency to which New Jersey is a party and any
42 independent State authority, commission, instrumentality, or
43 agency. A county or municipality shall not be deemed an agency or
44 instrumentality of the State.

45 b. "State officer or employee" means any person, other than a
46 special State officer or employee: (1) holding an office or

1 employment in a State agency, excluding an interstate agency, other
2 than a member of the Legislature; or (2) appointed as a New Jersey
3 member to an interstate agency.

4 c. "Member of the Legislature" means any person elected to
5 serve in the General Assembly or the Senate.

6 d. "Head of a State agency" means: (1) in the case of the
7 Executive Branch of government, except with respect to interstate
8 agencies, the department head or, if the agency is not assigned to a
9 department, the Governor; and (2) in the case of the Legislative
10 Branch, the chief presiding officer of each House of the Legislature.

11 e. "Special State officer or employee" means: (1) any person
12 holding an office or employment in a State agency, excluding an
13 interstate agency, for which office or employment no compensation
14 is authorized or provided by law, or no compensation other than a
15 sum in reimbursement of expenses, whether payable per diem or per
16 annum, is authorized or provided by law; (2) any person, not a
17 member of the Legislature, holding a part-time elective or
18 appointive office or employment in a State agency, excluding an
19 interstate agency; or (3) any person appointed as a New Jersey
20 member to an interstate agency the duties of which membership are
21 not full-time.

22 f. "Person" means any natural person, association or
23 corporation.

24 g. "Interest" means: (1) the ownership or control of more than
25 10 percent of the profits or assets of a firm, association, or
26 partnership, or more than 10 percent of the stock in a corporation
27 for profit other than a professional service corporation organized
28 under the "Professional Service Corporation Act," P.L.1969, c.232
29 (C.14A:17-1 et seq.); or (2) the ownership or control of more than
30 one percent of the profits of a firm, association, or partnership, or
31 more than one percent of the stock in any corporation, (a) which is
32 the holder of, or an applicant for, a casino license or in any holding
33 or intermediary company with respect thereto, as defined by the
34 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), **[or]** (b)
35 which is the holder of, or an applicant for, a medical cannabis
36 cultivator, medical cannabis manufacturer, medical cannabis
37 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
38 c.307 (C.24:6I-1 et al.), or any holding or intermediary company
39 with respect thereto, or (c) which is the holder of, or an applicant
40 for, a cannabis 'grower' cultivator¹, cannabis 'processor
41 manufacturer¹, cannabis wholesaler, cannabis distributor, cannabis
42 retailer, or cannabis delivery service license issued pursuant to
43 P.L. , c. (C.) (pending before the Legislature as this bill), or
44 which is an entity that employs or uses a certified personal use
45 cannabis handler to perform work for or on behalf of a licensed
46 cannabis establishment, distributor, or delivery service, or any

1 holding or intermediary company with respect to thereto. The
 2 provisions of this act governing the conduct of individuals are
 3 applicable to shareholders, associates or professional employees of
 4 a professional service corporation regardless of the extent or
 5 amount of their shareholder interest in such a corporation.

6 h. "Cause, proceeding, application or other matter" means a
 7 specific cause, proceeding or matter and does not mean or include
 8 determinations of general applicability or the preparation or review
 9 of legislation which is no longer pending before the Legislature or
 10 the Governor.

11 i. "Member of the immediate family" of any person means the
 12 person's spouse, domestic partner, civil union partner, child, parent,
 13 or sibling residing in the same household.

14 (cf: P.L.2019, c.153, s.37)

15

16 13. The title of P.L.1981, c.142 is amended to read as follows:

17 **AN ACT concerning casino activity, and personal use and medical**
 18 **cannabis activities,** and the conduct of certain elected and appointed
 19 public officers and employees as it relates thereto, amending and
 20 supplementing P.L.1971, c.182, amending P.L.1977, c.110,
 21 P.L.1980, c.28 and P.L.1980, c.69 , and repealing section 2 of
 22 P.L.1980, c.79.

23 (cf: P.L.1981, c.142, title)

24

25 14. Section 4 of P.L.1981, c.142 (C.52:13D-17.2) is amended to
 26 read as follows:

27 4. a. As used in this section "person" means:

28 (1) (a) with respect to casino activity **[and]** , activity related to
 29 medical cannabis authorized pursuant to P.L.2009, c.307 (C.24:6I-1
 30 et al.), and activity related to personal use cannabis authorized
 31 pursuant to P.L. , c. (C.) (pending before the Legislature as
 32 this bill): the Governor; the President of the Senate; the Speaker of
 33 the General Assembly; any full-time member of the Judiciary; any
 34 full-time professional employee of the Office of the Governor; the
 35 head of a principal department; the assistant or deputy heads of a
 36 principal department, including all assistant and deputy
 37 commissioners; the head of any division of a principal department;

38 (b) with respect to casino activity **[,]** ; any State officer or
 39 employee subject to financial disclosure by law or executive order
 40 and any other State officer or employee with responsibility for
 41 matters affecting casino activity; any special State officer or
 42 employee with responsibility for matters affecting casino activity;
 43 any member of the Legislature; any full-time professional employee
 44 of the Legislature; members of the Casino Reinvestment
 45 Development Authority; or

46 (c) with respect to activity related to medical cannabis
 47 authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) **[,]** and

1 activity related to personal use cannabis authorized pursuant to
 2 P.L. , c. (C.) (pending before the Legislature as this bill):
 3 any State officer or employee subject to financial disclosure by law
 4 or executive order and any other State officer or employee with
 5 responsibility for matters affecting medical cannabis activity or
 6 personal use cannabis activity; any special State officer or
 7 employee with responsibility for matters affecting medical cannabis
 8 activity or personal use cannabis activity; members of the Cannabis
 9 Regulatory Commission; or

10 (2) (a) any member of the governing body, or the municipal
 11 judge or the municipal attorney of a municipality wherein a casino
 12 is located; any member of or attorney for the planning board or
 13 zoning board of adjustment of a municipality wherein a casino is
 14 located, or any professional planner, or consultant regularly
 15 employed or retained by such planning board or zoning board of
 16 adjustment; or

17 (b) any member of the governing body or the municipal judge of
 18 a municipality, any member of the planning board or zoning board
 19 of adjustment, or any professional planner, or consultant regularly
 20 employed or retained by such planning board or zoning board of
 21 adjustment, of a municipality wherein a medical cannabis
 22 cultivator, medical cannabis manufacturer, medical cannabis
 23 dispensary, or clinical registrant issued a permit pursuant to
 24 P.L.2009, c.307 (C.24:6I-1 et al.), or wherein a cannabis ¹grower
 25 cultivator¹ , cannabis ¹processor manufacturer¹ , cannabis
 26 wholesaler, cannabis distributor, cannabis retailer, ²or² cannabis
 27 delivery service issued a license pursuant to P.L. , c. (C.)
 28 (pending before the Legislature as this bill), is located.

29 b. (1) No State officer or employee, nor any person, nor any
 30 member of the immediate family of any State officer or employee,
 31 or person, nor any partnership, firm, or corporation with which any
 32 such State officer or employee or person is associated or in which
 33 he has an interest, nor any partner, officer, director, or employee
 34 while he is associated with such partnership, firm, or corporation,
 35 shall hold, directly or indirectly, an interest in, or hold employment
 36 with, or represent, appear for, or negotiate on behalf of, any holder
 37 of, or applicant for, a casino license, or any holding or intermediary
 38 company with respect thereto, in connection with any cause,
 39 application, or matter, except as provided in section 3 of P.L.2009,
 40 c.26 (C.52:13D-17.3), and except that (a) a State officer or
 41 employee other than a State officer or employee included in the
 42 definition of person, and (b) a member of the immediate family of
 43 a State officer or employee, or of a person, may hold employment
 44 with the holder of, or applicant for, a casino license if, in the
 45 judgment of the State Ethics Commission, the Joint Legislative
 46 Committee on Ethical Standards, or the Supreme Court, as

1 appropriate, such employment will not interfere with the
2 responsibilities of the State officer or employee, or person, and will
3 not create a conflict of interest, or reasonable risk of the public
4 perception of a conflict of interest, on the part of the State officer or
5 employee, or person. No special State officer or employee without
6 responsibility for matters affecting casino activity, excluding those
7 serving in the Departments of Education, Health, and Human
8 Services and the Office of the Secretary of Higher Education, shall
9 hold, directly or indirectly, an interest in, or represent, appear for,
10 or negotiate on behalf of, any holder of, or applicant for, a casino
11 license, or any holding or intermediary company with respect
12 thereto, in connection with any cause, application, or matter.
13 However, a special State officer or employee without responsibility
14 for matters affecting casino activity may hold employment directly
15 with any holder of or applicant for a casino license or any holding
16 or intermediary company thereof and if so employed may hold,
17 directly or indirectly, an interest in, or represent, appear for, or
18 negotiate on behalf of, that employer, except as otherwise
19 prohibited by law.

20 (2) No State officer or employee, nor any person, nor any
21 member of the immediate family of any State officer or employee,
22 or person, nor any partnership, firm, or corporation with which any
23 such State officer or employee or person is associated or in which
24 he has an interest, nor any partner, officer, director, or employee
25 while he is associated with such partnership, firm, or corporation,
26 shall hold, directly or indirectly, an interest in, or hold employment
27 with, or represent, appear for, or negotiate on behalf of, or derive
28 any remuneration, payment, benefit, or any other thing of value for
29 any services, including but not limited to consulting or similar
30 services, from any holder of, or applicant for, a license, permit, or
31 other approval to conduct Internet gaming, or any holding or
32 intermediary company with respect thereto, or any Internet gaming
33 affiliate of any holder of, or applicant for, a casino license, or any
34 holding or intermediary company with respect thereto, or any
35 business, association, enterprise, or other entity that is organized, in
36 whole or in part, for the purpose of promoting, advocating for, or
37 advancing the interests of the Internet gaming industry generally or
38 any Internet gaming-related business or businesses in connection
39 with any cause, application, or matter, except as provided in section
40 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (a) a State
41 officer or employee other than a State officer or employee included
42 in the definition of person, and (b) a member of the immediate
43 family of a State officer or employee, or of a person, may hold
44 employment with the holder of, or applicant for, a license, permit,
45 or other approval to conduct Internet gaming, or any holding or
46 intermediary company with respect thereto, or any Internet gaming

1 affiliate of any holder of, or applicant for, a casino license, or any
 2 holding or intermediary company with respect thereto if, in the
 3 judgment of the State Ethics Commission, the Joint Legislative
 4 Committee on Ethical Standards, or the Supreme Court, as
 5 appropriate, such employment will not interfere with the
 6 responsibilities of the State officer or employee, or person, and will
 7 not create a conflict of interest, or reasonable risk of the public
 8 perception of a conflict of interest, on the part of the State officer or
 9 employee, or person.

10 (3) No State officer or employee, nor any person, nor any
 11 member of the immediate family of any State officer or employee,
 12 or person, nor any partnership, firm, or corporation with which any
 13 such State officer or employee or person is associated or in which
 14 he has an interest, nor any partner, officer, director, or employee
 15 while he is associated with such partnership, firm, or corporation,
 16 shall hold, directly or indirectly, an interest in, or hold employment
 17 with, or represent, appear for, or negotiate on behalf of, any holder
 18 of, or applicant for, a medical cannabis cultivator, medical cannabis
 19 manufacturer, medical cannabis dispensary, or clinical registrant
 20 permit issued pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or **[in]**
 21 any entity that employs any certified medical cannabis handler to
 22 perform transfers or deliveries of medical cannabis, or any holding
 23 or intermediary company with respect thereto, or a cannabis
 24 **1**[grower] cultivator¹ , cannabis **1**[processor] manufacturer¹ ,
 25 cannabis wholesaler, cannabis distributor, cannabis retailer, or
 26 cannabis delivery service license issued pursuant to P.L. ,
 27 c. (C.) (pending before the Legislature as this bill), or
 28 **2**[which is an] any² entity that employs or uses a certified personal
 29 use cannabis handler to perform work for or on behalf of a licensed
 30 cannabis establishment, distributor, or delivery service ^{2, 2} or any
 31 holding or intermediary company with respect thereto, in
 32 connection with any cause, application, or matter, except as
 33 provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except
 34 that (a) a State officer or employee other than a State officer or
 35 employee included in the definition of person, and (b) a member of
 36 the immediate family of a State officer or employee, or of a person,
 37 may hold employment with the holder of, or applicant for, a
 38 medical cannabis cultivator, medical cannabis manufacturer,
 39 medical cannabis dispensary, or clinical registrant permit or any
 40 entity that employs any certified medical cannabis handler to
 41 perform transfers or deliveries of medical cannabis, or a cannabis
 42 **1**[grower] cultivator¹ , cannabis **1**[processor] manufacturer¹ ,
 43 cannabis wholesaler, cannabis distributor, cannabis retailer, ²or²
 44 cannabis delivery service license or any entity that employs or uses
 45 a certified personal use cannabis handler to perform work for or on
 46 behalf of a licensed cannabis establishment, distributor, or delivery

1 service, if, in the judgment of the State Ethics Commission, the
 2 Joint Legislative Committee on Ethical Standards, or the Supreme
 3 Court, as appropriate, such employment will not interfere with the
 4 responsibilities of the State officer or employee, or person, and will
 5 not create a conflict of interest, or reasonable risk of the public
 6 perception of a conflict of interest, on the part of the State officer or
 7 employee, or person. No special State officer or employee without
 8 responsibility for matters affecting medical cannabis activity or
 9 personal use cannabis activity, excluding those serving in the
 10 Departments of Education, Health, and Human Services and the
 11 Office of the Secretary of Higher Education, shall hold, directly or
 12 indirectly, an interest in, or represent, appear for, or negotiate on
 13 behalf of, any holder of, or applicant for, a medical cannabis
 14 cultivator, medical cannabis manufacturer, medical cannabis
 15 dispensary, or clinical registrant permit or any entity that employs
 16 any certified medical cannabis handler to perform transfers or
 17 deliveries of medical cannabis, or any holding or intermediary
 18 company with respect thereto, or a cannabis ¹grower cultivator¹ ,
 19 cannabis ¹processor manufacturer¹ , cannabis wholesaler,
 20 cannabis distributor, cannabis retailer, or cannabis delivery service
 21 license or any entity that employs or uses a certified personal use
 22 cannabis handler to perform work for or on behalf of a licensed
 23 cannabis establishment, distributor, or delivery service ^{2,2} or any
 24 holding or intermediary company with respect thereto, in
 25 connection with any cause, application, or matter. However, a
 26 special State officer or employee without responsibility for matters
 27 affecting medical cannabis activity or personal use cannabis activity
 28 may hold employment directly with any holder of or applicant for a
 29 medical cannabis cultivator, medical cannabis manufacturer,
 30 medical cannabis dispensary, or clinical registrant permit, or any
 31 entity that employs any certified medical cannabis handler to
 32 perform transfers or deliveries of medical cannabis, or any holding
 33 or intermediary company thereof, or a cannabis ¹grower
 34 cultivator¹ , cannabis ¹processor ²manufacture¹
 35 manufacturer² , cannabis wholesaler, cannabis distributor, cannabis
 36 retailer, or cannabis delivery service license or any entity that
 37 employs or uses a certified personal use cannabis handler to
 38 perform work for or on behalf of a licensed cannabis establishment,
 39 distributor, or delivery service ^{2,2} or any holding or intermediary
 40 company with respect to thereto, and if so employed may hold,
 41 directly or indirectly, an interest in, or represent, appear for, or
 42 negotiate on behalf of, that employer, except as otherwise
 43 prohibited by law.

44 c. (1) No person or any member of his immediate family, nor
 45 any partnership, firm, or corporation with which such person is
 46 associated or in which he has an interest, nor any partner, officer,

1 director, or employee while he is associated with such partnership,
2 firm or corporation, shall, within two years next subsequent to the
3 termination of the office or employment of such person, hold,
4 directly or indirectly, an interest in, or hold employment with, or
5 represent, appear for, or negotiate on behalf of, any holder of, or
6 applicant for, a casino license in connection with any cause,
7 application or matter, or any holding or intermediary company with
8 respect to such holder of, or applicant for, a casino license in
9 connection with any phase of casino development, permitting,
10 licensure, or any other matter whatsoever related to casino activity,
11 except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3),
12 and except that:

13 (a) a member of the immediate family of a person may hold
14 employment with the holder of, or applicant for, a casino license if,
15 in the judgment of the State Ethics Commission, the Joint
16 Legislative Committee on Ethical Standards, or the Supreme Court,
17 as appropriate, such employment will not interfere with the
18 responsibilities of the person and will not create a conflict of
19 interest, or reasonable risk of the public perception of a conflict of
20 interest, on the part of the person;

21 (b) an employee who is terminated as a result of a reduction in
22 the workforce at the agency where employed, other than an
23 employee who held a policy-making management position at any
24 time during the five years prior to termination of employment, may,
25 at any time prior to the end of the two-year period, accept
26 employment with the holder of, or applicant for, a casino license if,
27 in the judgment of the State Ethics Commission, the Joint
28 Legislative Committee on Ethical Standards, or the Supreme Court,
29 as appropriate, such employment will not create a conflict of
30 interest, or reasonable risk of the public perception of a conflict of
31 interest, on the part of the employee. In no case shall the restrictions
32 of this subsection apply to a secretarial or clerical employee.

33 Nothing herein contained shall alter or amend the post-
34 employment restrictions applicable to members and employees of
35 the Casino Control Commission and employees and agents of the
36 Division of Gaming Enforcement pursuant to paragraph (2) of
37 subsection e. of section 59 and ²[to]² section 60 of P.L.1977, c.110
38 (C.5:12-59 and C.5:12-60); and

39 (c) any partnership, firm, or corporation engaged in the practice
40 of law or in providing any other professional services with which
41 any person included in subparagraphs (a) and (b) of paragraph (1)
42 of subsection a. of this section, or a member of the immediate
43 family of that person, is associated, and any partner, officer,
44 director, or employee thereof, other than that person, or immediate
45 family member, may represent, appear for or negotiate on behalf of
46 any holder of, or applicant for, a casino license in connection with

1 any cause, application or matter or any holding company or
 2 intermediary company with respect to such holder of, or applicant
 3 for, a casino license in connection with any phase of casino
 4 development, permitting, licensure or any other matter whatsoever
 5 related to casino activity, and that person or immediate family
 6 member shall not be barred from association with such partnership,
 7 firm or corporation, if for a period of two years next subsequent to
 8 the termination of the person's office or employment, the person or
 9 immediate family member (i) is screened from personal
 10 participation in any such representation, appearance or negotiation;
 11 and (ii) is associated with the partnership, firm or corporation in a
 12 position which does not entail any equity interest in the partnership,
 13 firm or corporation. The exception provided in this **[paragraph]**
 14 subparagraph shall not apply to a former Governor, Lieutenant
 15 Governor, Attorney General, member of the Legislature, person
 16 included in subparagraph (a) of paragraph (2) of subsection a. of
 17 this section, or to the members of their immediate families.

18 (2) No person or any member of the person's immediate family,
 19 nor any partnership, firm, or corporation with which such person is
 20 associated or in which the person has an interest, nor any partner,
 21 officer, director, or employee while the person is associated with
 22 such partnership, firm, or corporation, shall, within two years next
 23 subsequent to the termination of the office or employment of such
 24 person, hold, directly or indirectly, an interest in, or hold
 25 employment with, or represent, appear for, or negotiate on behalf
 26 of, any holder of, or applicant for, a medical cannabis cultivator,
 27 medical cannabis manufacturer, medical cannabis dispensary, or
 28 clinical registrant permit issued pursuant to P.L.2009, c.307
 29 (C.24:6I-1 et al.) or **[in]** any entity that employs any certified
 30 medical cannabis handler to perform transfers or deliveries of
 31 medical cannabis **[**, or any holding or intermediary company with
 32 respect thereto **]** , or a cannabis ¹**[grower]** cultivator¹ , cannabis
 33 ¹**[processor]** manufacturer¹ , cannabis wholesaler, cannabis
 34 distributor, cannabis retailer, or cannabis delivery service license
 35 issued pursuant to P.L. , c. (C.) (pending before the
 36 Legislature as this bill) or any entity that employs or uses a certified
 37 personal use cannabis handler to perform work for or on behalf of a
 38 licensed cannabis establishment, distributor, or delivery service in
 39 connection with any cause, application, or matter, or any holding or
 40 intermediary company with respect to such holder of, or applicant
 41 for, a medical cannabis cultivator, medical cannabis manufacturer,
 42 medical cannabis dispensary, or clinical registrant permit or ²any²
 43 entity that employs any certified medical cannabis handler to
 44 perform transfers or deliveries of medical cannabis, or a cannabis
 45 ¹**[grower]** cultivator¹ , cannabis ¹**[processor]** manufacturer¹ ,
 46 cannabis wholesaler, cannabis distributor, cannabis retailer, or

1 cannabis delivery service license or any entity that employs or uses
2 a certified personal use cannabis handler to perform work for or on
3 behalf of a licensed cannabis establishment, distributor, or delivery
4 service in connection with any phase of development, permitting,
5 licensure, or any other matter whatsoever related to medical
6 cannabis activity or personal use cannabis activity, except as
7 provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except
8 that:

9 (a) a member of the immediate family of a person may hold
10 employment with the holder of, or applicant for, a medical cannabis
11 cultivator, medical cannabis manufacturer, medical cannabis
12 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
13 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
14 medical cannabis handler to perform transfers or deliveries of
15 medical cannabis, or a cannabis '【grower】 cultivator' , cannabis
16 '【processor】 manufacturer' , cannabis wholesaler, cannabis
17 distributor, cannabis retailer, or cannabis delivery service license
18 issued pursuant to P.L. , c. (C.) (pending before the
19 Legislature as this bill) or any entity that employs or uses a certified
20 personal use cannabis handler to perform work for or on behalf of a
21 licensed cannabis establishment, distributor, or delivery service if,
22 in the judgment of the State Ethics Commission, the Joint
23 Legislative Committee on Ethical Standards, or the Supreme Court,
24 as appropriate, such employment will not interfere with the
25 responsibilities of the person and will not create a conflict of
26 interest, or reasonable risk of the public perception of a conflict of
27 interest, on the part of the person;

28 (b) an employee who is terminated as a result of a reduction in
29 the workforce at the agency where employed, other than an
30 employee who held a policy-making management position at any
31 time during the five years prior to termination of employment, may,
32 at any time prior to the end of the two-year period, accept
33 employment with the holder of, or applicant for, a medical cannabis
34 cultivator, medical cannabis manufacturer, medical cannabis
35 dispensary, or clinical registrant permit or any entity that employs
36 any certified medical cannabis handler to perform transfers or
37 deliveries of medical cannabis, or a cannabis '【grower】
38 cultivator' , cannabis '【processor】 manufacturer' , cannabis
39 wholesaler, cannabis distributor, cannabis retailer, or cannabis
40 delivery service license or any entity that employs or uses a
41 certified personal use cannabis handler to perform work for or on
42 behalf of a licensed cannabis establishment, distributor, or delivery
43 service if, in the judgment of the State Ethics Commission, the Joint
44 Legislative Committee on Ethical Standards, or the Supreme Court,
45 as appropriate, such employment will not create a conflict of
46 interest, or reasonable risk of the public perception of a conflict of

1 interest, on the part of the employee. In no case shall the
2 restrictions of this subsection apply to a secretarial or clerical
3 employee. Nothing herein contained shall alter or amend the post-
4 service or post-employment restrictions applicable to members and
5 employees of the Cannabis Regulatory Commission pursuant to
6 paragraph (2) of subsection c. of section 34 and section 35 of
7 P.L.2019, c.153 (C.24:6I-27 and C.24:6I-28); and

8 (c) any partnership, firm, or corporation engaged in the practice
9 of law or in providing any other professional services with which
10 any person included in subparagraphs (a) and (c) of paragraph (1) of
11 subsection a. of this section, or a member of the immediate family
12 of that person, is associated, and any partner, officer, director, or
13 employee thereof, other than that person, or immediate family
14 member, may represent, appear for, or negotiate on behalf of any
15 holder of, or applicant for, a medical cannabis cultivator, medical
16 cannabis manufacturer, medical cannabis dispensary, or clinical
17 registrant permit or any entity that employs any certified medical
18 cannabis handler to perform transfers or deliveries of medical
19 cannabis, or a cannabis ¹[grower] cultivator¹ , cannabis
20 ¹[processor] manufacturer¹ , cannabis wholesaler, cannabis
21 distributor, cannabis retailer, or cannabis delivery service license or
22 any entity that employs or uses a certified personal use cannabis
23 handler to perform work for or on behalf of a licensed cannabis
24 establishment, distributor, or delivery service in connection with
25 any cause, application, or matter or any holding company or
26 intermediary company with respect to such holder of, or applicant
27 for, a medical cannabis cultivator, medical cannabis manufacturer,
28 medical cannabis dispensary, or clinical registrant permit or ²any²
29 entity that employs any certified medical cannabis handler to
30 perform transfers or deliveries of medical cannabis, or a cannabis
31 ¹[grower] cultivator¹ , cannabis ¹[processor] manufacturer¹ ,
32 cannabis wholesaler, cannabis distributor, cannabis retailer, or
33 cannabis delivery service license or ²any² entity that employs or
34 uses a certified personal use cannabis handler to perform work for
35 or on behalf of a licensed cannabis establishment, distributor, or
36 delivery service in connection with any phase of development,
37 permitting, licensing, or any other matter whatsoever related to
38 medical cannabis activity or personal use ²cannabis² activity, and
39 that person or immediate family member shall not be barred from
40 association with such partnership, firm, or corporation, if for a
41 period of two years next subsequent to the termination of the
42 person's office or employment, the person or immediate family
43 member (i) is screened from personal participation in any such
44 representation, appearance or negotiation; and (ii) is associated with
45 the partnership, firm, or corporation in a position which does not
46 entail any equity interest in the partnership, firm, or corporation.

1 The exception provided in this **[paragraph]** subparagraph shall not
 2 apply to a former Governor, Lieutenant Governor, Attorney
 3 General, the President of the Senate, the Speaker of the General
 4 Assembly, to a person included in subparagraph (b) of paragraph
 5 (2) of subsection a. of this section, or to the members of their
 6 immediate families.

7 d. This section shall not apply to the spouse of a State officer
 8 or employee, which State officer or employee is without
 9 responsibility for matters affecting casino **[or]** , medical cannabis,
 10 or personal use cannabis activity, who becomes the spouse
 11 subsequent to the State officer's or employee's appointment or
 12 employment as a State officer or employee and who is not
 13 individually or directly employed by a holder of, or applicant for, a
 14 casino license **[or]** , medical cannabis permit, personal use
 15 cannabis license, or any entity that employs or uses a certified
 16 personal use cannabis handler to perform work for or on behalf of a
 17 licensed cannabis establishment, distributor, or delivery service ^{2 2}
 18 or any holding or intermediary company thereof.

19 e. The Joint Legislative Committee on Ethical Standards and
 20 the State Ethics Commission, as appropriate, shall forthwith
 21 determine and publish, and periodically update, a list of those
 22 positions in State government with responsibility for matters
 23 affecting casino **[and]** , medical cannabis activity, or personal use
 24 cannabis activity.

25 f. (1) No person shall solicit or accept, directly or indirectly,
 26 any complimentary service or discount from any casino applicant or
 27 licensee which he knows or has reason to know is other than a
 28 service or discount that is offered to members of the general public
 29 in like circumstance.

30 (2) No person shall solicit or accept, directly or indirectly, any
 31 complimentary service or discount from any holder of, or applicant
 32 for, a medical cannabis cultivator, medical cannabis manufacturer,
 33 medical cannabis dispensary, or clinical registrant permit issued
 34 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or any entity that
 35 employs any certified medical cannabis handler to perform transfers
 36 or deliveries of medical cannabis, or a cannabis ¹**[grower]**
 37 cultivator¹ , cannabis ¹**[processor]** manufacturer¹ , cannabis
 38 wholesaler, cannabis distributor, cannabis retailer, or cannabis
 39 delivery service license issued pursuant to P.L. _____,
 40 c. (C. _____) (pending before the Legislature as this bill) or any
 41 entity that employs or uses a certified personal use cannabis handler
 42 to perform work for or on behalf of a licensed cannabis
 43 establishment, distributor, or delivery service which the person
 44 knows or has reason to know is other than a service or discount that
 45 is offered to members of the general public in like circumstance.

1 g. (1) No person shall influence, or attempt to influence, by use
2 of his official authority, the decision of the Casino Control
3 Commission or the investigation of the Division of Gaming
4 Enforcement in any application for casino licensure or in any
5 proceeding to enforce the provisions of this act or the regulations of
6 the commission. Any such attempt shall be promptly reported to the
7 Attorney General; provided, however, that nothing in this section
8 shall be deemed to proscribe a request for information by any
9 person concerning the status of any application for licensure or any
10 proceeding to enforce the provisions of this act or the regulations of
11 the commission.

12 (2) No person shall influence, or attempt to influence, by use of
13 the person's official authority, the decision of the Cannabis
14 Regulatory Commission in any application for a medical cannabis
15 cultivator, medical cannabis manufacturer, medical cannabis
16 dispensary, or clinical registrant permit, or a cannabis ¹grower
17 cultivator¹, cannabis ¹processor manufacturer¹, cannabis
18 wholesaler, cannabis distributor, cannabis retailer, or cannabis
19 delivery service license, or in any proceeding to enforce the
20 provisions of P.L.1981, c.142 (C.52:13D-17.2 et al.), P.L.2009,
21 c.307 (C.24:6I-1 et al.), ²P.L. , c. (C.) (pending before the
22 Legislature as this bill,² or the regulations of the Cannabis
23 Regulatory Commission. Any such attempt shall be promptly
24 reported to the Attorney General; provided, however, that nothing
25 in this section shall be deemed to proscribe a request for
26 information by any person concerning the status of any permit or
27 license application, or any proceeding to enforce the provisions of
28 P.L.1981, c.142 (C.52:13D-17.2 et al.), P.L.2009, c.307 (C.24:6I-1
29 et al.), P.L. , c. (C.) (pending before the Legislature as this
30 bill), or the regulations of the Cannabis Regulatory Commission.

31 h. Any person who willfully violates the provisions of this
32 section is a disorderly person and shall be subject to a fine not to
33 exceed \$1,000, or imprisonment not to exceed six months, or both.

34 In addition, for violations of subsection c. of this section
35 occurring after the effective date of P.L.2005, c.382, a civil penalty
36 of not less than \$500 nor more than \$10,000 shall be imposed upon
37 a former State officer or employee or former special State officer or
38 employee of a State agency in the Executive Branch upon a finding
39 of a violation by the State Ethics Commission, which penalty may
40 be collected in a summary proceeding pursuant to the "Penalty
41 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

42
43 15. Section 32 of P.L.2019, c.153 (C.24:6I-25) is amended to
44 read as follows:

45 32. a. There is hereby established in the commission an Office
46 of Minority, Disabled Veterans, and Women **Medical** Cannabis

1 Business Development. The office shall be under the immediate
2 supervision of a director. The director of the office shall be
3 appointed by the Governor, and shall serve at the pleasure of the
4 appointing Governor during the Governor's term of office and until
5 a successor has been duly appointed and qualified. Any vacancy in
6 the directorship occurring for any reason other than the expiration
7 of the director's term of office shall be filled for the unexpired term
8 only in the same manner as the original appointment. The director
9 shall receive an annual salary as provided by law which shall be at
10 an amount not to exceed the annual salary of the executive director
11 of the commission.

12 b. (1) The office shall establish and administer, under the
13 direction of the commission, unified practices and procedures for
14 promoting participation in the medical cannabis **[industry]** and
15 personal use cannabis industries by persons from socially and
16 economically disadvantaged communities, including by prospective
17 and existing ownership of minority businesses and women's
18 businesses, as these terms are defined in section 2 of P.L.1986,
19 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
20 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), to be issued
21 medical cannabis cultivator, medical cannabis manufacturer,
22 medical cannabis dispensary, and clinical registrant permits , or
23 cannabis ¹**[grower]** cultivator¹ , cannabis ¹**[processor]**
24 manufacturer¹ , cannabis wholesaler, cannabis distributor, cannabis
25 retailer, and cannabis delivery service licenses. These unified
26 practices and procedures shall include the certification and
27 subsequent recertification at regular intervals of a business as a
28 minority or women's business, or a disabled veterans' business, in
29 accordance with eligibility criteria and a certification application
30 process established by the commission through regulation in
31 consultation with the office.

32 (2) The office shall conduct advertising and promotional
33 campaigns, and shall disseminate information to the public, to
34 increase awareness for participation in the medical cannabis
35 **[industry]** and personal use cannabis industries by persons from
36 socially and economically disadvantaged communities. To this end,
37 the office shall sponsor seminars and informational programs, and
38 shall provide information on ²**[its]** the commission's² Internet
39 website, providing practical information concerning the medical
40 cannabis **[industry]** and personal use cannabis industries, including
41 information on business management, marketing, and other related
42 matters.

43 c. (1) The office shall develop, recommend, and implement
44 policies, practices, protocols, standards, and criteria designed to
45 promote the formulation of medical cannabis business entities and
46 personal use cannabis establishments, distributors, and delivery

1 services and participation in the medical cannabis **[industry]** and
2 personal use cannabis industries by persons from socially and
3 economically disadvantaged communities, including by promoting
4 applications for, and the issuance of, medical cannabis cultivator,
5 medical cannabis manufacturer, medical cannabis dispensary, and
6 clinical registrant permits , and cannabis ¹**[grower]** cultivator¹ ,
7 cannabis ¹**[processor]** manufacturer¹ , cannabis wholesaler,
8 cannabis distributor, cannabis retailer, and cannabis delivery
9 services licenses. to certified minority, women's, and disabled
10 veterans' businesses.

11 (a) The office shall evaluate the effectiveness of **[these]** the
12 measures designed to promote participation in the medical cannabis
13 industry by considering whether the measures have resulted in new
14 medical cannabis cultivator, medical cannabis manufacturer, and
15 medical cannabis dispensary permits being issued in accordance
16 with the provisions of subsection g. of section 12 of P.L.2019, c.153
17 (C.24:6I-7.2).

18 (b) The effectiveness of the office's ¹**[measures]** measures¹
19 designed to promote participation in the personal use cannabis
20 industry shall be assessed by considering whether the measures
21 have resulted in not less than 30 percent of the total number of
22 licenses issued by the commission for personal use cannabis
23 establishments ²**[and]** , ² distributors ², and delivery services² under
24 P.L. , c. (C.) (pending before the Legislature as this bill)
25 being issued to minority, women's, and disabled veterans'
26 businesses certified in accordance with the certification process
27 established by the office pursuant to paragraph (1) of subsection b.
28 of this section. Of the resulting total number of licenses issued for
29 personal use cannabis establishments, distributors, and delivery
30 services, the effectiveness of the office's measures shall be further
31 assessed by considering whether those measures have resulted in
32 not less than 15 percent of the licenses being issued to certified
33 minority businesses, and not less than 15 percent of the licenses
34 being issued to certified women's and disabled veterans'
35 businesses.

36 (2) The office shall periodically analyze the total number of
37 permits and licenses issued by the commission as compared with
38 the number of certified minority, women's, and disabled veterans'
39 businesses that submitted applications for, and that were awarded,
40 such permits and licenses. The office shall make good faith efforts
41 to establish, maintain, and enhance the measures designed to
42 promote the formulation and participation in the operation of
43 medical cannabis ²**[businesses]** entities² and personal use cannabis
44 establishments, distributors, and delivery services by persons from
45 socially and economically disadvantaged communities consistent
46 with the standards set forth in paragraph (1) of this subsection, and

1 to coordinate and assist the commission with respect to its
2 incorporation of these permitting and licensing measures into the
3 application and review process for issuing permits and licenses
4 under P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. , c. (C.)
5 (pending before the Legislature as this bill).

6 d. The office may review the commission's measures regarding
7 participation in the medical cannabis **【industry】** and personal use
8 cannabis industries by persons from socially and economically
9 disadvantaged communities, and minority, women's, and disabled
10 veterans' businesses, and make recommendations on relevant policy
11 and implementation matters for the improvement thereof. The
12 office may consult with experts or other knowledgeable individuals
13 in the public or private sector on any aspect of its mission.

14 e. The office shall prepare information regarding its activities
15 pursuant to this section concerning participation in the medical
16 cannabis **【industry】** and personal use cannabis industries by persons
17 from socially and economically disadvantaged communities,
18 including medical cannabis and personal use cannabis business
19 development initiatives for minority, women's, and disabled
20 veterans' businesses participating in the medical ²and person use²
21 cannabis ²**【marketplace】** marketplaces², to be incorporated by the
22 commission into its annual report submitted to the Governor and to
23 the Legislature pursuant to section 14 of P.L.2009, c.307 (C.24:6I-
24 12).

25 (cf: P.L.2019, c.153, s.32)

26

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

29 12. a. Each application for a medical cannabis cultivator permit,
30 medical cannabis manufacturer permit, and medical cannabis
31 dispensary permit, and each application for annual renewal of such
32 permit, including permit and renewal applications for
33 microbusinesses that meet the requirements of subsection e. of
34 section 11 of P.L.2019, c.153 (C.24:6I-7.1), shall be submitted to
35 the commission. A full, separate application shall be required for
36 each initial permit requested by the applicant and for each location
37 at which an applicant seeks to operate, regardless of whether the
38 applicant was previously issued a medical cannabis cultivator,
39 medical cannabis manufacturer, medical cannabis dispensary, or
40 clinical registrant permit, and regardless of whether the applicant
41 currently holds a medical cannabis cultivator, medical cannabis
42 manufacturer, or medical cannabis dispensary permit. Renewal
43 applications shall be submitted to the commission on a form and in
44 a manner as shall be specified by the commission no later than 90
45 days before the date the current permit will expire.

1 b. An initial permit application shall be evaluated according to
2 criteria to be developed by the commission. The commission shall
3 determine the point values to be assigned to each criterion, which
4 shall include bonus points for applicants who are residents of New
5 Jersey.

6 c. The criteria to be developed by the commission pursuant to
7 subsection b. of this section shall include, in addition to the criteria
8 set forth in subsections d. and e. of this section and any other
9 criteria developed by the commission, an analysis of the applicant's
10 operating plan, excluding safety and security criteria, which shall
11 include the following:

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

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

17 (b) conventional horticulture or agriculture, familiarity with
18 good agricultural practices, and any relevant certifications or
19 degrees;

20 (c) quality control and quality assurance;

21 (d) recall plans;

22 (e) packaging and labeling;

23 (f) inventory control and tracking software or systems for the
24 production of medical cannabis;

25 (g) analytical chemistry and testing of medical cannabis;

26 (h) water management practices;

27 (i) odor mitigation practices;

28 (j) onsite and offsite recordkeeping;

29 (k) strain variety and plant genetics;

30 (l) pest control and disease management practices, including
31 plans for the use of pesticides, nutrients, and additives;

32 (m) waste disposal plans; and

33 (n) compliance with applicable laws and regulations.

34 (2) In the case of an applicant for a medical cannabis
35 manufacturer permit, the operating plan summary shall include a
36 written description concerning the applicant's qualifications for,
37 experience in, and knowledge of each of the following topics:

38 (a) State-authorized manufacture ²[, production,]² and creation
39 of cannabis products using appropriate extraction methods,
40 including intended use and sourcing of extraction equipment and
41 associated solvents or intended methods and equipment for non-
42 solvent extraction;

43 (b) pharmaceutical manufacturing, good manufacturing
44 practices, and good laboratory practices;

45 (c) quality control and quality assurance;

46 (d) recall plans;

- 1 (e) packaging and labeling;
 - 2 (f) inventory control and tracking software or systems for the
3 production of medical cannabis;
 - 4 (g) analytical chemistry and testing of medical cannabis and
5 medical cannabis products and formulations;
 - 6 (h) water management practices;
 - 7 (i) odor mitigation practices;
 - 8 (j) onsite and offsite recordkeeping;
 - 9 (k) a list of product formulations or products proposed to be
10 manufactured with estimated cannabinoid profiles, if known,
11 including varieties with high cannabidiol content;
 - 12 (l) intended use and sourcing of all non-cannabis ingredients
13 used in the manufacture ²[, production,]² and creation of cannabis
14 products, including methods to verify or ensure the safety and
15 integrity of those ingredients and their potential to be or contain
16 allergens;
 - 17 (m) waste disposal plans; and
 - 18 (n) compliance with applicable laws and regulations.
- 19 (3) In the case of an applicant for a medical cannabis dispensary
20 permit, the operating plan summary shall include a written
21 description concerning the applicant's qualifications for, experience
22 in, and knowledge of each of the following topics:
- 23 (a) State-authorized dispensation of medical cannabis to
24 qualifying patients;
 - 25 (b) healthcare, medicine, and treatment of patients with
26 qualifying medical conditions;
 - 27 (c) medical cannabis product evaluation procedures;
 - 28 (d) recall plans;
 - 29 (e) packaging and labeling;
 - 30 (f) inventory control and point-of-sale software or systems for
31 the sale of medical cannabis;
 - 32 (g) patient counseling procedures;
 - 33 (h) the routes of administration, strains, varieties, and
34 cannabinoid profiles of medical cannabis and medical cannabis
35 products;
 - 36 (i) odor mitigation practices;
 - 37 (j) onsite and offsite recordkeeping;
 - 38 (k) compliance with State and federal patient privacy rules;
 - 39 (l) waste disposal plans; and
 - 40 (m) compliance with applicable laws and regulations.
- 41 d. The criteria to be developed by the commission pursuant to
42 subsection b. of this section shall include, in addition to the criteria
43 set forth in subsections c. and e. of this section and any other
44 criteria developed by the commission, an analysis of the following
45 factors, if applicable:
- 46 (1) The applicant's environmental impact plan.

- 1 (2) A summary of the applicant’s safety and security plans and
2 procedures, which shall include descriptions of the following:
- 3 (a) plans for the use of security personnel, including
4 contractors;
 - 5 (b) the experience or qualifications of security personnel and
6 proposed contractors;
 - 7 (c) security and surveillance features, including descriptions of
8 any alarm systems, video surveillance systems, and access and
9 visitor management systems, along with drawings identifying the
10 proposed locations for surveillance cameras and other security
11 features;
 - 12 (d) plans for the storage of medical cannabis and medical
13 cannabis products, including any safes, vaults, and climate control
14 systems that will be utilized for this purpose;
 - 15 (e) a diversion prevention plan;
 - 16 (f) an emergency management plan;
 - 17 (g) procedures for screening, monitoring, and performing
18 criminal history record background checks of employees;
 - 19 (h) cybersecurity procedures, including, in the case of an
20 applicant for a medical cannabis dispensary permit, procedures for
21 collecting, processing, and storing patient data, and the applicant’s
22 familiarity with State and federal privacy laws;
 - 23 (i) workplace safety plans and the applicant’s familiarity with
24 federal Occupational Safety and Health Administration regulations;
 - 25 (j) the applicant’s history of workers’ compensation claims and
26 safety assessments;
 - 27 (k) procedures for reporting adverse events; and
 - 28 (l) a sanitation practices plan.
- 29 (3) A summary of the applicant’s business experience, including
30 the following, if applicable:
- 31 (a) the applicant’s experience operating businesses in highly-
32 regulated industries;
 - 33 (b) the applicant’s experience in operating alternative treatment
34 centers and related medical cannabis production and dispensation
35 entities under the laws of New Jersey or any other state or
36 jurisdiction within the United States; and
 - 37 (c) the applicant’s plan to comply with and mitigate the effects
38 of 26 U.S.C. s.280E on cannabis businesses, and for evidence that
39 the applicant is not in arrears with respect to any tax obligation to
40 the State.
- 41 In evaluating the experience described under subparagraphs (a),
42 (b), and (c) of this paragraph, the commission shall afford the
43 greatest weight to the experience of the applicant itself, controlling
44 owners, and entities with common ownership or control with the
45 applicant; followed by the experience of those with a 15 percent or
46 greater ownership interest in the applicant’s organization; followed

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

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

8 (a) the proposed location, the surrounding area, and the
9 suitability or advantages of the proposed location, along with a
10 floor plan and optional renderings or architectural or engineering
11 plans;

12 (b) the submission of zoning approvals for the proposed
13 location, which shall consist of a letter or affidavit from appropriate
14 municipal officials that the location will conform to municipal
15 zoning requirements allowing for such activities related to the
16 cultivation, manufacturing, or dispensing of medical cannabis,
17 cannabis products, and related supplies as will be conducted at the
18 proposed facility; and

19 (c) the submission of proof of local support for the suitability of
20 the location, which may be demonstrated by a resolution adopted by
21 the municipality's governing body indicating that the intended
22 location is appropriately located or otherwise suitable for such
23 activities related to the cultivation, manufacturing, or dispensing of
24 medical cannabis, cannabis products, and related supplies as will be
25 conducted at the proposed facility.

26 Notwithstanding any other provision of this subsection, an
27 application shall be disqualified from consideration unless it
28 includes documentation demonstrating that the applicant will have
29 final control of the premises upon approval of the application,
30 including, but not limited to, a lease agreement, contract for sale,
31 title, deed, or similar documentation. In addition, if the applicant
32 will lease the premises, the application will be disqualified from
33 consideration unless it includes certification from the landlord that
34 the landlord is aware that the tenant's use of the premises will
35 involve activities related to the cultivation, manufacturing, or
36 dispensing of medical cannabis and medical cannabis products. An
37 application shall not be disqualified from consideration if the
38 application does not include the materials described in
39 subparagraph (b) or (c) of this paragraph.

40 (5) A community impact, social responsibility, and research
41 statement, which shall include, but shall not be limited to, the
42 following:

43 (a) a community impact plan summarizing how the applicant
44 intends to have a positive impact on the community in which the
45 proposed entity is to be located, which shall include an economic
46 impact plan, a description of outreach activities, and any financial

1 assistance or discount plans the applicant will provide to qualifying
2 patients and designated caregivers;

3 (b) a written description of the applicant's record of social
4 responsibility, philanthropy, and ties to the proposed host
5 community;

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

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

14 In evaluating the information submitted pursuant to
15 subparagraphs (b) and (c) of this paragraph, the commission shall
16 afford the greatest weight to responses pertaining to the applicant
17 itself, controlling owners, and entities with common ownership or
18 control with the applicant; followed by responses pertaining to
19 those with a 15 percent or greater ownership interest in the
20 applicant's organization; followed by significantly involved persons
21 in the applicant's organization; followed by other officers,
22 directors, and current and prospective employees of the applicant
23 who have a bona fide relationship with the applicant's organization
24 as of the ²[submission]² date of the application.

25 (6) A workforce development and job creation plan, which may
26 include ²[, but shall not be limited to a description of the
27 applicant's workforce development and job creation plan, which
28 may include]² information on the applicant's history of job creation
29 and planned job creation at the proposed facility; education,
30 training, and resources to be made available for employees; any
31 relevant certifications; and a diversity plan.

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

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

35 (b) a demonstration of the applicant's financial ability to
36 implement its business plan, which may include, but shall not be
37 limited to, bank statements, business and individual financial
38 statements, net worth statements, and debt and equity financing
39 statements; and

40 (c) a description of the applicant's ²[experience complying]
41 plan to comply² with guidance pertaining to cannabis issued by the
42 Financial Crimes Enforcement Network under 31 U.S.C. s.5311 et
43 seq., the federal "Bank Secrecy Act", which may be demonstrated
44 by submitting letters regarding the applicant's banking history from
45 banks or credit unions that certify they are aware of the business
46 activities of the applicant, or entities with common ownership or

1 control ²[of] with² the ²[applicant's organization] applicant², in
2 any state where the applicant has operated a business related to
3 medical cannabis. For the purposes of this subparagraph, the
4 commission shall consider only bank references involving accounts
5 in the name of the applicant or of an entity with common ownership
6 or control ²[of] with² the ²[applicant's organization] applicant².
7 An applicant who does not submit the information described in this
8 subparagraph shall not be disqualified from consideration.

9 (8) Whether any of the applicant's majority or controlling
10 owners were previously approved by the commission to serve as an
11 officer, director, principal, or key employee of an alternative
12 treatment center, ²or personal use cannabis establishment,
13 distributor, or delivery service,² provided any such individual
14 served in that capacity at the alternative treatment center for six or
15 more months.

16 (9) Whether the applicant can demonstrate that its governance
17 structure includes the involvement of a school of medicine or
18 osteopathic medicine licensed and accredited in the United States,
19 or a general acute care hospital, ambulatory care facility, adult day
20 care services program, or pharmacy licensed in New Jersey,
21 provided that:

22 (a) the school, hospital, facility, or pharmacy has conducted or
23 participated in research approved by an institutional review board
24 related to cannabis involving the use of human subjects, except in
25 the case of an accredited school of medicine or osteopathic
26 medicine that is located and licensed in New Jersey;

27 (b) the school, hospital, facility, or pharmacy holds a profit
28 share or ownership interest in the applicant's organization of 10
29 percent or more, except in the case of an accredited school of
30 medicine or osteopathic medicine that is located and licensed in
31 New Jersey; and

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

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

39 (11) Whether the applicant intends to or has entered into a
40 partnership with a prisoner re-entry program for the purpose of
41 identifying and promoting employment opportunities at the
42 applicant's organization for former inmates and current inmates
43 leaving the corrections system. If so, the applicant shall provide
44 details concerning the name of the re-entry program, the
45 employment opportunities at the applicant's organization that will
46 be made available to the re-entry population, and any other

1 initiatives the applicant's organization will undertake to provide
2 support and assistance to the re-entry population.

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

5 e. In addition to the information to be submitted pursuant to
6 subsections c. and d. of this section, the commission shall require
7 all permit applicants, other than applicants ²~~issued~~ for² a
8 conditional permit, ²or for an entity that is a microbusiness pursuant
9 to subsection e. of section 11 of P.L.2019, c.153 (C.24:6I-7.1),² to
10 submit an attestation signed by a bona fide labor organization
11 stating that the applicant has entered into a labor peace agreement
12 with such bona fide labor organization. Except in the case of an
13 entity holding an unconverted conditional permit, the maintenance
14 of a labor peace agreement with a bona fide labor organization shall
15 be an ongoing material condition of maintaining a medical cannabis
16 cultivator, medical cannabis manufacturer, or medical cannabis
17 dispensary permit. The submission of an attestation and
18 maintenance of a labor peace agreement with a bona fide labor
19 organization by an applicant issued a conditional permit pursuant to
20 subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall be
21 a requirement for conversion of a conditional permit into a full
22 permit. The failure to enter into a collective bargaining agreement
23 within 200 days after the date that a medical cannabis cultivator,
24 medical cannabis manufacturer, or medical cannabis dispensary first
25 opens shall result in the suspension or revocation of such permit or
26 conditional permit.

27 In reviewing initial permit applications, the commission shall
28 give priority to the following ²regardless of whether there is any
29 competition among applicants for a particular type of permit²:

30 (1) Applicants that are party to a collective bargaining
31 agreement with a ¹bona fide¹ labor organization that currently
32 represents, or is actively seeking to represent, cannabis workers in
33 New Jersey.

34 (2) Applicants that are party to a collective bargaining
35 agreement with a ¹bona fide¹ labor organization that currently
36 represents cannabis workers in another state.

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

40 (4) Applicants that submit ¹~~an attestation affirming that they~~
41 ~~will use best efforts to utilize~~¹ ~~union~~ ¹a signed project labor
42 agreement with a bona fide¹ building trades labor ¹~~organizations~~
43 ~~in~~ organization, which is a form of pre-hire collective bargaining
44 agreement covering terms and conditions of a specific project,
45 including labor issues and worker grievances associated with that

1 project, for¹ the construction or retrofit of the facilities associated
2 with the permitted entity.

3 (5) Applicants that submit ¹an attestation affirming that they
4 have a project labor agreement, or will utilize¹ a ¹signed¹ project
5 labor agreement ¹, which is a form of pre-hire collective
6 bargaining agreement covering terms and conditions of a specific
7 project, including labor issues and worker grievances associated
8 with any construction or retrofit of facilities, or¹ with a bona fide
9 labor organization for any¹ other applicable project ¹,¹ associated
10 with the ¹licensed¹ permitted¹ entity.

11 ²The requirements of this subsection shall not apply to a
12 microbusiness applying for a conditional or annual permit of any
13 type

14 As used in this subsection, “bona fide labor organization” means
15 a labor organization of any kind or employee representation
16 committee, group, or association, in which employees participate
17 and which exists and is constituted for the purpose, in whole or in
18 part, of collective bargaining or otherwise dealing with medical or
19 personal use cannabis employers concerning grievances, labor
20 disputes, terms or conditions of employment, including wages and
21 rates of pay, or other mutual aid or protection in connection with
22 employment, and may be characterized by: it being a party to one or
23 more executed collective bargaining agreements with medical or
24 personal use cannabis employers, in this State or another state; it
25 having a written constitution or bylaws in the three immediately
26 preceding years; it filing the annual financial report required of
27 labor organizations pursuant to subsection (b) of 29 U.S.C. 431, or
28 it having at least one audited financial report in the three
29 immediately preceding years; it being affiliated with any regional or
30 national association of unions, including but not limited to state and
31 federal labor councils; or it being a member of a national labor
32 organization that has at least 500 general members in a majority of
33 the 50 states of the United States. A bona fide labor organization
34 includes a bona fide building trades labor organization².

35 f. In reviewing an initial permit application, unless the
36 information is otherwise solicited by the commission in a specific
37 application question, the commission’s evaluation of the application
38 shall be limited to the experience and qualifications of the
39 applicant’s organization, including ²controlling owners,² any entities
40 with common ownership or control ²[of] with² the ²[applicant’s
41 organization] applicant², ²[controlling owners or] those with a 15
42 percent or greater² interest ²[holders]² in the applicant’s
43 organization, ²significantly involved persons in the applicant’s
44 organization,² the ²other² officers, directors, and current or
45 prospective employees of the applicant’s organization who have a

1 bona fide relationship with the applicant's organization as of the
2 date of the application, and consultants and independent contractors
3 who have a bona fide relationship with the applicant as of the date
4 of the application. Responses pertaining to applicants who are
5 exempt from the criminal history record background check
6 requirements of section 7 of P.L.2009, c.307 (C.24:6I-7) shall not
7 be considered. Each applicant shall certify as to the status of the
8 individuals and entities included in the application.

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

26 (1) at least 15 percent of the total number of new medical
27 cannabis cultivator permits, medical cannabis manufacturer
28 permits, and medical cannabis dispensary permits ²**【issued on or**
29 **after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)】**² are
30 issued to a qualified applicant that has been certified as a minority
31 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.); and

32 (2) at least 15 percent of the total number of new medical
33 cannabis cultivator permits, medical cannabis manufacturer
34 permits, and medical cannabis dispensary permits ²**【issued on or**
35 **after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)】**² are
36 issued to a qualified applicant that has been certified as a women's
37 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.) or
38 ²**【that is】** as² a disabled-veterans' business, as defined in section 2
39 of P.L.2015, c.116 (C.52:32-31.2).

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

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

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

25 i. Application materials submitted to the commission pursuant
26 to this section shall not be considered a public record pursuant to
27 P.L.1963, c.73 (C.47:1A-1 et seq.) ²**[or]** ² P.L.2001, c.404
28 (C.47:1A-5 et al.) ², or the common law concerning access to
29 government records².

30 j. If the commission notifies an applicant that it has performed
31 sufficiently well on multiple applications to be awarded more than
32 one ²**[medical cannabis cultivator permit, more than one medical**
33 **cannabis manufacturer permit, or more than one medical cannabis**
34 **dispensary]**² permit ²**[by the commission]**², the applicant shall
35 notify the commission, within seven business days after receiving
36 such notice, as to which permit ²type² it will accept. For any permit
37 award declined by an applicant pursuant to this subsection, the
38 commission shall, upon receiving notice from the applicant of the
39 declination, award the permit to the applicant for that permit type
40 who, in the determination of the commission, best satisfies the
41 commission's criteria while meeting the commission's
42 determination of Statewide need. If an applicant fails to notify the
43 commission as to which permit it will accept, the commission shall
44 have the discretion to determine which permit it will award to the
45 applicant, based on the commission's determination of Statewide

1 need and other applications submitted for facilities to be located in
2 the affected regions.

3 k. The provisions of this section shall not apply to any permit
4 applications submitted pursuant to a request for applications
5 published in the New Jersey Register prior to the effective date of
6 P.L.2019, c.153 (C.24:6I-5.1 et al.).

7 (cf: P.L.2019, c.153, s.12)

8

9 17. Section 13 of P.L.2019, c.153 (C.24:6I-7.3) is amended to
10 read as follows:

11 13. a. The commission shall issue clinical registrant permits to
12 qualified applicants that meet the requirements of this section. In
13 addition to any other requirements as the commission establishes by
14 regulation regarding application for and issuance of a clinical
15 registrant permit, each clinical registrant applicant shall:

16 (1) complete a criminal history record background check that
17 meets the requirements of subsection d. of section 7 of P.L.2009,
18 c.307 (C.24:6I-7);

19 (2) submit to the commission any required application and
20 permit fees;

21 (3) submit to the commission written documentation of an
22 existing contract with an academic medical center that meets the
23 requirements of subsection c. of this section; and

24 (4) submit to the commission documentation that the applicant
25 has a minimum of \$15 million in capital.

26 b. The commission shall, no later than 90 days after the
27 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon
28 adoption of rules and regulations as provided in subsection c. of
29 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs first,
30 begin accepting and processing applications for ²~~four~~ five²
31 clinical registrant permits. Thereafter, the commission shall accept
32 applications for and issue such additional clinical registrant permits
33 as it determines to be necessary and consistent with the provisions
34 of P.L.2009, c.307 (C.24:6I-1 et al.). The commission shall make a
35 determination as to a clinical registrant permit application no later
36 than 90 days after receiving the application, which may include a
37 determination that the commission reasonably requires more time to
38 adequately review the application. In reviewing and approving
39 applications for clinical registrant permits, the commission shall
40 seek to incorporate the policies, practices, protocols, standards, and
41 criteria developed by the Office of Minority, Disabled Veterans,
42 and Women **Medical** Cannabis Business Development pursuant
43 to section 32 of P.L.2019, c.153 (C.24:6I-25) to promote
44 participation in the medical cannabis industry by persons from
45 socially and economically disadvantaged communities. In no case
46 shall the commission accept, process, or approve an application

1 submitted by an applicant that has contracted with an academic
2 medical center that is part of a health care system that includes
3 another academic medical center that has contracted with an
4 applicant for, or a holder of, a clinical registrant permit.

5 c. A contract between a clinical registrant and an academic
6 medical center shall include a commitment by the academic medical
7 center, or its affiliate, to engage in or oversee clinical research
8 related to the use or adverse effects of **【medical】** cannabis in order
9 to advise the clinical registrant concerning patient health and safety,
10 medical applications, **【and】** dispensing and management of
11 controlled substances, and ways to mitigate adverse health or
12 societal effects of adult, personal use legalization, among other
13 areas. A clinical registrant issued a permit pursuant to this section
14 shall have a written contractual relationship with no more than one
15 academic medical center.

16 d. A clinical registrant issued a permit pursuant to this section
17 shall be authorized to engage in all conduct involving the
18 cultivation, manufacturing, and dispensing of medical cannabis as is
19 authorized for an entity holding medical cannabis cultivator,
20 medical cannabis manufacturer, and medical cannabis dispensary
21 permits pursuant to P.L.2009, c.307 (C.24:6I-1 et al.), including
22 dispensing medical cannabis and medical cannabis products to
23 qualifying patients and designated and institutional caregivers. The
24 clinical registrant shall additionally be authorized to engage in
25 clinical research involving medical cannabis using qualifying
26 patients who consent to being part of such research, subject to any
27 restrictions established by the commission.

28 e. (1) A clinical registrant issued a permit pursuant to this
29 section may conduct authorized activities related to medical
30 cannabis at more than one physical location, provided that each
31 location is approved by the commission and is in the same region in
32 which the academic medical center with which the clinical
33 registrant has a contract is located.

34 (2) A clinical registrant may apply to the commission for
35 approval to relocate an approved facility to another location in the
36 same region, which application shall be approved unless the
37 commission makes a specific determination that the proposed
38 relocation would be inconsistent with the purposes of P.L.2009,
39 c.307 (C.24:6I-1 et al.). The denial of an application for relocation
40 submitted pursuant to this paragraph shall be considered a final
41 agency decision, subject to review by the Appellate Division of the
42 Superior Court.

43 (3) The commission may authorize a clinical registrant to
44 dispense medical cannabis and medical cannabis products from
45 more than one physical location if the commission determines that
46 authorizing additional dispensing locations is necessary for the

1 clinical registrant to best serve and treat qualifying patients and
2 clinical trial participants.

3 (4) In no case shall a clinical registrant operate or be located on
4 land that is valued, assessed or taxed as an agricultural or
5 horticultural use pursuant to the "Farmland Assessment Act of
6 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

7 f. A clinical registrant permit shall not be sold or transferred to
8 any other entity.

9 g. Clinical registrant permits shall be valid for the term of the
10 contractual relationship between the academic medical center and
11 the clinical registrant. The commission may renew a clinical
12 registrant permit to correspond to any renewal of the contractual
13 relationship between the academic medical center and the clinical
14 registrant.

15 h. Each clinical registrant shall submit the results of the clinical
16 research obtained through an approved clinical registrant permit to
17 the commission no later than one year following the conclusion of
18 the research study or publication of the research study in a peer-
19 reviewed medical journal. Nothing in this subsection shall be
20 deemed to require the disclosure of any clinical research that would
21 infringe on the intellectual property of the clinical registrant or on
22 the confidentiality of patient information.

23 i. Application materials submitted to the commission pursuant
24 to this section shall not be considered a public record pursuant to
25 P.L.1963, c.73 (C.47:1A-1 et seq.) ²**[or]** ² P.L.2001, c.404
26 (C.47:1A-5 et al.) ², or the common law concerning access to
27 records².

28 (cf: P.L.2019, c.153, s.13)

29

30 18. (New section) Regulation of Cannabis.

31 a. The commission shall adopt rules and regulations, pursuant
32 to subsection d. of section 6 of P.L. , c. (C.) (pending before
33 the Legislature as this bill), which shall be consistent with the intent
34 of P.L. , c. (C.) (pending before the Legislature as this bill).
35 The commission may create an expert task force to make
36 recommendations to the commission about the content of such
37 regulations. Such regulations shall include:

38 (1) Procedures for the application, issuance, denial, renewal,
39 suspension, and revocation of a license or conditional license to
40 operate as a cannabis establishment, distributor, or delivery service.
41 Such procedures shall include a periodic evaluation of whether the
42 number of each class of cannabis establishment, or cannabis
43 distributors or cannabis delivery services, is sufficient to meet the
44 market demands of the State, a result of which is the commission's
45 authority to ¹**[make requests for]** accept¹ new applications and
46 issue additional licenses as it deems necessary to meet those
47 demands, except as otherwise provided in section 33 of P.L. ,

1 c. (C.) (pending before the Legislature as this bill) regarding
2 an initial period during which the number of Class 1 Cannabis
3 ¹**[Grower] Cultivator¹** licenses is capped ¹, which limit shall not
4 apply to cannabis cultivator licenses issued to microbusinesses as
5 set forth in that section¹;

6 (2) Application, licensure, and renewal of licensure fees;

7 (3) Incorporation of the licensing goals for applicants for
8 licensure who are New Jersey residents established in P.L. ,
9 c. (C.) (pending before the Legislature as this bill). The
10 commission shall make good faith efforts to meet these goals.
11 Qualifications for licensure shall be directly and demonstrably
12 related to the operation of a cannabis establishment, distributor, or
13 delivery service, provided that the commission shall make licenses
14 available to as diverse a group as reasonably practicable, however
15 no license of any kind shall be issued to a person under the legal
16 age to purchase cannabis items;

17 (4) (a) Incorporation of the licensing measures established by
18 the Office of Minority, Disabled Veterans, and Women Cannabis
19 Business Development pursuant to subparagraph (b) of paragraph
20 (1) of subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25) to
21 promote the licensing of persons from socially and economically
22 disadvantaged communities, and minority businesses and women's
23 businesses, as these terms are defined in section 2 of P.L.1986,
24 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
25 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The
26 commission shall coordinate with the office with respect to the
27 incorporation of these licensing measures;

28 (b) Procedures, to monitor the incorporated licensing measures
29 established by the Office of Minority, Disabled Veterans, and
30 Women Cannabis Business Development, which shall include a
31 verification, as part of the application process for licensure or
32 license renewal, of a minority, women's, or disabled veterans'
33 business certification provided to that business by the office
34 pursuant to paragraph (1) of subsection b. of section 32 of
35 P.L.2019, c.153 (C.24:6I-25), or verification of an application for
36 certification under review by the office pursuant to that paragraph,
37 which review is occurring simultaneous to the application for
38 licensure or license renewal;

39 (5) Security requirements for cannabis establishments and
40 transportation of cannabis ²and cannabis items² ;

41 (6) Requirements to prevent the sale or diversion of cannabis
42 items to persons under the legal age to purchase cannabis items,
43 including, but not limited to, requirements that:

44 (a) All licensees and licensee representatives, before permitting
45 entrance to a cannabis establishment and selling or serving cannabis
46 items to any person, shall require such person to produce one of the
47 following pieces of identification:

- 1 (i) The person's United States passport ¹, or other country's
2 passport or proper government-issued documentation for
3 international travel if a citizen or other lawfully recognized resident
4 of that ²[county] country², who is lawfully permitted to possess
5 and use that country's passport or government-issued
6 documentation for purposes of identification in the United States¹;
7 (ii) The person's motor vehicle driver's license, whether issued
8 by New Jersey or by any other state, ¹territory, or possession of the
9 United States, or the District of Columbia,¹ provided the license
10 displays a picture of the person;
11 (iii) A New Jersey identification card issued by the New Jersey
12 Motor Vehicle Commission; or
13 (iv) Any other identification card issued by a state ¹, territory, or
14 possession of the United States, the District of Columbia,¹ or the
15 United States that bears a picture of the person, the name of the
16 person, the person's date of birth, and a physical description of the
17 person;
18 (b) No cannabis establishment, distributor, or delivery service
19 shall employ persons under 18 years of age nor shall any cannabis
20 retailer allow persons under the legal age to purchase cannabis
21 items, other than a person employed by the retailer, to enter or
22 remain on the premises of a cannabis retailer unless accompanied
23 by a parent or legal guardian;
24 (c) Packaging and branding regulations to prevent the marketing
25 of cannabis items and cannabis paraphernalia to people under the
26 legal age to purchase cannabis items;
27 (d) No edible cannabis ¹**[items] products¹** shall be ¹**[produced]**
28 **manufactured¹**, marketed, or sold that are in the shape of, or a shape
29 bearing the likeness or containing characteristics of, a realistic or
30 fictional human, animal, or fruit, or part thereof, including artistic,
31 caricature, or cartoon renderings;
32 (7) Labeling and packaging requirements for cannabis items
33 sold or distributed by a cannabis establishment, including, but not
34 limited to, the affixing of a tracking stamp to containers or
35 packaging as set forth in section 29 of P.L.2019, c.153 (C.24:6I-22)
36 and requirements that:
37 (a) Cannabis items and cannabis paraphernalia are not
38 packaged, branded, or marketed using any statement, illustration, or
39 image that:
40 (i) Includes false, deceptive, or misleading statements;
41 (ii) Promotes over-consumption;
42 (iii) Depicts a child or other person under legal age consuming
43 cannabis items; or
44 (iv) Includes objects, such as toys, characters, or cartoon
45 characters suggesting the presence of a person under the legal age to
46 purchase cannabis items, or any other depiction designed in any

1 manner to be especially appealing to persons under the legal age to
2 purchase cannabis items;

3 (b) Ensure cannabis items are packaged in opaque, child-
4 resistant special packaging, or if applicable to a particular cannabis
5 item, child resistant special packaging for liquid nicotine
6 containers, in accordance with the “Poison Prevention Packaging
7 Act of 1970,” 15 U.S.C. s.1471 et seq., and the associated
8 regulations promulgated thereunder, except that these child-
9 resistant packaging requirements shall not apply to any cannabis
10 item obtained from a cannabis retailer or alternative treatment
11 center for immediate, on-premises consumption at that retailer’s or
12 center’s cannabis consumption area as permitted pursuant to section
13 28 of P.L.2019, c.153 (C.24:6I-21);

14 (c) Cannabis items warning labels adequately inform consumers
15 about safe cannabis use and warn of the consequences of misuse or
16 overuse;

17 (d) Labeling rules that mandate clear identification of health
18 and safety information, including, but not limited to:

19 (i) Net weight;

20 (ii) Production date and expiration date;

21 (iii) ¹**[An]** For a cannabis product, cannabis extract, or other
22 cannabis resin, an¹ ingredient list that includes, but is not limited to,
23 all ingredients used to manufacture the cannabis product ¹, any
24 other inactive or excipient ingredients besides cannabis,¹ and a list
25 of all potential allergens contained within the product;

26 (iv) Strain or type of cannabis, listed by scientific terms, if
27 available, and generic or “slang” names;

28 (v) Whether the product requires refrigeration;

29 (vi) Growth method ²**[]**, ² whether dirt grown, hydroponic, or
30 otherwise ²**[]**, ² and an indication whether the cannabis was grown
31 using all-organic materials, and a complete list of any nonorganic
32 pesticides, fungicides and herbicides used during the cultivation of
33 the cannabis;

34 (vii) ¹**[Serving]** For a cannabis product, serving¹ size, the total
35 number of servings, and a statement regarding the percentage of
36 THC contained in the cannabis product and in each serving. For
37 example: “The serving size of active THC in this product is X mg.
38 This product contains X servings of cannabis, and the total amount
39 of active THC in this product is X mg.”;

40 (viii) Warning labels that include the nationwide toll-free
41 telephone number used to access poison control centers that is
42 maintained in accordance with 42 U.S.C. s.300d-71, as well as
43 include, but are not limited to, one or more of the following
44 ²statements² ¹, if applicable to a particular cannabis item¹:

45 -- “This product contains cannabis”;

46 -- “This product is infused with cannabis”;

1 -- “This product is intended for use by adults 21 years of age or
2 older. Keep out of the reach of children”;

3 -- “The intoxicating effects of this product may be delayed by
4 two or more hours”;

5 -- “There may be health risks associated with the consumption of
6 this product, including for women who are pregnant, breastfeeding,
7 or planning on becoming pregnant”;

8 -- “Do not drive a motor vehicle or operate heavy machinery
9 while using ²【cannabis】 this product²”;

10 (e) Labeling rules that mandate the source of ²【the】 a² cannabis
11 ²【items】 item², including, but not limited to, the license number of
12 the cannabis ¹【cultivation facility】 cultivator¹ where the ¹usable¹
13 cannabis used ²【to produce】 for² the cannabis item was grown, the
14 license number of the cannabis ¹【product manufacturing facility】
15 manufacturer¹ that ¹【produced】 manufactured¹ the cannabis item,
16 and the license number of the cannabis retailer that sold the
17 cannabis item and the production batch and lot ²【numbers】
18 number² of the cannabis ²【items】 item²;

19 (8) Health and safety regulations and standards for the
20 ²cultivation of cannabis, and the² manufacture and sale of cannabis
21 ¹【products】 items¹ ²【and the cultivation of cannabis】², including,
22 but not limited to, requirements that:

23 (a) Establish accreditation and licensure criteria for cannabis
24 testing facilities, which shall include, as a condition for licensure,
25 the maintenance of a labor peace agreement and entrance into, or
26 good faith effort to enter into, a collective bargaining agreement in
27 accordance with subsection c. of section ²【18】 19² of P.L. ,
28 c. (C.) (pending before the Legislature as this bill). The
29 commission shall also incorporate the licensing measures
30 established by the Office of Minority, Disabled Veterans, and
31 Women Cannabis Business Development, and the assessment of
32 their effectiveness, pursuant to subparagraph (b) of paragraph (1) of
33 subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25), and
34 apply them to the licensing of cannabis testing facilities in order to
35 promote the licensing of persons from socially and economically
36 disadvantaged communities, and minority businesses and women’s
37 businesses, as these terms are defined in section 2 of P.L.1986,
38 c.195 (C.52:27H-21.18), and disabled veterans’ businesses as
39 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The license
40 shall permit a cannabis testing facility to test ¹【cannabis and】¹
41 cannabis items in accordance with the provisions set forth in
42 P.L. , c. (C.) (pending before the Legislature as this bill), as
43 well as test medical cannabis and medical cannabis products in
44 accordance with the provisions of the “Jake Honig Compassionate
45 Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.);

46 (b) ²【(i)】² The commission issue licenses for a sufficient
47 number of cannabis testing facilities, if those facilities ²【meet】 :

1 (i) Meet² the requirements for licensure, in order to ensure that
2 the testing of representative samples of cannabis items in
3 accordance with the procedures set forth in paragraph (13) of this
4 subsection can be completed in not more than 14 days following
5 their submission to any facility. Other factors that may be
6 considered by the commission in determining whether a sufficient
7 number of cannabis testing facilities are currently licensed include
8 the current licensees' experience or expertise in testing highly
9 regulated products, demonstrated testing efficiency and
10 effectiveness, existing research partnerships or capability to form
11 and maintain research partnerships focusing on ²cannabis or²
12 cannabis items, and any other factors established in regulation by
13 the commission; and

14 (ii) ²~~Permits~~ Permit² the commission to inspect any licensed
15 cannabis testing facility to determine the condition and calibration
16 of any equipment used for testing, and to ensure that a facility's
17 testing procedures are performed in accordance with the
18 commission's accreditation requirements for licensure;

19 (c) Every licensed cannabis ¹~~cultivation facility~~ cultivator¹
20 and cannabis ¹~~product manufacturing facility~~ manufacturer¹ shall
21 permit representatives of cannabis testing facilities to make
22 scheduled and unscheduled visits to ²~~facilities~~ their premises² in
23 order to obtain random samples of cannabis items, in a quantity
24 established by the commission, to be transported to cannabis testing
25 facilities for inspection and testing to certify compliance with
26 health, safety, and potency standards adopted by the commission;

27 (d) Prescribe methods of producing ¹cannabis¹, ¹~~processing,~~
28 and manufacturing¹ and packaging cannabis items; conditions of
29 sanitation; safe handling requirements; approved pesticides and
30 pesticide testing requirements, to the extent not inconsistent with
31 approved pesticides and requirements otherwise established under
32 federal and State law; and standards of ingredients, quality, and
33 identity of cannabis items ²~~produced,~~² ¹~~processed~~ ²~~l,~~²
34 manufactured¹, packaged, or sold by cannabis establishments;

35 (e) Establish accreditation ²~~and licensing~~² criteria for
36 responsible cannabis server and seller training and certification
37 programs for cannabis retailer employees;

38 (f) Provide that no licensed cannabis establishment, distributor,
39 or delivery service, or employee of a cannabis establishment
40 ¹~~or~~,¹ distributor, ¹~~or delivery service,~~¹ shall consume, or allow to
41 be consumed, any cannabis items on the establishment's,
42 distributor's, or delivery service's premises, except as permitted in
43 a cannabis consumption area or ¹premises¹ private area ¹~~for~~
44 employees¹ as set forth in section 28 of P.L.2019, c.153 (C.24:6I-
45 21);

46 (g) (i) Set appropriate dosage, potency, and serving size limits
47 for ¹~~cannabis and other~~¹ cannabis items, provided that a

1 standardized serving of ¹a¹ cannabis product¹ shall be no more
2 than 10 milligrams of active THC and no individual edible ¹[retail]
3 cannabis¹ product ¹[unit]¹ for sale shall contain more than 100
4 milligrams of active THC;

5 (ii) Require that each single standardized serving of ¹a¹ cannabis
6 product¹ in a multiple-serving edible ¹[cannabis]¹ product is
7 physically demarked in a way that enables a reasonable person to
8 determine how much of the product constitutes a single serving of
9 active THC, and that each standardized serving of ¹the¹ cannabis
10 product¹ shall be easily separable to allow an average person 21
11 years of age or older to physically separate, with minimal effort,
12 individual servings of the product;

13 (iii) Require that, if it is impracticable to clearly demark every
14 standardized serving of cannabis product¹ or to make each
15 standardized serving easily separable in an edible cannabis product,
16 the product shall contain no more than 10 milligrams of active THC
17 per unit of sale;

18 (h) Establish a universal symbol to indicate that a cannabis item
19 contains cannabis, which shall be marked, stamped, or imprinted
20 directly on an edible retail cannabis ¹[item] product¹, or on each
21 single standardized serving in a multiple-serving edible cannabis
22 ¹[item] product¹, unless the item is a loose bulk good such as
23 granola or cereal, a powder, a liquid-infused item, or another form
24 too impractical to be marked, stamped, or imprinted;

25 (i) Prohibit the use of a commercially manufactured or
26 trademarked food product as an edible retail cannabis ¹[item]
27 product¹, provided that a commercially manufactured or
28 trademarked food product may be used as a component of an edible
29 retail cannabis ¹[item] product¹ or part of ¹[an item's] a product's¹
30 recipe so long as the commercially manufactured or trademarked
31 food product is used in a way that renders it unrecognizable in the
32 final edible ¹[retail]¹ cannabis ¹[item] product¹ and the ¹[item]
33 product¹ is not advertised as containing the commercially
34 manufactured or trademarked food product;

35 (j) Establish screening, hiring, training, and supervising
36 requirements for ¹[retail store] cannabis retailer¹ employees and
37 others who manufacture or handle cannabis items;

38 (k) Promote general sanitary requirements for the handling,
39 storage, and disposal of cannabis items, and the maintenance of
40 cannabis establishments ¹, and cannabis distribution and cannabis
41 delivery service premises¹;

42 (l) Provide for rigorous auditing, inspection, and monitoring of
43 cannabis establishments, distributors, and delivery services for
44 compliance with health and safety rules and regulations;

45 (m) Require the implementation of security requirements for
46 ¹[retail outlets] cannabis retailers¹ and premises where cannabis

- 1 items are ²[produced or]² ¹[processed] ²[manufactured¹]
2 manufactured², and safety protocols for cannabis establishments,
3 distributors, and delivery services, and their employees;
- 4 (n) Prescribe reasonable restrictions on the manner, methods,
5 and means by which ¹cannabis cultivators ²and cannabis
6 distributors² shall transport cannabis within the State, and all¹
7 licensees shall transport cannabis items within the State; and
- 8 (o) Establish procedures for identification, seizure, confiscation,
9 destruction, or donation to law enforcement for training purposes of
10 ²[all]² cannabis or cannabis ¹[products] items¹ produced,
11 ²[processed] manufactured², sold, or offered for sale within this
12 State which do not conform in all respects to the standards
13 prescribed by P.L. , c. (C.) (pending before the Legislature
14 as this bill);
- 15 (9) Restrictions on the advertising and display of cannabis items
16 and cannabis paraphernalia, including, but not limited to,
17 requirements that:
- 18 (a) Restrict advertising of cannabis items and cannabis
19 paraphernalia in ways that target or are designed to appeal to
20 individuals under the legal age to purchase cannabis items,
21 including, but not limited to depictions of a person under 21 years
22 of age consuming cannabis ¹items¹, or, includes objects, such as
23 toys, characters, or cartoon characters suggesting the presence of a
24 person under 21 years of age, or any other depiction designed in any
25 manner to be especially appealing to a person under 21 years of
26 age;
- 27 (b) Prohibit advertising of any cannabis items or cannabis
28 paraphernalia on television, or on radio between the hours of 6:00
29 ²[am] a.m.² and 10:00 ²[pm] p.m.²;
- 30 (c) Prohibit engaging in advertising unless the advertiser has
31 reliable evidence that at least 71.6 percent of the audience for the
32 advertisement is reasonably expected to be 21 years of age or older;
- 33 (d) Prohibit engaging in advertising or marketing directed
34 towards location-based devices, including but not limited to cellular
35 phones, unless the marketing is a mobile device application
36 installed on the device by the owner of the device who is 21 years
37 of age or older and includes a permanent and easy opt-out feature
38 and warnings that the use of cannabis items is restricted to persons
39 21 years of age or older;
- 40 (e) Prohibit the sponsoring of a charitable, sports, musical,
41 artistic, cultural, social, or other similar event or advertising at or in
42 connection with such an event unless the sponsor or advertiser has
43 reliable evidence that no more than 20 percent of the audience at the
44 event is reasonably expected to be under the legal age to purchase
45 cannabis items;

1 (f) Require all advertisements to contain the following warning:
2 “This product contains cannabis. For use only by adults 21 years of
3 age or older. Keep out of the reach of children.”;

4 (g) Prohibit the advertising of cannabis items or cannabis
5 paraphernalia in any form or through any medium whatsoever
6 within 200 feet of ²[an] any² elementary or secondary school
7 grounds. ²This subparagraph shall not apply to advertisements
8 within the premises of a cannabis retailer.²

9 For the purposes of this section, a noncommercial message shall
10 not be considered an advertisement. ²[This section also shall not
11 apply to advertisements within the premises of a cannabis retailer.]²

12 (10) A requirement that only cannabis items and cannabis
13 paraphernalia are available for sale at a cannabis establishment;

14 (11) Procedures for the commission to conduct announced and
15 unannounced visits to cannabis establishments, distributors, and
16 delivery services, to make, or cause to be made, such investigations
17 as it shall deem proper in the administration of P.L. ,
18 c. (C.) (pending before the Legislature as this bill) and any
19 other laws which may hereafter be enacted concerning cannabis, or
20 the ¹production,¹ manufacture, distribution, sale, or delivery
21 thereof, including the inspection and search of ²any² premises for
22 which the license is sought or has been issued, of any building
23 containing the same, of licensed buildings, examination of the
24 books, records, accounts, documents and papers of the licensees or
25 on the licensed premises;

26 (a) The commission shall be authorized ²[, after adequate notice
27 to the owner or the agent of the owner, to make an examination of
28 the books]² and may at any time make an examination of the
29 premises of any person ²or entity² licensed under P.L. ,
30 c. (C.) (pending before the Legislature as this bill) for the
31 purpose of determining compliance with P.L. , c. (C.)
32 (pending before the Legislature as this bill) and the rules of the
33 commission ²[. The commission shall not require the books of any
34 licensee to be maintained on the premises of the licensee]²;

35 (b) The commission may ²[, at any time, examine the books and
36 records of any cannabis licensee,]² require ²licensee² compliance
37 with P.L. , c. (C.) (pending before the Legislature as this
38 bill), and may appoint auditors, investigators and other employees
39 that the commission considers necessary to enforce its powers and
40 perform its duties;

41 (c) During any inspection of a licensed premises, the
42 commission may require proof that a person performing work at the
43 premises is 18 years of age or older. If the person does not provide
44 the commission with acceptable proof of age upon request, the
45 commission may require the person to immediately cease any
46 activity and leave the premises until the commission receives
47 acceptable proof of age; and

1 (d) The commission shall not be required to obtain a search
2 warrant to conduct an investigation or search of licensed premises;

3 (12) Record keeping requirements, including, but not limited to,
4 the following:

5 (a) The obligation of every cannabis ¹~~grower~~ cultivator¹ to
6 keep a complete and accurate record of all sales of cannabis
7 flowers, cannabis leaves, and immature cannabis plants, and a
8 complete and accurate record of the number of cannabis flowers
9 produced, the number of ounces of cannabis leaves produced, the
10 number of immature cannabis plants produced, and the dates of
11 production; the obligation of every cannabis establishment to keep a
12 complete and accurate record of all sales of cannabis ¹items¹, and a
13 complete and accurate record of the number of ounces of ¹usable¹
14 cannabis ¹~~items~~¹ sold; the obligation of every cannabis
15 distributor to keep a complete and accurate record of all ¹cannabis
16 and¹ cannabis items transported in bulk, and the sending and
17 receiving cannabis establishments involved in each transportation of
18 the ¹cannabis or¹ cannabis items; and the obligation of every
19 cannabis delivery service to keep a complete and accurate record of
20 all cannabis item deliveries made ²~~on behalf of a~~ to consumers
21 based on orders fulfilled by² of cannabis ²~~retailer~~ retailers²;

22 (b) Such records shall be kept and maintained for four years ²,
23 however there shall not be a requirement that the records be
24 maintained on the premises of a licensee,² and the records shall be
25 in such form and contain such other information as the commission
26 may require; and

27 (c) The commission may, at any time, with adequate notice,
28 examine the books and records of any cannabis establishment,
29 distributor, or delivery service, and may appoint auditors,
30 investigators, and other employees that the commission considers
31 necessary to enforce its powers and ²its² duties ²~~as described in~~
32 P.L. , c. (C.) (pending before the Legislature as this
33 bill)²;

34 (13) Procedures for inspecting samples of cannabis items,
35 including:

36 (a) On a schedule determined by the commission, every licensed
37 cannabis ¹~~grower~~ cultivator¹ and ¹~~processor~~ manufacturer¹
38 shall submit representative samples of cannabis ¹~~useable~~
39 cannabis, ¹items¹ produced or ¹~~processed~~ manufactured¹ by the
40 licensee to an independent, third-party licensed testing facility
41 meeting the accreditation requirements established by the
42 commission, ²or random samples may be obtained by
43 representatives of the facility making a scheduled or unscheduled
44 visit to the licensee's premises,² for inspection and testing to certify
45 compliance with standards adopted by the commission. Any sample
46 remaining after testing shall be destroyed by the facility or returned

1 to the licensee, unless that sample does not meet the applicable
2 standards adopted by the commission, in which case it may be
3 retained for purposes of retesting upon request of a licensee in
4 accordance with subparagraph (c) of this paragraph;

5 (b) Licensees shall submit the results of this ²cannabis item²
6 inspection and testing to the commission on a form developed by
7 the commission; and

8 (c) If a ²[representative]² sample inspected and tested under
9 this section does not meet the applicable standards adopted by the
10 commission, the ²[representative]² sample may, upon notice to the
11 commission, be retested at the request of a licensee in a manner
12 prescribed by the commission, and in addition to a retest, or as an
13 alternative thereto, the licensee may also be permitted an
14 opportunity to remediate, upon notice to the commission, the ¹batch
15 or¹ lot from which the failed ²[representative]² sample was taken,
16 which ¹batch or¹ lot shall be subject to a subsequent test of a new
17 representative sample in a manner prescribed by the commission.
18 Any request for a retest of a ²[representative]² sample, and any
19 retest and reporting of results, as well as any ¹batch or¹ lot
20 remediation process undertaken and subsequent testing of that
21 ¹batch or¹ lot, shall be completed within a time period established
22 by the commission. The commission shall also provide a process
23 by which ²[representative]² samples ¹, batches,¹ and lots that
24 failed retesting or remediation, as applicable, shall be destroyed;

25 (14) Establishing the number of cannabis retailers ², and
26 permissible business arrangements with respect to other types of
27 retailing businesses²:

28 (a) ²(i)² Assuming there are sufficient qualified applicants for
29 licensure, the commission shall, subject to ²[annual review]
30 periodic evaluation as described in paragraph (1) of this
31 subsection², issue a sufficient number of Class 5 Retailer licenses to
32 meet the market demands of the State, giving regard to geographical
33 and population distribution throughout the State; and

34 ²[(b)] (ii)² the provision of adequate access to licensed sources
35 of ²[useable cannabis and]² cannabis ²[products] items² to
36 discourage purchases from the illegal market; and

37 ²(b) A cannabis retailer's premises shall not be located in or
38 upon any premises in which operates a grocery store, delicatessen,
39 indoor food market, or other store engaging in retail sales of food,
40 or in or upon any premises in which operates a store that engages in
41 licensed retail sales of alcoholic beverages, as defined by subsection
42 b. of R.S.33:1-1; and²

43 (15) Civil penalties for the failure to comply with regulations
44 adopted pursuant to this section.

45 b. In order to ensure that individual privacy is protected, the
46 commission shall not require a consumer to provide a cannabis

1 retailer with personal information other than government-issued
2 identification ¹as set forth in subparagraph (a) of paragraph (6) of
3 subsection a. of this section in order¹ to determine the consumer's
4 'identity and¹ age, and a cannabis retailer shall not collect and
5 retain any personal information about consumers other than
6 information typically acquired in a financial transaction conducted
7 by the holder of a Class C retail license concerning alcoholic
8 beverages as set forth in R.S.33:1-12.

9 c. Once regulations are adopted by the commission pursuant to
10 subsection a. of this section, but prior to the commencement of the
11 application process, the commission shall conduct a series of
12 information sessions in every county in New Jersey to educate
13 residents of New Jersey about the responsibilities, opportunities,
14 requirements, obligations, and processes for application for a
15 license to operate a cannabis establishment, distributor, or delivery
16 service. The commission shall conduct an appropriate number of
17 information sessions in each county considering the population of
18 each county, but no fewer than one information session in each
19 county. The commission shall publicize the day, time, location, and
20 agenda of each information session broadly through television,
21 radio, Internet, print, and local agencies.

22 d. The commission shall:

23 (1) Examine available research, and may conduct or commission
24 new research or convene an expert task force, to investigate the
25 influence of cannabis and marijuana on the ability of a person to
26 drive a vehicle, on methods for determining whether a person is
27 under the influence of cannabis or marijuana, and on the
28 concentration of ¹active¹ ²[delta-9 tetrahydrocannabinol] THC, as
29 defined in section 3 of P.L. , c. (C.) (pending before the
30 Legislature as this bill),² in a person's blood, in each case taking
31 into account all relevant factors; and

32 (2) Report ²the results of the research to the Governor and²,
33 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), ²[the
34 results of the research to]² the Legislature and make
35 recommendations ²[to the Legislature]² regarding ²[legislation or
36 other]² both administrative and² legislative action as the commission
37 deems necessary.

38
39 19. (New section) Application For License or Conditional
40 License.

41 a. Each application for an annual license to operate a cannabis
42 establishment, distributor, or delivery service, or conditional license
43 for a proposed cannabis establishment, distributor, or delivery
44 service, shall be submitted to the commission. A separate license or
45 conditional license shall be required for each location at which a
46 cannabis establishment seeks to operate, or for the location of each
47 premises from which a cannabis distributor or delivery service

1 seeks to operate. Renewal applications for another annual license
2 ²**[may]** shall² be filed ¹**[up to]** no later than¹ 90 days prior to the
3 expiration of the establishment's, distributor's, or delivery service's
4 license. A conditional license shall not be renewed, but replaced
5 with an annual license upon the commission's determination of
6 qualification for the annual license, or otherwise expire, as set forth
7 in paragraph (2) of subsection b. of this section.

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

10 (a) begin accepting and processing applications within 30 days
11 after the commission's initial rules and regulations have been
12 adopted pursuant to subparagraph (a) of paragraph (1) of subsection
13 d. of section 6 of P.L. , c. (C.) (pending before the Legislature
14 as this bill);

15 (b) forward, within ¹**[seven]** 14¹ days of receipt, a copy of each
16 application to the municipality in which the applicant desires to
17 operate the cannabis establishment, distributor, or delivery service;
18 and

19 (c) verify the information contained in the application and
20 review the qualifications for the applicable license class, set forth in
21 section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending
22 before the Legislature as this bill), and regulations concerning
23 qualifications for licensure promulgated by the commission for
24 which the applicant seeks licensure, and not more than 90 days after
25 the receipt of an application, make a determination as to whether
26 the application is approved or denied, or that the commission
27 requires more time to adequately review the application.

28 The commission shall deny a license application to any applicant
29 who fails to provide information, documentation and assurances as
30 required by P.L. , c. (C.) (pending before the Legislature as
31 this bill) or as requested by the commission, or who fails to reveal
32 any ²**[fact]**² material ²**fact**² to qualification, or who supplies
33 information which is untrue or misleading as to a material fact
34 pertaining to the qualification criteria for licensure. The
35 commission shall approve a license application that meets the
36 requirements of this section unless the commission finds by clear
37 and convincing evidence that the applicant would be manifestly
38 unsuitable to perform the activities for the applicable license class
39 for which licensure is sought.

40 (i) If the application is approved, upon collection of the license
41 fee, the commission shall issue an annual license to the applicant no
42 later than 30 days after giving notice of approval of the application
43 unless the commission finds the applicant is not in compliance with
44 regulations for annual licenses enacted pursuant to the provisions of
45 paragraph (1) of subsection d. of section 6 of P.L. , c. (C.)
46 (pending before the Legislature as this bill) or the commission is
47 notified by the relevant municipality that the applicant is not in
48 compliance with ordinances and regulations made pursuant to the

1 provisions of section 31 of P.L. ²~~of P.L.~~², c. (C.)
 2 (pending before the Legislature as this bill) and in effect at the time
 3 of application, provided, if a municipality has enacted a numerical
 4 limit on the number of cannabis establishments, distributors, or
 5 delivery services and a greater number of applicants seek licenses,
 6 the commission shall solicit and consider input from the
 7 municipality as to the municipality's preference or preferences for
 8 licensure.

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

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

16 (a) begin accepting and processing applications from applicants
 17 within 30 days after the commission's initial rules and regulations
 18 have been adopted pursuant to subparagraph (a) of paragraph (1) of
 19 subsection d. of section 6 of P.L. , c. (C.) (pending before the
 20 Legislature as this bill), and ensure that at least 35 percent of the
 21 total licenses issued for each class of cannabis establishment, and
 22 for cannabis distributors and delivery services, are conditional
 23 licenses, which 35 percent figure shall also include any conditional
 24 license issued to an applicant which is subsequently replaced by the
 25 commission with an annual license due to that applicant's
 26 compliance for the annual license pursuant to subparagraph (i)
 27 of subparagraph (d) of this paragraph;

28 (b) forward, within ¹~~seven~~¹⁴ days of receipt, a copy of each
 29 application to the municipality in which the applicant desires to
 30 operate a proposed cannabis establishment, or to the municipality in
 31 which the premises is located from which the applicant desires to
 32 operate a proposed cannabis distributor or delivery service; and

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

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

38 (ii) a listing included with the application, showing all persons
 39 with a financial interest who also ¹~~has~~^{have} decision making
 40 authority for the proposed cannabis establishment, distributor, or
 41 delivery service detailed in the application;

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

46 (iv) the name, address, date of birth, and resumes of each
 47 executive officer ¹~~and~~[,] all significantly involved persons ¹, and
 48 persons¹ with a financial interest who also ¹~~has~~^{have} decision

1 making authority for the proposed cannabis establishment,
2 distributor, or delivery service, as well as a photocopy of their
3 driver's licenses or other government-issued form of identification,
4 plus background check information in a form and manner
5 determined by the commission in consultation with the
6 Superintendent of State Police; concerning the background check,
7 an application shall be denied if any person has any disqualifying
8 conviction pursuant to
9 subparagraph (c) of paragraph (4) of subsection a. of section ¹[19]
10 20¹, ¹[21,] ¹22, 23, ¹[or] ¹24 ¹, 25 or 26¹ of P.L. , c. (C.)
11 (pending before the Legislature as this bill), based upon the
12 applicable class of cannabis establishment for which the application
13 was submitted, or based upon the application being for a cannabis
14 distributor or delivery service, unless the commission determines
15 pursuant to subsubparagraph (ii) of those subparagraphs that the
16 conviction should not disqualify the application;
17 (v) proof that each person with a financial interest who also has
18 decision making authority for the proposed cannabis establishment,
19 distributor, or delivery service has, for the immediately preceding
20 taxable year, an adjusted gross income of no more than \$200,000 or
21 no more than \$400,000 if filing jointly with another;
22 (vi) a certification that each person with a financial interest who
23 also has decision making authority for the proposed cannabis
24 establishment, distributor, or delivery service does not have any
25 financial interest in an application for an annual license under
26 review before the commission or a cannabis establishment ²[or] ²
27 distributor ², or delivery service² that is currently operating with an
28 annual license;
29 (vii) the federal and State tax identification numbers for the
30 proposed cannabis establishment, distributor, or delivery service,
31 and proof of business registration with the Division of Revenue in
32 the Department of the Treasury;
33 (viii) information about the proposed cannabis establishment,
34 distributor, or delivery service including its legal name, any
35 registered alternate name under which it may conduct business, and
36 a copy of its articles of organization and bylaws;
37 (ix) the business plan and management operation profile for the
38 proposed cannabis establishment, distributor, or delivery service;
39 (x) the plan by which the applicant intends to obtain appropriate
40 liability insurance coverage for the proposed cannabis
41 establishment, distributor, or delivery service; and
42 (xi) any other requirements established by the commission
43 pursuant to regulation; and
44 (d) not more than 30 days after the receipt of an application,
45 make a determination as to whether the application is approved or
46 denied, or that the commission requires more time to adequately
47 review the application.

1 The commission shall deny a ²conditional² license application to
2 any applicant who fails to provide information, documentation and
3 assurances as required by P.L. , c. (C.) (pending before the
4 Legislature as this bill) or as requested by the commission, or who
5 fails to reveal any ²**[fact]**² material ²fact² to qualification, or who
6 supplies information which is untrue or misleading as to a material
7 fact pertaining to the qualification criteria for licensure. The
8 commission shall approve a license application that meets the
9 requirements of this section unless the commission finds by clear
10 and convincing evidence that the applicant would be manifestly
11 unsuitable to perform the activities for the applicable license class
12 for which ²conditional² licensure is sought.

13 (i) If the application is approved, upon collection of the
14 conditional license fee, the commission shall issue a conditional
15 license to the applicant, which is non-transferable for its duration,
16 no later than 30 days after giving notice of approval of the
17 application, unless the commission finds the applicant is not in
18 compliance with regulations for conditional licenses enacted
19 pursuant to the provisions of paragraph (1) of subsection d. of
20 section 6 of P.L. , c. (C.) (pending before the legislature as
21 this bill) or the commission is notified by the relevant municipality
22 that the applicant is not in compliance with ordinances and
23 regulations made pursuant to the provisions of section 31 of P.L. of
24 P.L. , c. (C.) (pending before the Legislature as this bill)
25 and in effect at the time of application, provided, if a municipality
26 has enacted a numerical limit on the number of marijuana cannabis
27 establishments, distributors, or delivery services and a greater
28 number of applicants seek licenses, the commission shall solicit and
29 consider input from the municipality as to the municipality's
30 preference or preferences for licensure. For each license issued, the
31 commission shall also provide the approved licensee with
32 documentation setting forth the remaining conditions to be satisfied
33 under section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.)
34 (pending before the Legislature as this bill), or relevant regulations,
35 based upon the applicable class of cannabis establishment for which
36 the conditional license was issued, or based upon the conditional
37 license issued for a cannabis distributor or delivery service, and
38 which were not already required for the issuance of that license, to
39 be completed within 120 days of issuance of the conditional license,
40 which period may be extended upon request to the commission for
41 an additional period of up to 45 days at the discretion of the
42 commission. If the commission subsequently determines during
43 that 120-day period, or during any additional period granted, that
44 the conditional licensee is in compliance with all applicable
45 conditions and is implementing the plans, procedures, protocols,
46 actions, or other measures set forth in its application, the
47 commission shall replace the conditional license by issuing an
48 annual license, which will expire one year from its date of issuance;

1 if the conditional licensee is not in compliance with all applicable
2 conditions or not implementing the plans, procedures, protocols,
3 actions, or other measures set forth in its application, the
4 conditional license shall automatically expire at the end of the 120-
5 day period, or at the end of any additional period granted by the
6 commission;

7 (ii) If the application is denied, the commission shall notify the
8 applicant in writing of the specific reason for its denial, provide
9 with this written notice a refund of 80 percent of the application fee
10 submitted with the application, and provide the applicant with the
11 opportunity for a hearing in accordance with the “Administrative
12 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.);

13 c. The commission shall require all applicants for cannabis
14 licenses, other than applicants ²**[issued]** ^{for}² a conditional license
15 for any ²**[form]** ^{class}² of cannabis establishment, ²or for a
16 cannabis² distributor ²**[,]**² or delivery service, or ²**[issued]** ^{for}²
17 either a conditional or annual license for an establishment,
18 distributor, or delivery service that is a microbusiness pursuant to
19 subsection f. of this section, to submit an attestation signed by a
20 bona fide labor organization stating that the applicant has entered
21 into a labor peace agreement with such bona fide labor
22 organization. The maintenance of a labor peace agreement with a
23 bona fide labor organization by a licensed cannabis establishment,
24 distributor, or delivery service, other than an establishment that is a
25 microbusiness, shall be an ongoing material condition of the
26 establishment’s, distributor’s, or delivery service’s license. The
27 submission of an attestation and maintenance of a labor peace
28 agreement with a bona fide labor organization by an applicant
29 issued a conditional license for a cannabis establishment,
30 distributor, or delivery service, other than an establishment that is a
31 microbusiness, shall be a requirement for final approval for an
32 annual license. Failure to enter, or to make a good faith effort to
33 enter, into a collective bargaining agreement within 200 days of the
34 opening of a licensed cannabis establishment, distributor, or
35 delivery service, other than an establishment that is a
36 microbusiness, shall result in the suspension or revocation of the
37 establishment’s ²**[or]** ² distributor’s ², or delivery service’s license.

38 As used in this subsection, “bona fide labor organization”
39 means a labor organization of any kind or employee representation
40 committee, group, or association, in which employees participate
41 and which exists and is constituted for the purpose, in whole or in
42 part, of collective bargaining or otherwise dealing with medical or
43 personal use cannabis employers concerning grievances, labor
44 disputes, terms or conditions of employment, including wages and
45 rates of pay, or other mutual aid or protection in connection with
46 employment, and may be characterized by: it being a party to one or
47 more executed collective bargaining agreements with medical or
48 personal use cannabis employers, in this State or another state; it

1 having a written constitution or bylaws in the three immediately
2 preceding years; it filing the annual financial report required of
3 labor organizations pursuant to subsection (b) of 29 U.S.C. 431, or
4 it having at least one audited financial report in the three
5 immediately preceding years; it being affiliated with any regional or
6 national association of unions, including but not limited to state and
7 federal labor councils; or it being a member of a national labor
8 organization that has at least 500 general members in a majority of
9 the 50 states of the United States.²

10 d. (1) Each license application shall be scored and reviewed
11 based upon a point scale with the commission determining the
12 amount of points, the point categories, and the system of point
13 distribution by regulation. The commission shall ¹assign points
14 and¹ rank ¹all¹ applicants ¹], from the most to the least points,¹
15 according to the point system. The commission may, pursuant to a
16 process set forth in regulation and consistent with this subsection,
17 adjust the point system or utilize a separate point system and
18 rankings with respect to the review of an application for which a
19 conditional license is sought ¹, or for which a microbusiness license
20 is sought¹. If two or more eligible applicants have the same number
21 of points, those applicants shall be grouped together and, if there
22 are more eligible applicants in this group than the remaining
23 number of licenses available, the commission shall utilize a public
24 lottery to determine which applicants receive a license or
25 conditional license, as the case may be.

26 (a) An initial application for licensure shall be evaluated
27 according to criteria to be developed by the commission. ¹For the
28 point values assigned to each criterion, there¹ There¹ shall be
29 included bonus points for applicants who are residents of New
30 Jersey.

31 (b) The criteria to be developed by the commission pursuant to
32 subparagraph (a) ²of² this paragraph shall include, in addition to the
33 criteria set forth in subparagraphs (c) and (d) of this paragraph and
34 any other criteria developed by the commission, an analysis of the
35 applicant's operating plan, excluding safety and security criteria,
36 which shall include the following:

37 (i) In the case of an applicant for a cannabis ¹grower
38 cultivator¹ license, the operating plan summary shall include a
39 written description concerning the applicant's qualifications for,
40 experience in, and knowledge of each of the following topics:

- 41 - ¹State-authorized¹ cultivation of ¹personal use¹ cannabis;
- 42 - conventional horticulture or agriculture, familiarity with good
43 agricultural practices, and any relevant certifications or degrees;
- 44 - quality control and quality assurance;
- 45 - recall plans;
- 46 - packaging and labeling;

- 1 - inventory control and tracking software or systems for the
2 production of personal use cannabis;
- 3 - analytical chemistry and testing of ²[personal use]² cannabis;
4 - water management practices;
5 - odor mitigation practices;
6 - onsite and offsite recordkeeping;
7 - strain variety and plant genetics;
8 - pest control and disease management practices, including plans
9 for the use of pesticides, nutrients, and additives;
10 - waste disposal plans; and
11 - compliance with applicable laws and regulations.
- 12 (ii) In the case of an applicant for a cannabis ¹[processor]
13 manufacturer¹ license, or, as applicable, a cannabis wholesaler
14 license, cannabis distributor license, or cannabis delivery service
15 license, the operating plan summary shall include a written
16 description concerning the applicant's qualifications for, experience
17 in, and knowledge of each of the following topics:
- 18 - ¹[State-authorize]¹ manufacture ¹[, production,]¹ and creation
19 of cannabis products using appropriate extraction methods,
20 including intended use and sourcing of extraction equipment and
21 associated solvents or intended methods and equipment for non-
22 solvent extraction;
- 23 - quality control and quality assurance;
24 - recall plans;
25 - packaging and labeling;
26 - inventory control and tracking software or systems for the
27 ²[production] manufacturing, warehousing, transportation, or
28 delivery² of ²[personal use]² cannabis and cannabis items;
- 29 - analytical chemistry and testing of ²[personal use cannabis
30 and]² cannabis items;
31 - water management practices;
32 - odor mitigation practices;
33 - onsite and offsite recordkeeping;
34 - a list of product formulations or products proposed to be
35 manufactured with estimated cannabinoid profiles, if known,
36 including varieties with high cannabidiol content;
- 37 - intended use and sourcing of all non-cannabis ingredients used
38 in the manufacture ²[, production,]² and creation of cannabis
39 products, including methods to verify or ensure the safety and
40 integrity of those ingredients and their potential to be or contain
41 allergens;
42 - waste disposal plans; and
43 - compliance with applicable laws and regulations.
- 44 (iii) In the case of an applicant for a cannabis retailer license, the
45 operating plan summary shall include a written description
46 concerning the applicant's qualifications for, experience in, and
47 knowledge of each of the following topics:

- 1 - ¹【State-authorized】¹ sales of cannabis items to consumers;
- 2 - ¹【personal use】¹ cannabis product evaluation procedures;
- 3 - recall plans;
- 4 - packaging and labeling;
- 5 - inventory control and point-of-sale software or systems for the
- 6 sale of cannabis items;
- 7 - the routes of administration, strains, varieties, and cannabinoid
- 8 profiles of ²【personal use】² cannabis and cannabis items;
- 9 - odor mitigation practices;
- 10 - onsite and offsite recordkeeping;
- 11 - waste disposal plans; and
- 12 - compliance with applicable laws and regulations.
- 13 (c) The criteria to be developed by the commission pursuant to
- 14 subparagraph (a) of this paragraph shall include, in addition to the
- 15 criteria set forth in subparagraph (b) and (d) of this paragraph and
- 16 any other criteria developed by the commission, an analysis of the
- 17 following factors, if applicable:
- 18 (i) The applicant’s environmental impact plan.
- 19 (ii) A summary of the applicant’s safety and security plans and
- 20 procedures, which shall include descriptions of the following:
- 21 - plans for the use of security personnel, including contractors;
- 22 - the experience or qualifications of security personnel and
- 23 proposed contractors;
- 24 - security and surveillance features, including descriptions of any
- 25 alarm systems, video surveillance systems, and access and visitor
- 26 management systems, along with drawings identifying the proposed
- 27 locations for surveillance cameras and other security features;
- 28 - plans for the storage of ¹【cannabis and】¹ ²cannabis and²
- 29 cannabis items, including any safes, vaults, and climate control
- 30 systems that will be utilized for this purpose;
- 31 - a diversion prevention plan;
- 32 - an emergency management plan;
- 33 - procedures for screening, monitoring, and performing criminal
- 34 history record background checks of employees;
- 35 - cybersecurity procedures;
- 36 - workplace safety plans and the applicant’s familiarity with
- 37 federal Occupational Safety and Health Administration regulations;
- 38 - the applicant’s history of workers’ compensation claims and
- 39 safety assessments;
- 40 - procedures for reporting adverse events; and
- 41 - a sanitation practices plan.
- 42 (iii) A summary of the applicant’s business experience, including
- 43 the following, if applicable:
- 44 - the applicant’s experience operating businesses in highly-
- 45 regulated industries;
- 46 - the applicant’s experience in operating cannabis establishments
- 47 or alternative treatment centers and related ¹【personal use or
- 48 medical】¹ cannabis production ²【and dispensation】² ,

1 manufacturing, warehousing, or retail² entities, or experience in
2 operating cannabis distributors or delivery services, under the laws
3 of New Jersey or any other state or jurisdiction within the United
4 States; and

5 - the applicant's plan to comply with and mitigate the effects of
6 26 U.S.C. s.280E on cannabis businesses, and for evidence that the
7 applicant is not in arrears with respect to any tax obligation to the
8 State.

9 In evaluating the experience described under this
10 subsubparagraph, the commission shall afford the greatest weight to
11 the experience of the applicant itself, controlling owners, and
12 entities with common ownership or control with the applicant;
13 followed by the experience of those with a 15 percent or greater
14 ownership interest in the applicant's organization; followed by
15 ²**[interest holders]** significantly involved persons² in the
16 applicant's organization; followed by other officers, directors, and
17 ²**[bona fide full-time]** current and prospective² employees of the
18 applicant ²who have a bona fide relationship with application's
19 organization² as of the ²**[submission]**² date of the application.

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

22 - the proposed location, the surrounding area, and the suitability
23 or advantages of the proposed location, along with a floor plan and
24 optional renderings or architectural or engineering plans;

25 - the submission of zoning approvals for the proposed location,
26 which shall consist of a letter or affidavit from appropriate officials
27 of the municipality that the location will conform to local zoning
28 requirements allowing for activities related to the operations of the
29 proposed cannabis ¹**[grower]** cultivator¹ , cannabis ¹**[processor]**
30 ²**[manufacturer¹]** manufacturer² , cannabis wholesaler, cannabis
31 distributor, cannabis retailer, or cannabis delivery service ²**[and**
32 **related supplies]**² as will be conducted at the proposed facility; and

33 - the submission of proof of local support for the suitability of
34 the location, which may be demonstrated by a resolution adopted by
35 the municipality's governing body indicating that the intended
36 location is appropriately located or otherwise suitable for activities
37 related to the operations of the proposed cannabis ¹**[grower]**
38 cultivator¹ , cannabis ¹**[processor]** manufacturer¹ , cannabis
39 wholesaler, cannabis distributor, cannabis retailer, or cannabis
40 delivery service.

41 ²An application for a cannabis retailer shall not include in that
42 application a proposed site that would place the retailer's premises
43 in or upon any premises in which operates a grocery store,
44 delicatessen, indoor food market, or other store engaging in retail
45 sales of food, or in or upon any premises in which operates a store
46 that engages in licensed retail sales of alcoholic beverages, as
47 defined by subsection b. of R.S.33:1-1; any application presented to

1 the commission shall be denied if it includes that form of proposed
2 site.²

3 Notwithstanding any other provision of this subsubparagraph, an
4 application shall be disqualified from consideration unless it
5 includes documentation demonstrating that the applicant will have
6 final control of the premises upon approval of the application,
7 including, but not limited to, a lease agreement, contract for sale,
8 title, deed, or similar documentation. In addition, if the applicant
9 will lease the premises, the application will be disqualified from
10 consideration unless it includes certification from the landlord that
11 the landlord is aware that the tenant's use of the premises will
12 involve ²activities associated with² operations as a cannabis
13 ¹**[grower]** cultivator¹ , cannabis ¹**[processor]** manufacturer¹ ,
14 cannabis wholesaler, cannabis distributor, cannabis retailer, or
15 cannabis delivery service. ¹**[An application shall not be**
16 **disqualified from consideration if the application does not include**
17 **the materials described in this subsubparagraph.]**¹

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

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

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

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

33 - a written plan describing any research and development
34 regarding the ²**[medical efficacy or]**² adverse effects of cannabis,
35 and any cannabis-related educational and outreach activities, which
36 the applicant intends to conduct if issued a license by the
37 commission.

38 In evaluating the information submitted pursuant to this
39 subsubparagraph, the commission shall afford the greatest weight to
40 ²**[the experience of]** responses pertaining to² the applicant itself,
41 controlling owners, and entities with common ownership or control
42 with the applicant; followed by ²**[the experience of]**² those with a
43 15 percent or greater ownership interest in the applicant's
44 organization; followed by ²**[interest holders]** significantly involved
45 persons² in the applicant's organization; followed by other officers,
46 directors, and ²**[bona fide full-time]** current and prospective²
47 employees of the applicant ²who have a bona fide relationship with

1 the applicant's organization² as of the ²[submission]² date of the
2 application.

3 (vi) A workforce development and job creation plan, which may
4 include ¹[, but shall not be limited to a description of the
5 applicant's workforce development and job creation plan, which
6 may include¹] information on the applicant's history of job creation
7 and planned job creation at the proposed cannabis establishment,
8 distributor, or delivery service; education, training, and resources to
9 be made available for employees; any relevant certifications; and an
10 optional diversity plan.

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

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

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

19 - a description of the applicant's ¹[experience complying] plan
20 to comply¹ with guidance pertaining to cannabis issued by the
21 Financial Crimes Enforcement Network under 31 U.S.C. s.5311 et
22 seq., the federal "Bank Secrecy Act," which may be demonstrated
23 by submitting letters regarding the applicant's banking history from
24 banks or credit unions that certify they are aware of the business
25 activities of the applicant, or entities with common ownership or
26 control ²[of] with² the ²[applicant's organization] applicant², in
27 any state where the applicant has operated a business related to
28 personal use or medical cannabis. For the purposes of this
29 ²[subparagraph] subsubparagraph², the commission shall consider
30 only bank references involving accounts in the name of the
31 applicant or of an entity with common ownership or control ²[of]
32 with² the ²[applicant's organization] applicant². An applicant who
33 does not submit the information ²[described in this subparagraph]
34 about a plan of compliance with the federal "Bank Secrecy Act"²
35 shall not be disqualified from consideration.

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

42 (ix) ¹[Whether the applicant can demonstrate that its governance
43 structure includes the involvement of a school of medicine or
44 osteopathic medicine licensed and accredited in the United States,
45 or a general acute care hospital, ambulatory care facility, adult day
46 care services program, or pharmacy licensed in New Jersey,
47 provided that:

1 - the school, hospital, facility, or pharmacy has conducted or
2 participated in research approved by an institutional review board
3 related to cannabis involving the use of human subjects, except in
4 the case of an accredited school of medicine or osteopathic
5 medicine that is located and licensed in New Jersey;

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

11 - the school, hospital, facility, or pharmacy participates in major
12 decision-making activities within the applicant's organization,
13 which may be demonstrated by representation on the board of
14 directors of the applicant's organization.

15 (x)]¹ Any other information the commission deems relevant in
16 determining whether to grant a license to the applicant.

17 (2) In ranking applications, in addition to the awarding of points
18 as set forth in paragraph (1) of this subsection, the commission shall
19 give priority to the following, regardless of ¹[regardless of]¹
20 whether there is any competition among applications for a particular
21 class of license:

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

25 (b) Applicants that are party to a collective bargaining
26 agreement with a ¹bona fide¹ labor organization that currently
27 represents, or is actively seeking to represent cannabis workers in
28 New Jersey.

29 (c) Applicants that are party to a collective bargaining
30 agreement with a ¹bona fide¹ labor organization that currently
31 represents cannabis workers in another state.

32 (d) Applicants that submit ¹[an attestation affirming that they
33 will use best efforts to utilize] a signed project labor agreement
34 with a bona fide¹ building trades labor ¹[organizations in]
35 organization, which is a form of pre-hire collective bargaining
36 agreement covering terms and conditions of a specific project,
37 including labor issues and worker grievances associated with that
38 project, for¹ the construction or retrofit of the facilities associated
39 with the licensed entity.

40 (e) Applicants that submit ¹[an attestation affirming that they
41 have]¹ a ¹signed¹ project labor agreement ¹[, or will utilize a
42 project labor agreement, which is a form of pre-hire collective
43 bargaining agreement covering terms and conditions of a specific
44 project, including labor issues and worker grievances associated
45 with any construction or retrofit of facilities, or] with a bona fide
46 labor organization for any¹ other applicable project ¹[,]¹ associated
47 with the licensed entity.

1 ²As used in this paragraph, “bona fide labor organization” means
2 “bona fide labor organization” as defined in subsection c. of this
3 section, and includes a bona fide building trades labor
4 organization.²

5 (3) In reviewing an initial ²license² application, unless the
6 information is otherwise solicited by the commission in a specific
7 application question, the commission’s evaluation of the application
8 shall be limited to the experience and qualifications of the
9 applicant’s organization, including ²controlling owners,² any entities
10 with common ownership or control ²[of] with² the ²[applicant’s
11 organization] applicant², ²[controlling owners or] those with a 15
12 percent or greater ownership² interest ²[holders]² in the applicant’s
13 organization, ²[and] significantly involved persons in the
14 applicant’s organization,² the ²other² officers, directors, and current
15 ²[full-time existing] or prospective² employees of the
16 ²[applicant’s organization] applicant who have a bona fide
17 relationship with the applicant’s organization as of the date of the
18 application, and consultants and independent contractors who have
19 a bona fide relationship with the applicant as of the date of the
20 application². Responses pertaining to ²[consultants, independent
21 contractors,]² applicants who are exempt from the criminal history
22 record background check requirements of P.L. , c. (C.)
23 (pending before the Legislature as this bill) ²[, and prospective or
24 part-time employees of the entity]² shall not be considered. Each
25 applicant shall certify as to the status of the individuals and entities
26 included in the application.

27 (4) The commission shall give special consideration to any
28 applicant that has entered into an agreement with an institution of
29 higher education to create an integrated curriculum involving the
30 ²[growing] cultivation², ²[processing] manufacturing²,
31 wholesaling, distributing, ²[and] ,² retail sales ², or delivery² of
32 personal use cannabis ²[and] or² cannabis items, provided that the
33 curriculum is approved by both the commission and the
34 ²[Department] Office² of ²the Secretary of Higher² Education and
35 the applicant agrees to maintain the integrated curriculum in
36 perpetuity. An integrated curriculum ²[permit] license² shall be
37 subject to revocation if the license holder fails to maintain or
38 continue the integrated curriculum. In the event that, because of
39 circumstances outside a license holder’s control, the license holder
40 will no longer be able to continue an integrated curriculum, the
41 license holder shall notify the commission and shall make
42 reasonable efforts to establish a new integrated curriculum with an
43 institution of higher education, subject to approval by the
44 commission and the ²[Department] Office² of ²the Secretary of
45 Higher² Education. If the license holder is unable to establish a
46 new integrated curriculum within six months after the date the

1 current integrated curriculum arrangement ends, the commission
 2 shall revoke the entity's license, unless the commission finds there
 3 are extraordinary circumstances that justify allowing the license
 4 holder to retain the license without an integrated curriculum and the
 5 commission finds that allowing the license holder to retain the
 6 license would be consistent with the purposes of P.L. ,
 7 c. (C.) (pending before the Legislature as this bill). The
 8 commission may revise the application and license fees or other
 9 conditions for a license pursuant to this paragraph as may be
 10 necessary to encourage applications for ²license licensure which
 11 involves an integrated curriculum².

12 (5) Application materials submitted to the commission pursuant
 13 to this section shall not be considered a public record pursuant to
 14 P.L.1963, c.73 (C.47:1A-1 et seq.) ¹, P.L.2001, c.404 (C.47:1A-5 et
 15 al.), or the common law concerning access to government records¹.

16 (6) If the commission notifies an applicant that it has performed
 17 sufficiently well on multiple applications to be awarded more than
 18 one ²cannabis ¹grower cultivator¹ license, cannabis
 19 ¹processor manufacturer¹ license, cannabis wholesaler license,
 20 cannabis distributor license, cannabis retailer license, or cannabis
 21 delivery service² license, the applicant shall notify the
 22 commission, within seven business days after receiving such notice,
 23 as to which ²class of² license it will accept. For any license award
 24 that is declined by an applicant pursuant to this paragraph, the
 25 commission shall, upon receiving notice from the applicant of the
 26 declination, award the license to the applicant for that license class
 27 who, in the determination of the commission, best satisfies the
 28 commission's criteria while meeting the commission's
 29 determination of Statewide marketplace need. If an applicant fails
 30 to notify the commission as to which license it will accept, the
 31 commission shall have the discretion to determine which license it
 32 will award to the applicant, based on the commission's
 33 determination of Statewide marketplace need and other applications
 34 submitted for cannabis establishments, distributors, or delivery
 35 services to be located in the affected regions.

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

43 (a) has a population of 120,000 or more according to the most
 44 recently compiled federal decennial census as of the effective date
 45 of P.L. , c. (C.) (pending before the Legislature as this bill);
 46 ²or²

47 (b) ¹based upon data for calendar year 2019:¹

1 (i) ranks in the top 40 percent of municipalities in the State for
2 marijuana- or hashish-related arrests for violation of paragraph (4)
3 of subsection a. of N.J.S.2C:35-10 ¹["in the calendar year next
4 preceding the effective date of P.L. , c. (C.) (pending before
5 the Legislature as this bill)"]¹;

6 (ii) has a crime index total of 825 or higher based upon the
7 indexes listed in the ¹["most recently issued"]¹ annual Uniform
8 Crime Report by the Division of State Police ¹["as of that effective
9 date"]¹; and

10 (iii) has a local average annual unemployment rate that ranks in
11 the top 15 percent of all municipalities in the State ¹["for the
12 calendar year next preceding that effective date"]¹, based upon
13 average annual unemployment rates estimated for the relevant
14 calendar year by the Office of Research and Information in the
15 Department of Labor and Workforce Development ²;

16 (c) is a municipality located in a county of the third class, based
17 upon the county's population according to the most recently
18 compiled federal decennial census as of the effective date of P.L. ,
19 c. (C.) (pending before the Legislature as this bill), that
20 meets all of the criteria set forth in subparagraph (b) other than
21 having a crime index total of 825 or higher; or

22 (d) is a municipality located in a county of the second class,
23 based upon the county's population according to the most recently
24 compiled federal decennial census as of the effective date of P.L. ,
25 c. (C.) (pending before the Legislature as this bill):

26 (i) with a population of less than 60,000 according to the most
27 recently compiled federal decennial census, that for calendar year
28 2019 ranks in the top 40 percent of municipalities in the State for
29 marijuana- or hashish-related arrests for violation of paragraph (4)
30 of subsection a. of N.J.S.2C:35-10; has a crime index total of 1,000
31 or higher based upon the indexes listed in the 2019 annual Uniform
32 Crime Report by the Division of State Police; but for calendar year
33 2019 does not have a local average annual unemployment rate that
34 ranks in the top 15 percent of all municipalities, based upon average
35 annual unemployment rates estimated for the relevant calendar year
36 by the Office of Research and Information in the Department of
37 Labor and Workforce Development; or

38 (ii) with a population of not less than 60,000 or more than 80,000
39 according to the most recently compiled federal decennial census;
40 has a crime index total of 650 or higher based upon the indexes
41 listed in the 2019 annual Uniform Crime Report; and for calendar
42 year 2019 has a local average annual unemployment rate of 3.0
43 percent or higher using the same estimated annual unemployment
44 rates².

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

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

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

15 (c) An applicant who presents a plan, attested to, to employ ¹at
16 least¹ 25 percent of employees who reside in an impact zone, of
17 whom at least 25 percent shall reside in the impact zone nearest to
18 the location, or intended location, of the cannabis establishment,
19 distributor, or delivery service; failure to meet the requisite
20 percentages of employees from an impact zone within 90 days of
21 the opening of a licensed cannabis establishment, distributor, or
22 delivery service shall result in the suspension or revocation of a
23 license or conditional license, as applicable, issued based on an
24 application with an impact zone employment plan.

25 f. (1) The commission shall ensure that at least 10 percent of
26 the total licenses issued for each class of cannabis establishment, or
27 for cannabis distributors and cannabis delivery services, are
28 designated for and only issued to microbusinesses, and that at least
29 25 percent of the total licenses issued be issued to microbusinesses.
30 The determination of the percentage for each class of license issued
31 to microbusinesses shall include the number of conditional licenses
32 issued to microbusinesses for each class, as the percentage of
33 conditional licenses issued for each class pursuant to subparagraph
34 (a) of paragraph (2) of subsection b. of this section shall not be
35 mutually exclusive of the percentage of licenses issued to
36 microbusinesses pursuant to this ²**[paragraph] subsection**². ²There
37 shall not be any cap or other numerical restriction on the number of
38 licenses issued to microbusinesses pursuant to P.L. , c. (C.)
39 (pending before the Legislature as this bill), and this prohibition on
40 a cap or other numerical restriction shall apply to every class of
41 license issued.² The maximum fee assessed by the commission for
42 issuance or renewal of a license designated and issued to a
43 microbusiness shall be no more than half the fee applicable to a
44 license of the same class issued to a person or entity that is not a
45 microbusiness. ²**[A license designated and issued to a**
46 **microbusiness shall be valid for one year and may be renewed**
47 **annually.]**²

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

- 1 (a) 100 percent of the ownership interest in the microbusiness
2 shall be held by current New Jersey residents who have resided in
3 the State for at least the past two consecutive years;
- 4 (b) at least 51 percent of the owners, directors, officers, or
5 employees of the microbusiness shall be residents of the
6 municipality in which the microbusiness is located, or to be located,
7 or a municipality bordering the municipality in which the
8 microbusiness is located, or to be located;
- 9 (c) concerning business operations, and capacity and quantity
10 restrictions:
- 11 (i) employ no more than 10 employees;
- 12 (ii) operate a cannabis establishment occupying an area of no
13 more than 2,500 square feet, and in the case of a cannabis
14 ¹**[grower]** cultivator¹, grow cannabis on an area no more than 2,500
15 square feet measured on a horizontal plane and grow above that
16 plane not higher than 24 feet; provided, that a cannabis ²**[grower's]**
17 cultivator's² grow space may, if approved by the commission, be
18 part of a larger premises that is owned or operated by a cannabis
19 ¹**[grower]** cultivator¹ that is not a licensed microbusiness, allowing
20 for the sharing of ^{2a}² physical ²**[facilities]** premises² and certain
21 business operations, but only the microbusiness cannabis ¹**[grower]**
22 cultivator¹ shall grow cannabis on and above the ¹**[grower's]**
23 cultivator's¹ grow space ²**[.]**₂²
- 24 (iii) possess no more than 1,000 cannabis plants each month,
25 except that a cannabis distributor's possession of cannabis plants
26 for transportation shall not be subject to this limit;
- 27 (iv) in the case of a cannabis ¹**[processor]** manufacturer¹,
28 acquire ²**[and process]**² no more than 1,000 pounds of ¹usable¹
29 cannabis ¹**[in dried form]**¹ each month;
- 30 (v) in the case of a cannabis wholesaler, acquire for resale no
31 more than 1,000 pounds of ¹usable¹ cannabis ¹**[in dried form]**¹, or
32 the equivalent amount in any ¹**[other]**¹ form ¹of manufactured
33 cannabis product or cannabis resin¹, or any combination thereof,
34 each month; and
- 35 (vi) in the case of a cannabis retailer, acquire for retail sale no
36 more than 1,000 pounds of ¹usable¹ cannabis ¹**[in dried form]**¹, or
37 the equivalent amount in any ¹**[other]**¹ form ¹of manufactured
38 cannabis product or cannabis resin¹, or any combination thereof,
39 each month ²**[.]**₂²
- 40 (d) no owner, director, officer, or other person with a financial
41 interest who also has decision making authority for the
42 microbusiness shall hold any financial interest in any other licensed
43 cannabis establishment, distributor, or delivery service, whether or
44 not a microbusiness;
- 45 (e) no owner, director, officer, or other person with a financial
46 interest who also has decision making authority for a licensed

1 cannabis establishment, distributor, or delivery service, whether or
 2 not a microbusiness, shall hold any financial interest in a
 3 microbusiness;

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

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

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

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

28 (b) Any new annual license issued pursuant to this paragraph
 29 allowing a microbusiness to convert and continue its operations as a
 30 licensed person or entity that is not a microbusiness subject to the
 31 provisions of this subsection shall be counted towards the
 32 percentages of licenses that are designated for and only issued to
 33 microbusiness as set forth in paragraph (1) of this subsection,
 34 notwithstanding the microbusiness' converted operations.²

35

36 20. (New section) Class 1 Cannabis ¹**【Grower】** Cultivator¹
 37 license.

38 A cannabis ¹**【grower】** cultivator¹ shall have a Class 1 Cannabis
 39 ¹**【Grower】** Cultivator¹ license issued by the commission for the
 40 premises at which the cannabis is grown or cultivated. Except for
 41 an initial period during which the number of licenses is capped
 42 pursuant to section 33 of P.L. , c. (C.) (pending before the
 43 Legislature as this bill), ¹except as otherwise provided therein
 44 concerning cannabis cultivator licenses issued to microbusinesses.¹,
 45 the commission shall determine the maximum number of licenses,
 46 of which at least 35 percent shall be conditional licenses issued
 47 pursuant to subparagraph (a) of paragraph (2) of subsection b. of

1 section ¹~~18~~ 19¹ of P.L. , c. (C.) (pending before the
 2 Legislature as this bill), and at least ²~~25~~ 10² percent of the total
 3 number of licenses and conditional licenses shall be designated for
 4 and only issued to microbusinesses pursuant subsection f. of that
 5 section. After the initial period during which the number of licenses
 6 is capped pursuant to section 33 of P.L. , c. (C.) (pending
 7 before the Legislature as this bill), ¹except as otherwise provided
 8 therein concerning cannabis cultivator licenses issued to
 9 microbusinesses,¹ the commission shall review the current number
 10 of licenses issued and, ²~~providing~~ provided² there exist qualified
 11 applicants, ²the commission shall issue a sufficient number of
 12 licenses to meet the market demands of the State, and² may, as
 13 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
 14 c. (C.) (pending before the Legislature as this bill), ¹~~make~~
 15 ~~requests for~~ accept¹ new applications for additional licenses as it
 16 deems necessary to meet ²~~the market~~ those² demands ²~~of the~~
 17 ~~State~~².

18 a. To hold a Class 1 Cannabis ¹~~Grower~~ Cultivator¹ license
 19 under this section, an applicant:

20 (1) Shall apply for a license in the manner described in section
 21 18 of P.L. , c. (C.) (pending before the Legislature as
 22 this bill);

23 (2) Shall have at least one significantly involved person who has
 24 resided in this State for at least two years as of the date of the
 25 application, and provide proof that this person and any other person
 26 with ¹~~an investment~~ financial¹ interest who also has decision
 27 making authority for the cannabis ¹~~grower~~ cultivator¹ listed on an
 28 application submitted under section 18 of P.L. , c. (C.)
 29 (pending before the Legislature as this bill) is 21 years of age or
 30 older;

31 (3) Shall meet the requirements of any rule or regulation
 32 adopted by the commission under subsection b. of this section; and

33 (4) Shall provide for each of the following persons to undergo a
 34 criminal history record background check: any owner, other than an
 35 owner who holds less than a five percent investment interest in the
 36 cannabis ¹~~grower~~ cultivator¹ or who is a member of a group that
 37 holds less than a 20 percent investment interest in the cannabis
 38 ¹~~grower~~ cultivator¹ and no member of that group holds more than
 39 a five percent interest in the total group investment, and who lacks
 40 the authority to make controlling decisions regarding the cannabis
 41 ¹~~grower's~~ cultivator's¹ operations; any director; any officer; and
 42 any employee.

43 (a) Pursuant to this provision, the commission is authorized to
 44 exchange fingerprint data with and receive criminal history record
 45 background information from the Division of State Police and the
 46 Federal Bureau of Investigation consistent with the provisions of

1 applicable ²~~State~~ ²~~and federal~~ laws, rules, and
2 regulations. The Division of State Police shall forward criminal
3 history record background information to the commission in a
4 timely manner when requested pursuant to the provisions of this
5 section;

6 (b) Each person shall submit to being fingerprinted in
7 accordance with applicable State and federal laws, rules, and
8 regulations. No check of criminal history record background
9 information shall be performed pursuant to this section unless a
10 person has furnished his written consent to that check. A person
11 who refuses to consent to, or cooperate in, the securing of a check
12 of criminal history record background information shall not be
13 considered for licensure as a ¹~~grower~~ cultivator¹. Each person
14 shall bear the cost for the criminal history record background check,
15 including all costs of administering and processing the check;

16 (c) (i) With respect to determining whether any conviction of a
17 person contained in the criminal history record background check
18 should disqualify an applicant for a Class 1 Cannabis ¹~~Grower~~
19 Cultivator¹ license, the commission shall not take into consideration
20 any conviction for a crime or offense that occurred prior to the
21 effective date of P.L. , c. (C.) (pending before the
22 Legislature as this bill) involving a controlled dangerous substance
23 or controlled substance analog as set forth in paragraph (11) or (12)
24 of subsection b., or subparagraph (b) of paragraph (10) of
25 subsection b. of N.J.S.2C:35-5, or paragraph (3) or (4) of
26 subsection a. of N.J.S.2C:35-10, or any similar indictable offense
27 under federal law, this State's law, or any other state's law, or for
28 any conviction under federal law for conduct involving cannabis or
29 ¹~~cannabis~~ ¹~~resin~~ item¹ that is authorized by P.L. ,
30 c. (C.) (pending before the Legislature as this bill).
31 Additionally, the commission shall not take into consideration any
32 other prior conviction, unless that conviction is for an indictable
33 offense under federal law, other than a conviction for conduct
34 involving cannabis or ¹~~cannabis~~ ¹~~resin~~ item¹ that is authorized
35 by P.L. , c. (C.) (pending before the Legislature as this bill),
36 or under this State's law, or any other state's law that is
37 substantially related to the qualifications, functions, or duties for
38 which the license is required, and not more than five years have
39 passed since the date of that conviction, satisfactory completion of
40 probation or parole, or release from incarceration, ¹~~which~~
41 whichever¹ is later. In determining which indictable offenses are
42 substantially related to the qualifications, functions, or duties for
43 which the license is required, the commission shall at least consider
44 any conviction involving fraud, deceit, or embezzlement, and any
45 conviction for N.J.S.2C:35-6, employing a minor in a drug
46 distribution scheme, or similar indictable offense in this or another

1 jurisdiction involving the use of a minor to dispense or distribute a
2 controlled dangerous substance or controlled substance analog;

3 (ii) The commission may approve an applicant for a Class 1
4 Cannabis ¹**Grower** ²**Cultivation**¹ Cultivator² license after
5 conducting a thorough review of any previous conviction of a
6 person that substantially related to the qualifications, functions, or
7 duties for which the license is required that is contained in the
8 criminal history record background information, and this review
9 shall include examining the nature of the indictable offense, the
10 circumstances at the time of committing the offense, and evidence
11 of rehabilitation since conviction. If the commission determines
12 that the reviewed conviction should not disqualify the applicant, the
13 applicant may be approved so long as the applicant is otherwise
14 qualified to be issued the license; and

15 (d) Upon receipt and review of the criminal history record
16 background information from the Division of State Police and the
17 Federal Bureau of Investigation, the commission shall provide
18 written notification to the applicant of the qualification ²**for**² or
19 disqualification for a Class 1 Cannabis ¹**Grower** Cultivator¹
20 license.

21 If the applicant is disqualified because the commission
22 determined that a person has a disqualifying conviction pursuant to
23 the provisions of this section, the conviction that constitutes the
24 basis for the disqualification shall be identified in the written
25 notice.

26 (e) The Division of State Police shall promptly notify the
27 commission in the event that a person who was the subject of a
28 criminal history record background check conducted pursuant to
29 this section is convicted of a crime or offense in this State after the
30 date the background check was performed. Upon receipt of that
31 notification, the commission shall make a determination regarding
32 the continued eligibility for the applicant, or following application,
33 for the licensee, to hold a Class 1 Cannabis ¹**Grower** Cultivator¹
34 license.

35 b. The commission shall adopt rules and regulations that:

36 (1) Provide for the annual renewal of the Class 1 Cannabis
37 ¹**Grower** Cultivator¹ license;

38 (2) Establish application, licensure, and renewal of licensure
39 fees for cannabis ¹**growers** cultivators¹ in accordance with
40 paragraph (2) of subsection a. of section 18 of P.L. , c. (C.)
41 (pending before the Legislature as this bill);

42 (3) Require ¹usable¹ cannabis produced by cannabis ¹**growers**
43 cultivators¹ to be tested in accordance with P.L. , c. (C.)
44 (pending before the Legislature as this bill);

45 (4) Require cannabis ¹**growers** cultivators¹ to submit, at the
46 time of applying for or renewing a license under P.L. ,
47 c. (C.) (pending before the Legislature as this bill), a report

1 describing the applicant's or licensee's electrical and water usage;
2 and

3 (5) Require a cannabis ¹**[grower] cultivator**¹ to meet any public
4 health and safety standards, industry best practices, and all
5 applicable regulations established by the commission ²**[by rule or**
6 **regulation]**² related to the production of cannabis or the
7 propagation of immature cannabis plants and the seeds of the plant
8 *Cannabis sativa* L. within the plant family Cannabaceae. The
9 commission may regulate the number of immature cannabis plants
10 that may be possessed by a cannabis ¹**[grower] cultivator**¹ licensed
11 under this section ²**[;]** , **and**² the size of the grow canopy a cannabis
12 ¹**[grower] cultivator**¹ licensed under this section uses to grow
13 immature cannabis plants ²**[;]**; and the weight or size of shipments of
14 immature cannabis plants made by a cannabis ¹**[grower] cultivator**¹
15 licensed under this section ²**[;]**.

16 c. Fees adopted under subsection b. of this section:

17 (1) Shall be in the form of a schedule that imposes a greater fee
18 for premises with more square footage or on which more mature
19 cannabis plants are grown; and

20 (2) Shall be deposited in the "Cannabis Regulatory,
21 Enforcement Assistance, and Marketplace Modernization Fund"
22 established under section ¹**[40] 41**¹ of P.L. , c. (C.)
23 (pending before the Legislature as this bill).

24 d. (1) The commission shall issue or deny issuance of a Class
25 1 Cannabis ¹**[Grower] Cultivator**¹ license or conditional license in
26 accordance with the procedures set forth in section 18 of P.L. ,
27 c. (C.) (pending before the Legislature as this bill).

28 (2) The commission may suspend or revoke a Class 1 Cannabis
29 ¹**[Grower] Cultivator**¹ license or conditional license to operate as a
30 cannabis ¹**[cultivation facility] cultivator**¹ for cause, which shall be
31 considered a final agency action for the purposes of the
32 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
33 seq.) and shall be subject only to judicial review as provided in the
34 Rules of Court.

35 e. A person who has been issued a license or conditional
36 license shall display the license or conditional license at the
37 premises at all times when cannabis is being produced.

38 f. As required by the commission in regulation, a licensee or
39 conditional licensee shall report required changes in information
40 about the licensee to the commission within the time specified by
41 the commission.

42
43 21. (New section) Grow Canopies for Licensed Cannabis
44 ¹**[Growers] Cultivators**¹.

45 a. Subject to subsection b. of this section, the commission shall
46 adopt rules or regulations restricting the size of mature cannabis
47 plant grow canopies at premises for which a license has been issued

1 to a cannabis ¹**[grower] cultivator** pursuant to P.L. ,
 2 c. (C.) (pending before the Legislature as this bill).

3 b. When adopting rules and regulations under this
 4 ²**[subsection] section**, the commission shall consider whether to:

5 (1) Limit the size of mature cannabis plant grow canopies for
 6 premises where cannabis is grown outdoors and for premises where
 7 cannabis is grown indoors in a manner calculated to result in
 8 premises that produce the same amount of harvested cannabis
 9 leaves and harvested cannabis flowers, regardless of whether the
 10 cannabis is grown outdoors or indoors;

11 (2) Adopt a tiered system under which the permitted size of a
 12 cannabis ¹**[growers'] cultivators'** mature cannabis plant grow
 13 canopy ¹**[increases] may increase or decrease** at the time of
 14 licensure renewal ²**[,]** ¹**in accordance with that tiered system,**
 15 except that the permitted size of a cannabis ¹**[grower's] cultivator's**
 16 mature cannabis plant grow canopy may not increase following any
 17 year during which the commission disciplined the cannabis
 18 ¹**[grower] cultivator** for violating a provision of ²**2** or a rule ²**or**
 19 **regulation** ² adopted under ²**2** a provision of P.L. , c. (C.)
 20 (pending before the Legislature as this bill); provided, that at the
 21 time of adoption, any growing or cultivation square footage
 22 previously approved or authorized for an alternative treatment
 23 center that was issued a permit prior to the effective date of
 24 P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was issued a permit on
 25 or after that effective date pursuant to an application submitted
 26 prior to that effective date, shall not be reduced, but the
 27 commission's adopted ¹**[tier] tiered** system shall apply to the
 28 growing or cultivation square footage of that alternative treatment
 29 center thereafter;

30 (3) Take into consideration the market demand for cannabis
 31 items in this State, the number of persons applying for a license
 32 pursuant to sections 20, 22, 23, 24, 25, and 26 of P.L. ,
 33 c. (C.) (pending before the Legislature as this bill), and to
 34 whom a license has been issued pursuant to those sections, and
 35 whether the availability of cannabis items in this State is
 36 commensurate with the market demand.

37 c. This section shall not apply to premises for which a license
 38 has been issued to a cannabis ¹**[grower] cultivator** pursuant to
 39 section 20 of P.L. , c. (C.) (pending before the
 40 Legislature as this bill), if the premises is used only to propagate
 41 immature cannabis plants.

42
 43 22. (New section) Class 2 Cannabis ¹**[Processor]**
 44 **Manufacturer** license.

45 A cannabis ¹**[processor] manufacturer** shall have a Class 2
 46 Cannabis ¹**[Processor] Manufacturer** license issued by the
 47 commission for the premises at which the cannabis ¹**[product is**

1 produced] items are manufactured¹. The commission shall
2 determine the maximum number of licenses, of which at least 35
3 percent shall be conditional licenses issued pursuant to
4 subparagraph (a) of paragraph (2) of subsection b. of section ²[18]
5 ¹⁹² of P.L. , c. (C.) (pending before the Legislature as this
6 bill), and at least ²[25] ¹⁰² percent of the total number of licenses
7 and conditional licenses shall be designated for and only issued to
8 microbusinesses pursuant to subsection f. of that section. Providing
9 there exist qualified applicants, the commission shall issue a
10 sufficient number of licenses to meet the market demands of the
11 State, and may, as authorized by paragraph (1) of subsection a. of
12 section 18 of P.L. , c. (C.) (pending before the Legislature
13 as this bill), ¹[make requests for] accept¹ new applications for
14 additional licenses as it deems necessary to meet those demands.

15 a. To hold a Class 2 Cannabis ¹[Processor] Manufacturer¹
16 license under this section, an applicant:

17 (1) Shall apply for a license in the manner described in section
18 18 of P.L. , c. (C.) (pending before the Legislature as
19 this bill);

20 (2) Shall have at least one significantly involved person who has
21 resided in this State for at least two years as of the date of the
22 application, and provide proof that this person and any other person
23 with ¹[an investment] a financial¹ interest who also has decision
24 making authority for the cannabis ¹[processor] manufacturer¹ listed
25 on an application submitted under section 18 of P.L. ,
26 c. (C.) (pending before the Legislature as this bill) is 21
27 years of age or older;

28 (3) Shall meet the requirements of any rule or regulation
29 adopted by the commission under subsection b. of this section; and

30 (4) Shall provide for each of the following persons to undergo a
31 criminal history record background check: any owner, other than an
32 owner who holds less than a five percent investment interest in the
33 cannabis ¹[processor] manufacturer¹ or who is a member of a
34 group that holds less than a 20 percent investment interest in the
35 cannabis ¹[processor] manufacturer¹ and no member of that group
36 holds more than a five percent interest in the total group investment,
37 and who lacks the authority to make controlling decisions regarding
38 the cannabis ¹[processor's] manufacturer's¹ operations; any
39 director; any officer; and any employee.

40 (a) Pursuant to this provision, the commission is authorized to
41 exchange fingerprint data with and receive criminal history record
42 background information from the Division of State Police and the
43 Federal Bureau of Investigation consistent with the provisions of
44 applicable ²[federal and] ² State and federal² laws, rules, and
45 regulations. The Division of State Police shall forward criminal
46 history record background information to the commission in a

1 timely manner when requested pursuant to the provisions of this
2 section;

3 (b) Each person shall submit to being fingerprinted in
4 accordance with applicable State and federal laws, rules, and
5 regulations. No check of criminal history record background
6 information shall be performed pursuant to this section unless a
7 person has furnished his written consent to that check. A person
8 who refuses to consent to, or cooperate in, the securing of a check
9 of criminal history record background information shall not be
10 considered for licensure as a ¹**processor** manufacturer¹. Each
11 person shall bear the cost for the criminal history record
12 background check, including all costs of administering and
13 processing the check;

14 (c) (i) With respect to determining whether any conviction of a
15 person contained in the criminal history record background check
16 should disqualify an applicant for a Class 2 Cannabis ¹**Processor**
17 Manufacturer¹ license, the commission shall not take into
18 consideration any conviction for a crime or offense that occurred
19 prior to the effective date of P.L. , c. (C.) (pending before
20 the Legislature as this bill) involving a controlled dangerous
21 substance or controlled substance analog as set forth in paragraph
22 (11) or (12) of subsection b., or subparagraph (b) of paragraph (10)
23 of subsection b. of N.J.S.2C:35-5, or paragraph (3) or (4) of
24 subsection a. of N.J.S.2C:35-10, or any similar indictable offense
25 under federal law, this State's law, or any other state's law, or for
26 any conviction under federal law for conduct involving cannabis or
27 ¹a¹ cannabis ¹**resin** item¹ that is authorized by P.L. ,
28 c. (C.) (pending before the Legislature as this bill).
29 Additionally, the commission shall not take into consideration any
30 other prior conviction, unless that conviction is for an indictable
31 offense under federal law, other than a conviction for conduct
32 involving cannabis or ¹a¹ cannabis ¹**resin** item¹ that is authorized
33 by P.L. , c. (C.) (pending before the Legislature as this bill),
34 or under this State's law, or any other state's law that is
35 substantially related to the qualifications, functions, or duties for
36 which the license is required, and not more than five years have
37 passed since the date of that conviction, satisfactory completion of
38 probation or parole, or release from incarceration, whichever is
39 later. In determining which indictable offenses are substantially
40 related to the qualifications, functions, or duties for which the
41 license is required, the commission shall at least consider any
42 conviction involving fraud, deceit, or embezzlement, and any
43 conviction for N.J.S.2C:35-6, employing a minor in a drug
44 distribution scheme, or similar indictable offense in this or another
45 jurisdiction involving the use of a minor to dispense or distribute a
46 controlled dangerous substance or controlled substance analog;

47 (ii) The commission may approve an applicant for a Class 2
48 Cannabis ¹**Processor** Manufacturer¹ license after conducting a

1 thorough review of any previous conviction of a person that
2 substantially related to the qualifications, functions, or duties for
3 which the license is required that is contained in the criminal
4 history record background information, and this review shall
5 include examining the nature of the indictable offense, the
6 circumstances at the time of committing the offense, and evidence
7 of rehabilitation since conviction. If the commission determines
8 that the reviewed conviction should not disqualify the applicant, the
9 applicant may be approved so long as the applicant is otherwise
10 qualified to be issued the license; and

11 (d) Upon receipt and review of the criminal history record
12 background information from the Division of State Police and the
13 Federal Bureau of Investigation, the commission shall provide
14 written notification to the applicant of the qualification ²~~for~~² or
15 disqualification for a Class 2 Cannabis ¹~~Processor~~ Manufacturer¹
16 license.

17 If the applicant is disqualified because the commission
18 determined that a person has a disqualifying conviction pursuant to
19 the provisions of this section, the conviction that constitutes the
20 basis for the disqualification shall be identified in the written
21 notice.

22 (e) The Division of State Police shall promptly notify the
23 commission in the event that an individual who was the subject of a
24 criminal history record background check conducted pursuant to
25 this section is convicted of a crime or offense in this State after the
26 date the background check was performed. Upon receipt of that
27 notification, the commission shall make a determination regarding
28 the continued eligibility for the applicant, or following application,
29 for the licensee, to hold a Class 2 Cannabis ¹~~Processor~~
30 Manufacturer¹ license.

31 b. The commission shall adopt rules that:

32 (1) Provide for the annual renewal of the Class 2 Cannabis
33 ¹~~Processor~~ Manufacturer¹ license;

34 (2) Establish application, licensure, and renewal of licensure
35 fees for cannabis ¹~~processors~~ manufacturers¹ in accordance with
36 paragraph (2) of subsection a. of section 18 of P.L. , c. (C.)
37 (pending before the Legislature as this bill);

38 (3) Require cannabis ²items² ¹~~produced~~ manufactured¹ by
39 cannabis ¹~~processors~~ manufactures¹ to be tested in accordance
40 with P.L. , c. (C.) (pending before the Legislature as this
41 bill); and

42 (4) Require a cannabis ¹~~processor~~ manufacturer¹ to meet any
43 public health and safety standards, industry best practices, and all
44 applicable regulations established by the commission ²~~by rule or~~
45 regulation² related to the ¹~~processing~~ manufacturing¹ of
46 cannabis ¹items¹.

47 c. Fees adopted under subsection b. of this section:

- 1 (1) Shall be in the form of a schedule that imposes a greater fee
 2 for premises with more square footage; and
- 3 (2) Shall be deposited in the “Cannabis Regulatory,
 4 Enforcement Assistance, and Marketplace Modernization Fund”
 5 established under section ¹~~40~~ 41¹ of P.L. , c. (C.)
 6 (pending before the Legislature as this bill).
- 7 d. (1) The commission shall issue or deny issuance of a Class
 8 ~~2~~ Cannabis ¹~~Processor~~ Manufacturer¹ license or conditional
 9 license in accordance with the procedures set forth in section 18 of
 10 P.L. , c. (C.) (pending before the Legislature as this bill).
- 11 (2) The commission may suspend or revoke a Class 2 Cannabis
 12 ¹~~Processor~~ Manufacturer¹ license or conditional license to
 13 operate as a cannabis ¹~~production facility~~ manufacturer¹ for
 14 cause, which shall be considered a final agency action for the
 15 purposes of the "Administrative Procedure Act," P.L.1968, c.410
 16 (C.52:14B-1 et seq.) and shall be subject only to judicial review as
 17 provided in the Rules of Court.
- 18 e. A person who has been issued a license or conditional
 19 license shall display the license or conditional license at the
 20 premises at all times when cannabis ¹~~is~~ ²~~products or cannabis~~
 21 ~~extracts~~ items² are¹ being ¹~~processed~~ manufactured¹.
- 22 f. As required by the commission in regulation, a licensee or
 23 conditional licensee shall report required changes in information
 24 about the licensee to the commission within the time specified by
 25 the commission.
- 26
- 27 23. (New section) Class 3 Cannabis Wholesaler license.
- 28 A cannabis wholesaler shall have a Class 3 Cannabis Wholesaler
 29 license issued by the commission for the premises at which ¹~~the~~¹
 30 cannabis ¹~~is~~ items are¹ warehoused. The commission shall
 31 determine the maximum number of licenses, of which at least 35
 32 percent shall be conditional licenses issued pursuant to
 33 subparagraph (a) of paragraph (2) of subsection b. of section ²~~18~~
 34 19² of P.L. , c. (C.) (pending before the Legislature as this
 35 bill), and at least ²~~25~~ 10² percent of the total number of licenses
 36 and conditional licenses shall be designated for and only issued to
 37 microbusinesses pursuant subsection f. of that section. Providing
 38 there exist qualified applicants, the commission shall issue a
 39 sufficient number of licenses to meet the market demands of the
 40 State, and may, as authorized by paragraph (1) of subsection a. of
 41 section 18 of P.L. , c. (C.) (pending before the Legislature
 42 as this bill), ¹~~make requests for~~ accept¹ new applications for
 43 additional licenses as it deems necessary to meet those demands.
- 44 a. To hold a Class 3 Cannabis Wholesaler license under this
 45 section, an applicant:

- 1 (1) Shall apply for a license in the manner described in section
2 18 of P.L. , c. (C.) (pending before the Legislature as
3 this bill);
- 4 (2) Shall have at least one significantly involved person who has
5 resided in this State for at least two years as of the date of the
6 application, and provide proof that this person and any other person
7 with ¹~~an investment~~ a financial¹ interest who also has decision
8 making authority for the cannabis wholesaler listed on an
9 application submitted under section 18 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) is 21 years of age or
11 older;
- 12 (3) Shall meet the requirements of any rule or regulation
13 adopted by the commission under subsection b. of this section; and
- 14 (4) Shall provide for each of the following persons to undergo a
15 criminal history record background check: any owner, other than an
16 owner who holds less than a five percent investment interest in the
17 cannabis wholesaler or who is a member of a group that holds less
18 than a 20 percent investment interest in the cannabis wholesaler and
19 no member of that group holds more than a five percent interest in
20 the total group investment, and who lacks the authority to make
21 controlling decisions regarding the cannabis wholesaler's
22 operations; any director; any officer; and any employee.
- 23 (a) Pursuant to this provision, the commission is authorized to
24 exchange fingerprint data with and receive criminal history record
25 background information from the Division of State Police and the
26 Federal Bureau of Investigation consistent with the provisions of
27 applicable ²~~federal and~~² State ²and federal² laws, rules, and
28 regulations. The Division of State Police shall forward criminal
29 history record background information to the commission in a
30 timely manner when requested pursuant to the provisions of this
31 section;
- 32 (b) Each person shall submit to being fingerprinted in
33 accordance with applicable State and federal laws, rules, and
34 regulations. No check of criminal history record background
35 information shall be performed pursuant to this section unless a
36 person has furnished his written consent to that check. A person
37 who refuses to consent to, or cooperate in, the securing of a check
38 of criminal history record background information shall not be
39 considered for licensure as a wholesaler. Each person shall bear the
40 cost for the criminal history record background check, including all
41 costs of administering and processing the check;
- 42 (c) (i) With respect to determining whether any conviction of a
43 person contained in the criminal history record background check
44 should disqualify an applicant for a Class 3 Cannabis Wholesaler
45 license, the commission shall not take into consideration any
46 conviction for a crime or offense that occurred prior to the effective
47 date of P.L. , c. (C.) (pending before the Legislature as this
48 bill) involving a controlled dangerous substance or controlled

1 substance analog as set forth in paragraph (11) or (12) of subsection
2 b., or subparagraph (b) of paragraph (10) of subsection b. of
3 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
4 N.J.S.2C:35-10, or any similar indictable offense under federal law,
5 this State's law, or any other state's law, or for any conviction
6 under federal law for conduct involving cannabis or ¹a¹ cannabis
7 **'[resin] item¹'** that is authorized by P.L. , c. (C.) (pending
8 before the Legislature as this bill). Additionally, the commission
9 shall not take into consideration any other prior conviction, unless
10 that conviction is for an indictable offense under federal law, other
11 than a conviction for conduct involving cannabis or ¹a¹ cannabis
12 **'[resin] item¹'** that is authorized by P.L. , c. (C.) (pending
13 before the Legislature as this bill), or under this State's law, or any
14 other state's law that is substantially related to the qualifications,
15 functions, or duties for which the license is required, and not more
16 than five years have passed since the date of that conviction,
17 satisfactory completion of probation or parole, or release from
18 incarceration, whichever is later. In determining which indictable
19 offenses are substantially related to the qualifications, functions, or
20 duties for which the license is required, the commission shall at
21 least consider any conviction involving fraud, deceit, or
22 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
23 minor in a drug distribution scheme, or similar indictable offense in
24 this or another jurisdiction involving the use of a minor to dispense
25 or distribute a controlled dangerous substance or controlled
26 substance analog;

27 (ii) The commission may approve an applicant for a Class 3
28 Cannabis Wholesaler license after conducting a thorough review of
29 any previous conviction of a person that substantially related to the
30 qualifications, functions, or duties for which the license is required
31 that is contained in the criminal history record background
32 information, and this review shall include examining the nature of
33 the indictable offense, the circumstances at the time of committing
34 the offense, and evidence of rehabilitation since conviction. If the
35 commission determines that the reviewed conviction should not
36 disqualify the applicant, the applicant may be approved so long as
37 the applicant is otherwise qualified to be issued the license; and

38 (d) Upon receipt and review of the criminal history record
39 background information from the Division of State Police and the
40 Federal Bureau of Investigation, the commission shall provide
41 written notification to the applicant of the qualification ²[for]² or
42 disqualification for a Class 3 Cannabis Wholesaler license.

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

1 (e) The Division of State Police shall promptly notify the
2 commission in the event that an individual who was the subject of a
3 criminal history record background check conducted pursuant to
4 this section is convicted of a crime or offense in this State after the
5 date the background check was performed. Upon receipt of that
6 notification, the commission shall make a determination regarding
7 the continued eligibility for the applicant, or following application,
8 for the licensee to hold a Class 3 Cannabis Wholesaler license.

9 b. The commission shall adopt rules that:

10 (1) Provide for the annual renewal of the Class 3 Cannabis
11 Wholesaler license;

12 (2) Establish application, licensure, and renewal of licensure
13 fees for cannabis wholesalers in accordance with paragraph (2) of
14 subsection a. of section 18 of P.L. , c. (C.) (pending before
15 the Legislature as this bill); and

16 (3) Require a cannabis wholesaler to meet any public health and
17 safety standards, industry best practices, and all applicable
18 regulations established by the commission ²[by rule or regulation]²
19 related to the warehousing of cannabis ¹items¹.

20 c. Fees adopted under subsection b. of this section:

21 (1) Shall be in the form of a schedule that imposes a greater fee
22 for premises with more square footage; and

23 (2) Shall be deposited in the "Cannabis Regulatory,
24 Enforcement Assistance, and Marketplace Modernization Fund"
25 established under section ¹[40] 41¹ of P.L. , c. (C.)
26 (pending before the Legislature as this bill).

27 d. (1) The commission shall issue or deny issuance of a Class
28 3 Cannabis Wholesaler license or conditional license in accordance
29 with the procedures set forth in section 18 of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 (2) The commission may suspend or revoke a Class 3 Cannabis
32 Wholesaler license or conditional license to operate as a cannabis
33 wholesaler for cause, which shall be considered a final agency
34 action for the purposes of the "Administrative Procedure Act,"
35 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
36 judicial review as provided in the Rules of Court.

37 e. A person who has been issued a license or conditional
38 license shall display the license or conditional license at the
39 premises at all times when cannabis is being warehoused.

40 f. As required by the commission in regulation, a licensee or
41 conditional licensee shall report required changes in information
42 about the licensee to the commission within the time specified by
43 the commission.

44
45 24. (New section) Class 4 Cannabis Distributor license.

46 A cannabis distributor shall have a Class 4 Cannabis Distributor
47 license issued by the commission for the premises from which the
48 cannabis distributor will conduct operations to transport cannabis

1 items in bulk. The commission shall determine the maximum
2 number of licenses, of which at least 35 percent shall be conditional
3 licenses issued pursuant to subparagraph (a) of paragraph (2) of
4 subsection b. of section ²[18] ¹⁹² of P.L. , c. (C.) (pending
5 before the Legislature as this bill), and at least ²[25] ¹⁰² percent of
6 the total number of licenses and conditional licenses shall be
7 designated for and only issued to microbusinesses pursuant
8 subsection f. of that section. Providing there exist qualified
9 applicants, the commission shall issue a sufficient number of
10 licenses to meet the market demands of the State, and may, as
11 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
12 c. (C.) (pending before the Legislature as this bill), ¹[make
13 requests for] accept¹ new applications for additional licenses as it
14 deems necessary to meet those demands.

15 a. To hold a Class 4 Cannabis Distributor license under this
16 section, an applicant:

17 (1) Shall apply for a license in the manner described in section
18 18 of P.L. , c. (C.) (pending before the Legislature as
19 this bill);

20 (2) Shall have at least one significantly involved person who has
21 resided in this State for at least two years as of the date of the
22 application, and provide proof that this person and any other person
23 with ¹[an investment] a financial¹ interest who also has decision
24 making authority for the cannabis distributor listed on an
25 application submitted under section 18 of P.L. , c. (C.)
26 (pending before the Legislature as this bill) is 21 years of age or
27 older;

28 (3) Shall meet the requirements of any rule or regulation
29 adopted by the commission under subsection b. of this section; and

30 (4) Shall provide for each of the following persons to undergo a
31 criminal history record background check: any owner, other than an
32 owner who holds less than a five percent investment interest in the
33 cannabis distributor or who is a member of a group that holds less
34 than a 20 percent investment interest in the cannabis distributor and
35 no member of that group holds more than a five percent interest in
36 the total group investment, and who lacks the authority to make
37 controlling decisions regarding the cannabis distributor's
38 operations; any director; any officer; and any employee.

39 (a) Pursuant to this provision, the commission is authorized to
40 exchange fingerprint data with and receive criminal history record
41 background information from the Division of State Police and the
42 Federal Bureau of Investigation consistent with the provisions of
43 applicable ²[federal and]² State and federal² laws, rules, and
44 regulations. The Division of State Police shall forward criminal
45 history record background information to the commission in a
46 timely manner when requested pursuant to the provisions of this
47 section;

1 (b) Each person shall submit to being fingerprinted in
2 accordance with applicable State and federal laws, rules, and
3 regulations. No check of criminal history record background
4 information shall be performed pursuant to this section unless a
5 person has furnished his written consent to that check. A person
6 who refuses to consent to, or cooperate in, the securing of a check
7 of criminal history record background information shall not be
8 considered for licensure as a distributor. Each person shall bear the
9 cost for the criminal history record background check, including all
10 costs of administering and processing the check;

11 (c) (i) With respect to determining whether any conviction of a
12 person contained in the criminal history record background check
13 should disqualify an applicant for a Class 4 Cannabis Distributor
14 license, the commission shall not take into consideration any
15 conviction for a crime or offense that occurred prior to the effective
16 date of P.L. , c. (C.) (pending before the Legislature as this
17 bill) involving a controlled dangerous substance or controlled
18 substance analog as set forth in paragraph (11) or (12) of subsection
19 b., or subparagraph (b) of paragraph (10) of subsection b. of
20 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
21 N.J.S.2C:35-10, or any similar indictable offense under federal law,
22 this State's law, or any other state's law, or for any conviction
23 under federal law for conduct involving cannabis or ¹a¹ cannabis
24 ¹[resin] item¹ that is authorized by P.L. , c. (C.) (pending
25 before the Legislature as this bill). Additionally, the commission
26 shall not take into consideration any other prior conviction, unless
27 that conviction is for an indictable offense under federal law, other
28 than a conviction for conduct involving cannabis or ¹a¹ cannabis
29 ¹[resin] item¹ that is authorized by P.L. , c. (C.) (pending
30 before the Legislature as this bill), or under this State's law, or any
31 other state's law that is substantially related to the qualifications,
32 functions, or duties for which the license is required, and not more
33 than five years have passed since the date of that conviction,
34 satisfactory completion of probation or parole, or release from
35 incarceration, whichever is later. In determining which indictable
36 offenses are substantially related to the qualifications, functions, or
37 duties for which the license is required, the commission shall at
38 least consider any conviction involving fraud, deceit, or
39 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
40 minor in a drug distribution scheme, or similar indictable offense in
41 this or another jurisdiction involving the use of a minor to dispense
42 or distribute a controlled dangerous substance or controlled
43 substance analog;

44 (ii) The commission may approve an applicant for a Class 4
45 Cannabis ¹[Disrtibutor] Distributor¹ license after conducting a
46 thorough review of any previous conviction of a person that
47 substantially related to the qualifications, functions, or duties for
48 which the license is required that is contained in the criminal

1 history record background information, and this review shall
2 include examining the nature of the indictable offense, the
3 circumstances at the time of committing the offense, and evidence
4 of rehabilitation since conviction. If the commission determines
5 that the reviewed conviction should not disqualify the applicant, the
6 applicant may be approved so long as the applicant is otherwise
7 qualified to be issued the license; and

8 (d) Upon receipt and review of the criminal history record
9 background information from the Division of State Police and the
10 Federal Bureau of Investigation, the commission shall provide
11 written notification to the applicant of the qualification ²[for]² or
12 disqualification for a Class 4 Cannabis Distributor license.

13 If the applicant is disqualified because the commission
14 determined that a person has a disqualifying conviction pursuant to
15 the provisions of this section, the conviction that constitutes the
16 basis for the disqualification shall be identified in the written
17 notice.

18 (e) The Division of State Police shall promptly notify the
19 commission in the event that an individual who was the subject of a
20 criminal history record background check conducted pursuant to
21 this section is convicted of a crime or offense in this State after the
22 date the background check was performed. Upon receipt of that
23 notification, the commission shall make a determination regarding
24 the continued eligibility for the applicant, or following application,
25 for the licensee to hold a Class 4 Cannabis Distributor license.

26 b. The commission shall adopt rules that:

27 (1) Provide for the annual renewal of the Class 4 Cannabis
28 Distributor license;

29 (2) Establish application, licensure, and renewal of licensure
30 fees for cannabis distributors in accordance with paragraph (2) of
31 subsection a. of section 18 of P.L. , c. (C.) (pending before
32 the Legislature as this bill); and

33 (3) Require a cannabis distributor to meet any public health and
34 safety standards, industry best practices, and all applicable
35 regulations established by the commission ²[by rule or regulation]²
36 related to the bulk transportation of cannabis items.

37 c. Fees adopted under subsection b. of this section:

38 (1) Shall be in the form of a schedule that imposes a greater fee
39 for larger transportation operations; and

40 (2) Shall be deposited in the “Cannabis Regulatory,
41 Enforcement Assistance, and Marketplace Modernization Fund”
42 established under section ¹[40] 41¹ of P.L. , c. (C.)
43 (pending before the Legislature as this bill).

44 d. (1) The commission shall issue or deny issuance of a Class
45 4 Cannabis Distributor license or conditional license in accordance
46 with the procedures set forth in section 18 of P.L. , c. (C.)
47 (pending before the Legislature as this bill).

1 (2) The commission may suspend or revoke a Class 4 Cannabis
 2 Distributor license or conditional license to operate as a cannabis
 3 distributor for cause, which shall be considered a final agency
 4 action for the purposes of the "Administrative Procedure Act,"
 5 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
 6 judicial review as provided in the Rules of Court.

7 e. A person who has been issued a license or conditional
 8 license shall display the license or conditional license at the
 9 distributor's premises at all times when cannabis is being
 10 transported.

11 f. As required by the commission in regulation, a licensee or
 12 conditional licensee shall report required changes in information
 13 about the licensee to the commission within the time specified by
 14 the commission.

15

16 25. (New section) Class 5 Cannabis Retailer license.

17 A cannabis retailer shall have a Class 5 Cannabis Retailer license
 18 issued by the commission for the premises at which ¹**["the"]**¹
 19 cannabis ¹**["is"]** items are¹ retailed ¹, which may include purchase
 20 orders for off-premises delivery by a certified cannabis handler
 21 working for or on behalf of the cannabis retailer, or consumer
 22 purchases to be fulfilled from the retail premises that are presented
 23 by a cannabis delivery service with a Class 6 Cannabis Delivery
 24 Service license and which will be delivered by the cannabis
 25 delivery service to that consumer¹. The commission shall
 26 determine the maximum number of licenses, of which at least 35
 27 percent shall be conditional licenses issued pursuant to
 28 subparagraph (a) of paragraph (2) of subsection b. of section ²**["18"]**
 29 19² of P.L. , c. (C.) (pending before the Legislature as this
 30 bill), and at least ²**["25"]** 10² percent of the total number of licenses
 31 and conditional licenses shall be designated for and only issued to
 32 microbusinesses pursuant subsection f. of that section. Providing
 33 there exist qualified applicants, the commission shall issue a
 34 sufficient number of licenses to meet the market demands of the
 35 State, and may, as authorized by paragraph (1) of subsection a. of
 36 section 18 of P.L. , c. (C.) (pending before the Legislature
 37 as this bill), ¹**["make requests for"]** accept¹ new applications for
 38 additional licenses as it deems necessary to meet those demands.

39 a. To hold a Class 5 Cannabis Retailer license under this
 40 section, a cannabis retailer:

41 (1) Shall apply for a license in the manner described in section
 42 18 of P.L. , c. (C.) (pending before the Legislature as
 43 this bill);

44 (2) Shall have at least one significantly involved person who has
 45 resided in this State for at least two years as of the date of the
 46 application, and provide proof that this person and any other person
 47 with ¹**["an investment"]** a financial¹ interest who also has decision

1 making authority for the cannabis retailer listed on an application
2 submitted under section 18 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) is 21 years of age or older;

4 (3) Shall meet the requirements of any rule adopted by the
5 commission under subsection b. of this section; and

6 (4) Shall provide for each of the following persons to undergo a
7 criminal history record background check: any owner, other than an
8 owner who holds less than a five percent investment interest in the
9 cannabis retailer or who is a member of a group that holds less than
10 a 20 percent investment interest in the cannabis retailer and no
11 member of that group holds more than a five percent interest in the
12 total group investment, and who lacks the authority to make
13 controlling decisions regarding the cannabis retailer's operations;
14 any director; any officer; and any employee.

15 (a) Pursuant to this provision, the commission is authorized to
16 exchange fingerprint data with and receive criminal history record
17 background information from the Division of State Police and the
18 Federal Bureau of Investigation consistent with the provisions of
19 applicable ²[federal and]² State ²and federal² laws, rules, and
20 regulations. The Division of State Police shall forward criminal
21 history record background information to the commission in a
22 timely manner when requested pursuant to the provisions of this
23 section;

24 (b) Each person shall submit to being fingerprinted in
25 accordance with applicable State and federal laws, rules, and
26 regulations. No check of criminal history record background
27 information shall be performed pursuant to this section unless a
28 person has furnished his written consent to that check. A person
29 who refuses to consent to, or cooperate in, the securing of a check
30 of criminal history record background information shall not be
31 considered for licensure as a retailer. Each person shall bear the
32 cost for the criminal history record background check, including all
33 costs of administering and processing the check;

34 (c) (i) With respect to determining whether any conviction of a
35 person contained in the criminal history record background check
36 should disqualify an applicant for a Class 5 Cannabis Retailer
37 license, the commission shall not take into consideration any
38 conviction for a crime or offense that occurred prior to the effective
39 date of P.L. , c. (C.) (pending before the Legislature as this
40 bill) involving a controlled dangerous substance or controlled
41 substance analog as set forth in paragraph (11) or (12) of subsection
42 b., or subparagraph (b) of paragraph (10) of subsection b. of
43 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
44 N.J.S.2C:35-10, or any similar indictable offense under federal law,
45 this State's law, or any other state's law, or for any conviction
46 under federal law for conduct involving cannabis or ¹a¹
47 ¹[resin] item¹ that is authorized by P.L. , c. (C.) (pending
48 before the Legislature as this bill). Additionally, the commission

1 shall not take into consideration any other prior conviction, unless
2 that conviction is for an indictable offense under federal law, other
3 than a conviction for conduct involving cannabis or ¹a cannabis
4 ¹**[resin] item**¹ that is authorized by P.L. , c. (C.) (pending
5 before the Legislature as this bill), or under this State's law, or any
6 other state's law that is substantially related to the qualifications,
7 functions, or duties for which the license is required, and not more
8 than five years have passed since the date of that conviction,
9 satisfactory completion of probation or parole, or release from
10 incarceration, whichever is later. In determining which indictable
11 offenses are substantially related to the qualifications, functions, or
12 duties for which the license is required, the commission shall at
13 least consider any conviction involving fraud, deceit, or
14 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
15 minor in a drug distribution scheme, or similar indictable offense in
16 this or another jurisdiction involving the use of a minor to dispense
17 or distribute a controlled dangerous substance or controlled
18 substance analog;

19 (ii) The commission may approve an applicant for a Class 5
20 Cannabis Retailer license after conducting a thorough review of any
21 previous conviction of a person that substantially related to the
22 qualifications, functions, or duties for which the license is required
23 that is contained in the criminal history record background
24 information, and this review shall include examining the nature of
25 the indictable offense, the circumstances at the time of committing
26 the offense, and evidence of rehabilitation since conviction. If the
27 commission determines that the reviewed conviction should not
28 disqualify the applicant, the applicant may be approved so long as
29 the applicant is otherwise qualified to be issued the license; and

30 (d) Upon receipt and review of the criminal history record
31 background information from the Division of State Police and the
32 Federal Bureau of Investigation, the commission shall provide
33 written notification to the applicant of the qualification ²**[for]**² or
34 disqualification for a Class 5 Cannabis Retailer license.

35 If the applicant is disqualified because the commission
36 determined that a person has a disqualifying conviction pursuant to
37 the provisions of this section, the conviction that constitutes the
38 basis for the disqualification shall be identified in the written
39 notice.

40 (e) The Division of State Police shall promptly notify the
41 commission in the event that an individual who was the subject of a
42 criminal history record background check conducted pursuant to
43 this section is convicted of a crime or offense in this State after the
44 date the background check was performed. Upon receipt of that
45 notification, the commission shall make a determination regarding
46 the continued eligibility for the applicant, or following application,
47 for the licensee, to hold a Class 5 Cannabis Retailer license.

48 b. The commission shall adopt rules that:

- 1 (1) Provide for the annual renewal of the Class 5 Cannabis
2 Retailer license;
- 3 (2) Establish application, licensure, and renewal of licensure
4 fees for a cannabis retailer in accordance with paragraph (2) of
5 subsection a. of section 18 of P.L. , c. (C.) (pending before
6 the Legislature as this bill); and
- 7 (3) Require a cannabis retailer to meet any public health and
8 safety standards, industry best practices, and all applicable
9 regulations established by the commission ²[by rule]² related to the
10 ²[sale] retailing² of cannabis ¹items¹.
- 11 c. Fees adopted under subsection b. of this section:
- 12 (1) Shall be in the form of a schedule that imposes a greater fee
13 for premises with more square footage; and
- 14 (2) Shall be deposited in the “Cannabis Regulatory,
15 Enforcement Assistance, and Marketplace Modernization Fund”
16 established under section ¹[40] 41¹ of P.L. , c. (C.)
17 (pending before the Legislature as this bill).
- 18 d. (1) The commission shall issue or deny issuance of a Class
19 5 Cannabis Retailer license or conditional license in accordance
20 with the procedures set forth in section 18 of P.L. , c. (C.)
21 (pending before the Legislature as this bill).
- 22 (2) The commission may suspend or revoke a Class ²[4] 5²
23 Cannabis Retailer license or conditional license to operate as a
24 cannabis retailer for cause, which shall be considered a final agency
25 action for the purposes of the "Administrative Procedure Act,"
26 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
27 judicial review as provided in the Rules of Court.
- 28 e. A person who has been issued a license or conditional
29 license shall display the license or conditional license at the
30 premises at all times when cannabis is being retailed.
- 31 f. As required by the commission in regulation, a licensee or
32 conditional licensee shall report required changes in information
33 about the licensee to the commission within the time specified by
34 the commission.
- 35 g. Subject to receiving an endorsement pursuant to section 28
36 of P.L.2019, c.153 (C.24:6I-21):
- 37 (1) A licensed cannabis retailer may operate a cannabis
38 consumption area at which the on-premises consumption of
39 cannabis items either obtained from the retailer, or brought by a
40 person to the consumption area, may occur.
- 41 (2) Each licensed cannabis retailer may operate only one
42 cannabis consumption area.
- 43 (3) The cannabis consumption area shall be either (a) an indoor,
44 structurally enclosed area of the licensed cannabis retailer that is
45 separate from the area in which retail sales of cannabis items occur
46 or (b) an exterior structure on the same premises as the retailer,
47 either separate from or connected to the retailer.

1 (4) A Class 5 Cannabis Retailer licensee that has been approved
 2 for a cannabis consumption area endorsement may transfer cannabis
 3 items purchased by a ²[person] consumer² in its retail
 4 establishment to ²[the person] that consumer² in its cannabis
 5 consumption area. The Class ²[4] 5² Cannabis Retailer licensee
 6 shall not transfer to the consumption area an amount of cannabis
 7 items that exceed the limits established by the commission.

8
 9 26. (New section) Class 6 Cannabis Delivery license.

10 A cannabis delivery service shall have a Class 6 Cannabis
 11 Delivery license issued by the commission for the premises from
 12 which the cannabis delivery service will conduct operations to
 13 provide courier services for ¹consumer purchases of cannabis items
 14 and related supplies fulfilled by¹ a cannabis retailer in order to
 15 make deliveries of ¹the¹ cannabis items and related supplies to ¹[a]
 16 that¹ consumer ¹, and which services include the ability of a
 17 consumer to purchase the cannabis items directly through the
 18 cannabis delivery service, which after presenting the purchase order
 19 to the cannabis retailer for fulfillment, is delivered to that
 20 consumer¹. The commission shall determine the maximum number
 21 of licenses, of which at least 35 percent shall be conditional licenses
 22 issued pursuant to subparagraph (a) of paragraph (2) of subsection
 23 b. of section ²[18] 19² of P.L. , c. (C.) (pending before the
 24 Legislature as this bill), and at least ²[25] 10² percent of the total
 25 number of licenses and conditional licenses shall be designated for
 26 and only issued to microbusinesses pursuant subsection f. of that
 27 section. Providing there exist qualified applicants, the commission
 28 shall issue a sufficient number of licenses to meet the market
 29 demands of the State, and may, as authorized by paragraph (1) of
 30 subsection a. of section 18 of P.L. , c. (C.) (pending before
 31 the Legislature as this bill), ¹[make requests for] accept¹ new
 32 applications for additional licenses as it deems necessary to meet
 33 those demands.

34 a. To hold a Class 6 Cannabis Delivery license under this
 35 section, an applicant:

36 (1) Shall apply for a license in the manner described in section
 37 18 of P.L. , c. (C.) (pending before the Legislature as
 38 this bill);

39 (2) Shall have at least one significantly involved person who has
 40 resided in this State for at least two years as of the date of the
 41 application, and provide proof that this person and any other person
 42 with an investment interest who also has decision making authority
 43 for the cannabis delivery service listed on an application submitted
 44 under section 18 of P.L. , c. (C.) (pending before the
 45 Legislature as this bill) is 21 years of age or older;

46 (3) Shall meet the requirements of any rule or regulation
 47 adopted by the commission under subsection b. of this section; and

1 (4) Shall provide for each of the following persons to undergo a
2 criminal history record background check: any owner, other than an
3 owner who holds less than a five percent investment interest in the
4 cannabis delivery service or who is a member of a group that holds
5 less than a 20 percent investment interest in the cannabis delivery
6 service and no member of that group holds more than a five percent
7 interest in the total group investment, and who lacks the authority to
8 make controlling decisions regarding the cannabis delivery
9 service's operations; any director; any officer; and any employee.

10 (a) Pursuant to this provision, the commission is authorized to
11 exchange fingerprint data with and receive criminal history record
12 background information from the Division of State Police and the
13 Federal Bureau of Investigation consistent with the provisions of
14 applicable ²[federal and]² State ²and federal² laws, rules, and
15 regulations. The Division of State Police shall forward criminal
16 history record background information to the commission in a
17 timely manner when requested pursuant to the provisions of this
18 section;

19 (b) Each person shall submit to being fingerprinted in
20 accordance with applicable State and federal laws, rules, and
21 regulations. No check of criminal history record background
22 information shall be performed pursuant to this section unless a
23 person has furnished his written consent to that check. A person
24 who refuses to consent to, or cooperate in, the securing of a check
25 of criminal history record background information shall not be
26 considered for licensure as a delivery service. Each person shall
27 bear the cost for the criminal history record background check,
28 including all costs of administering and processing the check;

29 (c) (i) With respect to determining whether any conviction of a
30 person contained in the criminal history record background check
31 should disqualify an applicant for a Class 6 Cannabis Delivery
32 license, the commission shall not take into consideration any
33 conviction for a crime or offense that occurred prior to the effective
34 date of P.L. , c. (C.) (pending before the Legislature as this
35 bill) involving a controlled dangerous substance or controlled
36 substance analog as set forth in paragraph (11) or (12) of subsection
37 b., or subparagraph (b) of paragraph (10) of subsection b. of
38 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
39 N.J.S.2C:35-10, or any similar indictable offense under federal law,
40 this State's law, or any other state's law, or for any conviction
41 under federal law for conduct involving cannabis or ¹a¹ cannabis
42 ¹[resin] item¹ that is authorized by P.L. , c. (C.) (pending
43 before the Legislature as this bill). Additionally, the commission
44 shall not take into consideration any other prior conviction, unless
45 that conviction is for an indictable offense under federal law, other
46 than a conviction for conduct involving cannabis or ¹a¹ cannabis
47 ¹[resin] item¹ that is authorized by P.L. , c. (C.) (pending
48 before the Legislature as this bill), or under this State's law, or any

1 other state's law that is substantially related to the qualifications,
2 functions, or duties for which the license is required, and not more
3 than five years have passed since the date of that conviction,
4 satisfactory completion of probation or parole, or release from
5 incarceration, whichever is later. In determining which indictable
6 offenses are substantially related to the qualifications, functions, or
7 duties for which the license is required, the commission shall at
8 least consider any conviction involving fraud, deceit, or
9 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
10 minor in a drug distribution scheme, or similar indictable offense in
11 this or another jurisdiction involving the use of a minor to dispense
12 or distribute a controlled dangerous substance or controlled
13 substance analog;

14 (ii) The commission may approve an applicant for a Class ¹~~4~~
15 ~~6~~¹ Cannabis ¹~~Disrtibutor~~ Delivery¹ license after conducting a
16 thorough review of any previous conviction of a person that
17 substantially related to the qualifications, functions, or duties for
18 which the license is required that is contained in the criminal
19 history record background information, and this review shall
20 include examining the nature of the indictable offense, the
21 circumstances at the time of committing the offense, and evidence
22 of rehabilitation since conviction. If the commission determines
23 that the reviewed conviction should not disqualify the applicant, the
24 applicant may be approved so long as the applicant is otherwise
25 qualified to be issued the license; and

26 (d) Upon receipt and review of the criminal history record
27 background information from the Division of State Police and the
28 Federal Bureau of Investigation, the commission shall provide
29 written notification to the applicant of the qualification ²~~for~~²
30 or disqualification for a Class 6 Cannabis Delivery license.

31 If the applicant is disqualified because the commission
32 determined that a person has a disqualifying conviction pursuant to
33 the provisions of this section, the conviction that constitutes the
34 basis for the disqualification shall be identified in the written
35 notice.

36 (e) The Division of State Police shall promptly notify the
37 commission in the event that an individual who was the subject of a
38 criminal history record background check conducted pursuant to
39 this section is convicted of a crime or offense in this State after the
40 date the background check was performed. Upon receipt of that
41 notification, the commission shall make a determination regarding
42 the continued eligibility for the applicant, or following application,
43 for the licensee to hold a Class 6 Cannabis Delivery license.

44 b. The commission shall adopt rules that:

45 (1) Provide for the annual renewal of the Class 6 Cannabis
46 Delivery license;

47 (2) Establish application, licensure, and renewal of licensure
48 fees for cannabis delivery services in accordance with paragraph (2)

1 of subsection a. of section 18 of P.L. , c. (C.) (pending
2 before the Legislature as this bill); and

3 (3) Require a cannabis delivery service to meet any public
4 health and safety standards, industry best practices, and all
5 applicable regulations established by the commission by rule or
6 regulation related to the delivery of cannabis items and related
7 supplies to a consumer.

8 c. Fees adopted under subsection b. of this section:

9 (1) Shall be in the form of a schedule that imposes a greater fee
10 for larger ²~~transportation~~ delivery² operations; and

11 (2) Shall be deposited in the “Cannabis Regulatory,
12 Enforcement Assistance, and Marketplace Modernization Fund”
13 established under section ¹~~40~~ 41¹ of P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 d. (1) The commission shall issue or deny issuance of a Class
16 6 Cannabis Delivery license or conditional license in accordance
17 with the procedures set forth in section 18 of P.L. , c. (C.)
18 (pending before the Legislature as this bill).

19 (2) The commission may suspend or revoke a Class 6 Cannabis
20 Delivery license or conditional license to operate as a cannabis
21 distributor for cause, which shall be considered a final agency
22 action for the purposes of the "Administrative Procedure Act,"
23 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
24 judicial review as provided in the Rules of Court.

25 e. A person who has been issued a license or conditional
26 license shall display the license or conditional license at the
27 delivery service’s premises at all times when cannabis is being
28 transported.

29 f. As required by the commission in regulation, a licensee or
30 conditional licensee shall report required changes in information
31 about the licensee to the commission within the time specified by
32 the commission.

33

34 27. (New section) Personal Use Cannabis Handlers ²;
35 Transportation and Delivery of Cannabis and Cannabis Items² .

36 a. ¹(1)¹ An individual who performs work for or on behalf of a
37 person who holds a license classified pursuant to section 20, 22, 23,
38 24, 25, or 26 of P.L. , c. (C.) (pending before the
39 Legislature as this bill) shall have a valid certification issued by the
40 commission under this section if the individual participates in:

41 ¹~~[(1)]~~ (a)¹ the possession, securing, or selling of ²cannabis or²
42 cannabis items at the premises for which the license has been
43 issued; ²~~[or]~~²

44 ¹~~[(2)]~~ (b)¹ the recording of the possession, securing, or selling
45 of ²cannabis or² cannabis items at the premises for which the
46 license has been issued; or

1 ¹[(3)] (c)¹ the transportation ²of cannabis or cannabis items
2 between licensed cannabis establishments or testing facilities,² or
3 delivery of cannabis items ²to consumers² .

4 ¹(2) An individual who has a valid certification as a personal use
5 cannabis handler issued under this section may also simultaneously
6 have a valid certification as a medical cannabis handler issued
7 under section 27 of P.L.2019, c.153 (C.24:6I-20) to perform work
8 for or on behalf of entities issued medical cannabis permits or
9 licenses as described in subsection a. of that section.¹

10 b. A person who holds a license classified pursuant to section
11 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending before
12 the Legislature as this bill) shall verify that an individual has a valid
13 certification issued under this section before allowing the individual
14 to perform any work described in ²[subsection a. of]² this section
15 ²[at the premises]² for which the license has been issued ²pursuant
16 to those sections² .

17 c. The commission shall issue certifications to qualified
18 applicants to perform work described in this section. The
19 commission shall adopt rules and regulations establishing: the
20 qualifications for performing work described in this section; the
21 terms of a certification issued under this section; procedures for
22 applying for and renewing a certification issued under this section;
23 and reasonable application, issuance, and renewal fees for a
24 certification issued under this section.

25 d. ²(1)(a)² The commission may require an individual applying
26 for a certification under this section to successfully complete a
27 course, made available by or through the commission, in which the
28 individual receives training on: checking identification; detecting
29 intoxication; handling ²cannabis and² cannabis items; statutory and
30 regulatory provisions relating to cannabis; and any matter deemed
31 necessary by the commission to protect the public health and safety.
32 The commission or other provider may charge a reasonable fee for
33 the course.

34 ²(b)² The commission shall not require an individual to
35 successfully complete the course more than once, except that the
36 commission may adopt regulations directing continuing education
37 training on a prescribed schedule.

38 ²(2)² As part of a final order suspending a certification issued
39 under this section, the commission may require a holder of a
40 certification to successfully complete the course as a condition of
41 lifting the suspension ^{2,2} and as part of a final order revoking a
42 certification issued under this section ²[,]² the commission shall
43 require an individual to successfully complete the course prior to
44 applying for a new certification.

45 e. (1) Each individual applying for a certification under this
46 section shall undergo a criminal history record background check.
47 The commission is authorized to exchange fingerprint data with and

1 receive criminal history record background information from the
2 Division of State Police and the Federal Bureau of Investigation
3 consistent with the provisions of applicable ²~~[[federal and]]~~² State
4 ~~and federal~~² laws, rules, and regulations. The Division of State
5 Police shall forward criminal history record background
6 information to the commission in a timely manner when requested
7 pursuant to the provisions of this subsection.

8 (2) Each individual shall submit to being fingerprinted in
9 accordance with applicable State and federal laws, rules, and
10 regulations. No check of criminal history record background
11 information shall be performed pursuant to this subsection unless
12 the individual has furnished written consent to that check. Any
13 individual who refuses to consent to, or cooperate in, the securing
14 of a check of criminal history record background information shall
15 not be considered for a certification. Each individual shall bear the
16 cost for the criminal history record background check, including all
17 costs of administering and processing the check.

18 (3) Upon receipt and review of the criminal history record
19 background information from the Division of State Police and the
20 Federal Bureau of Investigation, the commission shall provide
21 written notification to the individual of the qualification ²~~[[for]]~~² or
22 disqualification for a certification. If the individual is disqualified
23 because of a disqualifying conviction as set forth in subsection f. of
24 this section, the conviction that constitutes the basis for the
25 disqualification shall be identified in the written notice.

26 (4) The Division of State Police shall promptly notify the
27 commission in the event that an individual who was the subject of a
28 criminal history record background check conducted pursuant to
29 this subsection is convicted of a crime in this State after the date the
30 background check was performed. Upon receipt of that
31 notification, the commission shall make a determination regarding
32 the continued eligibility to hold a certification.

33 f. (1) (a) With respect to determining whether any conviction
34 of an individual contained in the criminal history record background
35 check should disqualify an applicant for a certification, the
36 commission shall not take into consideration any conviction for a
37 crime or offense that occurred prior to the effective date of P.L. ,
38 c. (C.) (pending before the Legislature as this bill) involving
39 a controlled dangerous substance or controlled substance analog as
40 set forth in paragraph (11) or (12) of subsection b., or subparagraph
41 (b) of paragraph (10) of subsection b. of N.J.S.2C:35-5, or
42 paragraph (3) or (4) of subsection a. of N.J.S.2C:35-10, or any
43 similar indictable offense under federal law, this State's law, or any
44 other state's law, or for any conviction under federal law for
45 conduct involving cannabis or ¹~~a~~¹ cannabis ¹~~[[resin]]~~ item¹ that is
46 authorized by P.L. , c. (C.) (pending before the Legislature
47 as this bill). Additionally, the commission shall not take into
48 consideration any other prior conviction, unless that conviction is

1 for an indictable offense under federal law, other than a conviction
2 for conduct involving cannabis or ¹a¹ cannabis ¹**[resin]** item¹ that
3 is authorized by P.L. , c. (C.) (pending before the
4 Legislature as this bill), or under this State's law, or any other
5 state's law that is substantially related to the qualifications,
6 functions, or duties for which certification is required, and not more
7 than five years have passed since the date of that conviction,
8 satisfactory completion of probation or parole, or release from
9 incarceration, whichever is later. In determining which indictable
10 offenses are substantially related to the qualifications, functions, or
11 duties for which certification is required, the commission shall at
12 least consider any conviction involving fraud, deceit, or
13 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
14 minor in a drug distribution scheme, or similar indictable offense in
15 this or another jurisdiction involving the use of a minor to dispense
16 or distribute a controlled dangerous substance or controlled
17 substance analog;

18 (b) The commission may approve an applicant for a certification
19 after conducting a thorough review of any previous conviction of a
20 person that substantially related to the qualifications, functions, or
21 duties for which certification is required that is contained in the
22 criminal history record background information, and this review
23 shall include examining the nature of the indictable offense, the
24 circumstances at the time of committing the offense, and evidence
25 of rehabilitation since conviction. If the commission determines
26 that the reviewed conviction should not disqualify the applicant, the
27 applicant may be approved so long as the applicant is otherwise
28 qualified to be issued the certification.

29 g. The commission shall deny an application to any applicant
30 who fails to provide information, documentation and assurances as
31 required by P.L. , c. (C.) (pending before the Legislature as
32 this bill) or as requested by the commission, or who fails to reveal
33 any ²**[fact]**² material ²fact² to qualification, or who supplies
34 information which is untrue or misleading as to a material fact
35 pertaining to the qualification criteria for ²**[licensure]**
36 certification².

37 h. The commission may suspend, revoke, or refuse to renew a
38 certification if the individual who is applying for or who holds the
39 certification: violates any provision of P.L. , c. (C.)
40 (pending before the Legislature as this bill) or any rule or regulation
41 adopted under P.L. , c. (C.) (pending before the
42 Legislature as this bill); makes a false statement to the commission;
43 or refuses to cooperate in any investigation by the commission.

44 i. A certification issued under this section is a personal
45 privilege and permits work described under ²subsection a. of² this
46 section only for the individual who holds the certification.

47 j. In addition to the requirements for regulations set forth in
48 paragraph (1) of subsection d. of section 6 of P.L. ,

1 c. (C.) (pending before the Legislature as this bill) the
2 commission shall ²~~enact~~ promulgate² regulations to allow for a
3 cannabis ¹~~retailer to engage in delivery~~ retailer's customer
4 orders¹ of cannabis items ¹and related supplies to be delivered off-
5 premises¹ by a certified cannabis handler performing work for or on
6 behalf of a cannabis retailer, ¹~~including~~ as well as¹ a certified
7 cannabis handler employed by a cannabis delivery service providing
8 courier ¹~~service~~ services¹ for ¹consumer purchases of cannabis
9 items and related supplies fulfilled by¹ the cannabis retailer, and
10 which regulations shall include, but not be limited to, the following
11 requirements:

12 (1) ¹~~A cannabis retailer may only deliver cannabis items~~
13 Deliveries shall be made only¹ to a residence, including a temporary
14 residence, in this State.

15 (2) Deliveries shall be made only to a legal consumer by a
16 certified cannabis handler who is an employee of a cannabis
17 retailer, cannabis delivery service, or an approved contractor vender
18 for a cannabis retailer.

19 (3) ¹~~A cannabis retailer shall not deliver~~ Deliveries shall not
20 be made¹ to a residence located on land owned by the federal
21 government or any residence on land or in a building leased by the
22 federal government.

23 (4) ¹~~A cannabis retailer shall staff each~~ Each¹ delivery
24 vehicle ¹~~with~~ shall be staffed by¹ a certified cannabis handler
25 who is an employee of the cannabis retailer ¹or cannabis delivery
26 service¹ who shall be at least 18 years of age, or use ¹~~a cannabis~~
27 delivery service or¹ an approved contract vendor whose ¹certified
28 cannabis handler¹ delivery employees shall be at least 18 years of
29 age.

30 (5) All deliveries of cannabis items shall be made in person. A
31 delivery of cannabis items shall not be made through the use of an
32 unmanned vehicle.

33 (6) Each certified cannabis handler shall carry a ²~~copy of the~~²
34 cannabis employee, cannabis delivery service, or contract vendor
35 identification card. The cannabis handler shall present the
36 identification card upon request to State and local law enforcement,
37 and State and local regulatory authorities and agencies.

38 (7) Each certified cannabis handler shall have access to a secure
39 form of communication with the cannabis retailer ¹or cannabis
40 delivery service making a customer delivery of a purchase order
41 fulfilled by the cannabis retailer¹, such as a cellular telephone, at
42 all times that a delivery vehicle contains cannabis items.

43 (8) During delivery, the certified cannabis handler shall
44 maintain a physical or electronic copy of the ¹customer's¹ delivery
45 request and shall make it available upon request to State and local

1 law enforcement, and State and local regulatory authorities and
2 agencies.

3 (9) Delivery vehicles shall be equipped with a secure lockbox in
4 a secured cargo area, which shall be used for the sanitary and secure
5 transport of cannabis items.

6 (10) A certified cannabis handler shall not leave cannabis items
7 in an unattended delivery vehicle unless the vehicle is locked and
8 equipped with an active vehicle alarm system.

9 (11) A delivery vehicle shall contain a Global Positioning
10 System (GPS) device for identifying the geographic location of the
11 delivery vehicle. The device shall be either permanently or
12 temporarily affixed to the delivery vehicle while the delivery
13 vehicle is in operation, and the device shall remain active and in the
14 possession of the certified cannabis handler at all times during
15 delivery. At all times, the cannabis retailer ¹or cannabis delivery
16 service¹ shall be able to identify the geographic location of all
17 delivery vehicles that are making deliveries for the cannabis retailer
18 ¹, or for the cannabis delivery service making deliveries of
19 customer purchase orders fulfilled by the cannabis retailer, as the
20 case may be,¹ and shall provide that information to the commission
21 upon request.

22 (12) Upon request, a cannabis retailer ¹or cannabis delivery
23 service¹ shall provide the commission with information regarding
24 any vehicles used for delivery, including the vehicle's make, model,
25 color, Vehicle Identification Number, license plate number, and
26 vehicle registration.

27 (13) Each cannabis retailer, delivery service, or contract vendor
28 of a cannabis retailer shall maintain current hired and non-owned
29 automobile liability insurance sufficient to insure all vehicles used
30 for delivery of cannabis in the amount of not less than \$1,000,000
31 per occurrence or accident.

32 (14) Each cannabis retailer ¹and cannabis delivery service¹ shall
33 ensure that vehicles used to deliver cannabis ¹items¹ bear no
34 markings that would either identify or indicate that the vehicle is
35 used to deliver cannabis items.

36 (15) Each cannabis retailer ¹and cannabis delivery service¹ shall
37 ensure that deliveries are completed in a timely and efficient
38 manner.

39 (16) While making residential deliveries, a certified cannabis
40 handler shall only travel from the cannabis retailer's licensed
41 premises, or as part of a cannabis delivery service or contract
42 vendor deliveries, between multiple cannabis retailers, then to a
43 residence for delivery; from one residential delivery to another
44 residence for residential delivery; or from a residential delivery
45 back to the cannabis retailer's ¹or cannabis delivery services¹
46 licensed premises. A cannabis handler shall not deviate from the
47 delivery path described in this paragraph, except in the event of

1 emergency or as necessary for rest, fuel, or vehicle repair stops, or
 2 because road conditions make continued use of the route or
 3 operation of the vehicle unsafe, impossible, or impracticable.

4 (17) The process of delivery begins when the certified cannabis
 5 handler leaves the cannabis retailer licensed premises with the
 6 customer's purchase order of ²a² ¹ cannabis ²[items] item² for
 7 delivery. The process of delivering ends when the cannabis handler
 8 returns to the cannabis retailer's licensed premises, or delivery
 9 service's or contract vendor's premises, after delivering the
 10 cannabis item to the consumer.

11 (18) Each cannabis retailer and cannabis delivery ²[servicer]
 12 service² ¹ shall maintain a record of each ²cannabis item² delivery
 13 of ²[cannabis items]² in a delivery log, which may be written or
 14 electronic. For each delivery, the log shall record:

- 15 (a) The date and time that the delivery began and ended;
- 16 (b) The name of the certified cannabis handler;
- 17 (c) The cannabis ²[items] item² delivered;
- 18 (d) The batch or¹ lot number of the cannabis ¹item¹; and
- 19 (e) The signature of the consumer who accepted delivery.

20 (19) A cannabis retailer or cannabis delivery service¹ shall
 21 report any vehicle accidents, diversions, losses, or other reportable
 22 events that occur during delivery to the appropriate State and local
 23 authorities, including the commission.

24 ²k. Any cannabis or cannabis item may be transported or
 25 delivered, consistent with the requirements set forth in this section
 26 and regulations promulgated by the commission, to any location in
 27 the State. As set forth in section 33 of P.L. , c. (C.)
 28 (pending before the Legislature as this bill), in no case may a
 29 municipality restrict the transportation or deliveries of cannabis
 30 items to consumers within that municipality by adoption of a
 31 municipal ordinance or any other measure, and any restriction to the
 32 contrary shall be deemed void and unenforceable.

33 l. The commission may authorize the use of an Internet-based
 34 web service developed and maintained by an independent third
 35 party entity that does not hold any license or certificate issued
 36 pursuant to P.L. , c. (C.) (pending before the Legislature as
 37 this bill), and is not a significantly involved person or other investor
 38 in any licensee, which may be used by cannabis retailers to receive,
 39 process, and fulfill orders by consumers, or used by consumers to
 40 request or schedule deliveries of cannabis items pursuant to
 41 subsection j. of this section.²

42
 43 28. Section 24 of P.L.2019, c.153 (C.24:6I-17) is amended to
 44 read as follows:

45 24. a. (1) Each batch of medical cannabis cultivated by a
 46 medical cannabis cultivator or a clinical registrant and each batch of
 47 a medical cannabis product ²[produced] manufactured² by a

1 medical cannabis manufacturer or a clinical registrant shall be
2 tested in accordance with the requirements of section 26 of
3 P.L.2019, c.153 (C.24:6I-19) by a laboratory licensed pursuant to
4 section 25 of P.L.2019, c.153 (C.24:6I-18) ²or cannabis testing
5 facility licensed pursuant to section 18 of P.L. , c. (C.)
6 (pending before the Legislature as this bill)². The laboratory ²or
7 facility² performing the testing shall produce a written report
8 detailing the results of the testing, a summary of which shall be
9 included in any packaging materials for medical cannabis and
10 medical cannabis products dispensed to qualifying patients and their
11 designated and institutional caregivers. The laboratory ²or facility²
12 may charge a reasonable fee for any test performed pursuant to this
13 section.

14 (2) Each ²[representative]² sample of ¹[personal use]¹ ²usable²
15 cannabis ²[items]¹, cannabis products, cannabis extracts, or other
16 cannabis resins² from a ¹[cannabis cultivation facility and each
17 representative sample of a personal use cannabis item from a
18 cannabis product manufacturing facility] ²cannabis² cultivator or
19 cannabis manufacturer¹ ²[shall] may² be tested in accordance with
20 the provisions of section 18 of P.L. , c. (C.) (pending before
21 the Legislature as this bill) by a laboratory licensed pursuant to
22 section 25 of P.L.2019, c.153 (C.24:6I-18).

23 b. The requirements of ²paragraph (1) of² subsection a. of this
24 section shall take effect at such time as the commission certifies
25 that a sufficient number of laboratories have been licensed pursuant
26 to section 25 of P.L.2019, c.153 (C.24:6I-18) , or pursuant to
27 section 18 of P.L. , c. (C.), to ensure that all medical
28 cannabis and medical cannabis products can be promptly tested
29 consistent with the requirements of this section without disrupting
30 patient access to medical cannabis. ²Once the requirements of that
31 paragraph have taken effect, a laboratory licensed pursuant to
32 section 25 of P.L.2019, c.153 (C.24:6I-18) shall not make
33 operational changes that reduce the prompt testing of medical
34 cannabis and medical cannabis products, thereby disrupting patient
35 access to medical cannabis, in order to test samples of usable
36 cannabis, cannabis products, cannabis extracts, or any other
37 cannabis resins in accordance with section 18 of P.L. ,
38 c. (C.) (pending before the Legislature as this bill).²
39 (cf: P.L.2019, c.153, s.24)

40
41 29. Section 25 of P.L.2019, c.153 (C.24:6I-18) is amended to
42 read as follows:

43 25. a. (1) A laboratory that performs testing services pursuant
44 to section 24 of P.L.2019, c.153 (C.24:6I-17) shall be licensed by
45 the commission and may be subject to inspection by the
46 commission to determine the condition and calibration of any
47 equipment used for testing purposes and to ensure that testing of

1 medical cannabis and medical cannabis products is being performed
 2 in accordance with the requirements of section 26 of P.L.2019,
 3 c.153 (C.24:6I-19), and the testing of ¹ [personal use] usable¹
 4 cannabis ¹ [and personal use] , ¹ cannabis ¹ [items] ² [product]
 5 products² , cannabis ² [extract] extracts² , or any other cannabis
 6 ² [resin¹] resins² is being performed in accordance with the
 7 requirements of section 18 of P.L. , c. (C.) (pending before
 8 the Legislature as this bill). Each applicant for licensure pursuant
 9 to this section shall submit an attestation signed by a bona fide
 10 labor organization stating that the applicant has entered into a labor
 11 peace agreement with such bona fide labor organization. The
 12 maintenance of a labor peace agreement with a bona fide labor
 13 organization shall be an ongoing material condition of maintaining
 14 a license to test ² [medical] all forms of² cannabis.

15 ²As used in this paragraph, “bona fide labor organization” means
 16 a labor organization of any kind or employee representation
 17 committee, group, or association, in which employees participate
 18 and which exists and is constituted for the purpose, in whole or in
 19 part, of collective bargaining or otherwise dealing with medical or
 20 personal use cannabis employers concerning grievances, labor
 21 disputes, terms or conditions of employment, including wages and
 22 rates of pay, or other mutual aid or protection in connection with
 23 employment, and may be characterized by: it being a party to one or
 24 more executed collective bargaining agreements with medical or
 25 personal use cannabis employers, in this State or another state; it
 26 having a written constitution or bylaws in the three immediately
 27 preceding years; it filing the annual financial report required of
 28 labor organizations pursuant to subsection (b) of 29 U.S.C. 431, or
 29 it having at least one audited financial report in the three
 30 immediately preceding years; it being affiliated with any regional or
 31 national association of unions, including but not limited to state and
 32 federal labor councils; or it being a member of a national labor
 33 organization that has at least 500 general members in a majority of
 34 the 50 states of the United States.²

35 (2) Any laboratory licensed pursuant to this section prior to the
 36 effective date of P.L. , c. (C.) to only test medical cannabis
 37 and medical cannabis products shall be authorized to test ¹ [personal
 38 use] usable¹ cannabis ¹ [and personal use] , ¹ cannabis ¹ [items]
 39 ² [product] products² , cannabis ² [extract] extracts² , or any other
 40 cannabis ² [resin¹] resins² under an existing license in good
 41 standing, if the laboratory certifies to the commission that its
 42 facility, and the condition and calibration of any equipment used for
 43 testing meet the commission’s accreditation requirements for
 44 licensure as a cannabis testing facility, ² [and]² its testing
 45 procedures will be performed in accordance with the requirements
 46 of section 18 of P.L. , c. (C.) (pending before the
 47 Legislature as this bill) ², and it will not make operational changes

1 that reduce the prompt testing of medical cannabis and medical
2 cannabis products as required by subsection b. of section 24 of
3 P.L.2019, c.153 (C.24:6I-17)² . The commission shall acknowledge
4 receipt of the laboratory's certification in writing to that laboratory,
5 which shall serve as notice and recognition that the laboratory may
6 test ~~'[personal use] usable'~~ cannabis ~~'[and personal use]'~~,
7 cannabis ~~'[items]~~ product, cannabis extract, or any other cannabis
8 resin¹ under the existing license.

9 b. There shall be no upper limit on the number of laboratories
10 that may be licensed to perform testing services.

11 c. A person who has been convicted of a crime involving any
12 controlled dangerous substance or controlled substance analog as
13 set forth in chapter 35 of Title 2C of the New Jersey Statutes except
14 paragraph (4) of subsection a. of N.J.S.2C:35-10, or any similar law
15 of the United States or any other state shall not be issued a license
16 to operate as or be a director, officer, or employee of a medical
17 cannabis testing laboratory, unless such conviction occurred after
18 the effective date of P.L.2009, c.307 (C.24:6I-1 et al.) and was for a
19 violation of federal law relating to possession or sale of cannabis
20 for conduct that is authorized under P.L.2009, c.307 (C.24:6I-1 et
21 al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.).

22 d. (1) The commission shall require each applicant for
23 licensure as a medical cannabis testing laboratory to undergo a
24 criminal history record background check, except that no criminal
25 history record background check shall be required for an applicant
26 who completed a criminal history record background check as a
27 condition of professional licensure or certification.

28 For purposes of this section, the term "applicant" shall include
29 any owner, director, officer, or employee of a medical cannabis
30 testing laboratory. The commission is authorized to exchange
31 fingerprint data with and receive criminal history record
32 background information from the Division of State Police and the
33 Federal Bureau of Investigation consistent with the provisions of
34 applicable federal and State laws, rules, and regulations. The
35 Division of State Police shall forward criminal history record
36 background information to the commission in a timely manner
37 when requested pursuant to the provisions of this section.

38 An applicant who is required to undergo a criminal history
39 record background check pursuant to this section shall submit to
40 being fingerprinted in accordance with applicable State and federal
41 laws, rules, and regulations. No check of criminal history record
42 background information shall be performed pursuant to this section
43 unless the applicant has furnished the applicant's written consent to
44 that check. An applicant who is required to undergo a criminal
45 history record background check pursuant to this section who
46 refuses to consent to, or cooperate in, the securing of a check of
47 criminal history record background information shall not be
48 considered for a license to operate, or authorization to be employed

1 at, a medical cannabis testing laboratory. An applicant shall bear
2 the cost for the criminal history record background check, including
3 all costs of administering and processing the check.

4 (2) The commission shall not approve an applicant for a license
5 to operate, or authorization to be employed at, a medical cannabis
6 testing laboratory if the criminal history record background
7 information of the applicant reveals a disqualifying conviction as
8 set forth in subsection c. of this section.

9 (3) Upon receipt of the criminal history record background
10 information from the Division of State Police and the Federal
11 Bureau of Investigation, the commission shall provide written
12 notification to the applicant of the applicant's qualification ²~~for~~²
13 or disqualification for a ²~~permit~~ license² to operate or be a
14 director, officer, or employee of a medical cannabis testing
15 laboratory.

16 If the applicant is disqualified because of a disqualifying
17 conviction pursuant to the provisions of this section, the conviction
18 that constitutes the basis for the disqualification shall be identified
19 in the written notice.

20 (4) The Division of State Police shall promptly notify the
21 commission in the event that an individual who was the subject of a
22 criminal history record background check conducted pursuant to
23 this section is convicted of a crime or offense in this State after the
24 date the background check was performed. Upon receipt of that
25 notification, the commission shall make a determination regarding
26 the continued eligibility to operate or be a director, officer, or
27 employee of a medical cannabis testing laboratory.

28 (5) Notwithstanding the provisions of subsection c. of this
29 section to the contrary, the commission may offer provisional
30 authority for an applicant to be an owner, director, officer, or
31 employee of a medical cannabis testing laboratory for a period not
32 to exceed three months if the applicant submits to the commission a
33 sworn statement attesting that the person has not been convicted of
34 any disqualifying conviction pursuant to this section.

35 (6) Notwithstanding the provisions of subsection c. of this
36 section to the contrary, no applicant to be an owner, director,
37 officer, or employee of a medical cannabis testing laboratory shall
38 be disqualified on the basis of any conviction disclosed by a
39 criminal history record background check conducted pursuant to
40 this section if the individual has affirmatively demonstrated to the
41 commission clear and convincing evidence of rehabilitation. In
42 determining whether clear and convincing evidence of rehabilitation
43 has been demonstrated, the following factors shall be considered:

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

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

47 (c) the circumstances under which the crime or offense
48 occurred;

- 1 (d) the date of the crime or offense;
- 2 (e) the age of the individual when the crime or offense was
3 committed;
- 4 (f) whether the crime or offense was an isolated or repeated
5 incident;
- 6 (g) any social conditions which may have contributed to the
7 commission of the crime or offense; and
- 8 (h) any evidence of rehabilitation, including good conduct in
9 prison or in the community, counseling or psychiatric treatment
10 received, acquisition of additional academic or vocational
11 schooling, successful participation in correctional work-release
12 programs, or the recommendation of those who have had the
13 individual under their supervision.
14 (cf: P.L.2019, c.153, s.25)

15
16 30. Section 15 of P.L.2009, c.307 (C.24:6I-13) is amended to
17 read as follows:

18 15. a. The Cannabis Regulatory Commission is authorized to
19 exchange fingerprint data with, and receive information from, the
20 Division of State Police in the Department of Law and Public
21 Safety and the Federal Bureau of Investigation for use in reviewing
22 applications for individuals who are required to complete a criminal
23 history record background check in connection with applications:

24 (1) to serve as designated caregivers or institutional caregivers
25 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4), for licenses to
26 operate as, or to be a director, officer, or employee of, medical
27 cannabis testing laboratories pursuant to section 25 of P.L.2019,
28 c.153 (C.24:6I-18), for permits to operate as, or to be a director,
29 officer, or employee of, or a significantly involved person in,
30 clinical registrants pursuant to section 13 of P.L.2019, c.153
31 (C.24:6I-7.3), and for permits to operate as, or to be a director,
32 officer, or employee of, or a significantly involved person in,
33 medical cannabis cultivators, medical cannabis manufacturers, and
34 medical cannabis dispensaries pursuant to section 7 of P.L.2009,
35 c.307 (C.24:6I-7); or

36 (2) for licenses to operate as, or to be ¹**[a]** owner,¹director,
37 officer, or employee of, or a significantly involved person in,
38 cannabis ¹**[growers]** cultivators¹ , cannabis ¹**[processors]**
39 manufacturers¹ , cannabis wholesalers, cannabis distributors,
40 cannabis retailers, cannabis delivery services, and personal use
41 cannabis testing facilities pursuant to sections 18, 20, ¹**[21,]**¹ 22,
42 23, 24, 25, and 26 of P.L. , c. (C.) (pending before the
43 Legislature as this bill).

44 b. The Division of State Police shall promptly notify the
45 Cannabis Regulatory Commission in the event an applicant
46 **[**seeking to serve as a designated or institutional caregiver, an

1 applicant for a license to operate as, or to be a director, officer, or
2 employee of, a medical cannabis testing laboratory, an applicant for
3 a permit to operate as, or to be a director, officer, or employee of, or
4 a significantly involved person in, a clinical registrant, or an
5 applicant for a permit to operate as, or to be a director, officer, or
6 employee of, or a significantly involved person in, a medical
7 cannabis cultivator, medical cannabis manufacturer, or medical
8 cannabis dispensary], who was the subject of a criminal history
9 record background check conducted pursuant to subsection a. of this
10 section, is convicted of a crime involving possession or sale of a
11 controlled dangerous substance.

12 (cf: P.L.2019, c.153, s.21)

13

14 31. (New section) Municipal Regulations or Ordinances.

15 a. A municipality may enact ordinances or regulations, not in
16 conflict with the provisions of P.L. , c. (C.) (pending before the
17 Legislature as this bill):

18 (1) governing the ²[times of operation, location, manner, and]²
19 number of cannabis establishments, distributors, or delivery
20 services ², as well as the location, manner, and times of operation of
21 establishments and distributors, but the time of operation of
22 delivery services shall be subject only to regulation by the
23 commission²; and

24 (2) establishing civil penalties for violation of an ordinance or
25 regulation governing the ²[times of operation, location, manner,
26 and]² number of cannabis establishments, distributors, or delivery
27 services that may operate in such municipality ², or their location,
28 manner, or the times of operations².

29 b. A municipality may prohibit the operation of any one or
30 more classes of cannabis establishment ²,² or cannabis distributors
31 ²[, but not] or² cannabis delivery services, ²but not the delivery of
32 cannabis items and related supplies by a delivery service,² within
33 the jurisdiction of the municipality through the enactment of an
34 ordinance, and this prohibiting ordinance shall apply throughout the
35 municipality, even if that municipality or parts thereof fall within
36 any district, area, or other geographical jurisdiction for which land
37 use planning, site planning, zoning requirements or other
38 development authority is exercised by an independent State
39 authority, commission, instrumentality, or agency pursuant to the
40 enabling legislation that governs its duties, functions, and powers,
41 even if this development authority is expressly stated or interpreted
42 to be exclusive thereunder; the local prohibiting ordinance applies,
43 notwithstanding the provisions of any independent State authority
44 law to the contrary. Only an ordinance to prohibit one or more
45 classes of cannabis establishment ²,² or cannabis distributors ²or
46 cannabis delivery services² enacted pursuant to the specific

1 authority to do so by this section shall be valid and enforceable; any
 2 ordinance enacted by a municipality prior to the effective date of
 3 this section addressing the issue of prohibiting one or more types of
 4 cannabis-related activities within the jurisdiction of the
 5 municipality is null and void, and that entity may only prohibit the
 6 operation of one or more classes of cannabis establishment ^{2,2} or
 7 cannabis distributors ²or cannabis delivery services² by enactment
 8 of a new ordinance based upon the specific authority to do so by
 9 this section. The failure of a municipality to enact an ordinance
 10 prohibiting the operation of one or more classes of cannabis
 11 establishment ^{2,2} or cannabis distributors ²or cannabis delivery
 12 services² within 180 days after the effective date of P.L. ,
 13 c. (C.) (pending before the Legislature as this bill), shall result
 14 in any class of cannabis establishment ^{2,2} or a cannabis distributor
 15 ²or cannabis delivery service² that is not prohibited from operating
 16 within the municipality as being permitted to operate therein as
 17 follows: the growing, cultivating, ¹~~processing~~ manufacturing¹ ,
 18 and selling and reselling of ¹~~cannabis and~~¹ cannabis and²
 19 cannabis items, and operations to transport in bulk cannabis items
 20 by a cannabis ¹~~grower~~ cultivator¹, cannabis ¹~~processor~~
 21 manufacturer¹, cannabis wholesaler, or ²as a² cannabis distributor
 22 ²or cannabis delivery service² shall be permitted uses in all
 23 industrial zones of the municipality; and the selling of cannabis
 24 items to consumers from a retail store by a cannabis retailer shall be
 25 a conditional use in all commercial zones or retail zones, subject to
 26 meeting the conditions set forth in any applicable zoning ordinance
 27 or receiving a variance from one or more of those conditions in
 28 accordance with the “Municipal Land Use Law,” P.L.1975, c.291
 29 (C.40:55D-1 et seq.). At the end of a five-year period following the
 30 initial failure of a municipality to enact an ordinance prohibiting the
 31 operation of one or more classes of cannabis establishment ^{2,2} or
 32 cannabis distributors ²or cannabis delivery services², and every
 33 five-year period thereafter following a failure to enact a prohibiting
 34 ordinance, the municipality shall again be permitted to prohibit the
 35 future operation of any one or more classes of cannabis
 36 establishment ^{2,2} or cannabis distributors ²or cannabis delivery
 37 services² through the enactment of an ordinance ²during a new 180-
 38 day period², but this ordinance shall be prospective only and not
 39 apply to any cannabis establishment ²~~or~~² distributor ²or delivery
 40 service² operating in the municipality prior to the enactment of the
 41 ordinance.

42 c. (1) When the commission receives an application for initial
 43 licensing or renewal of an existing license for any cannabis
 44 establishment, distributor, or delivery service pursuant to section 19
 45 of P.L. , c. (C.) (pending before the Legislature as this bill),
 46 or endorsement for a cannabis consumption area pursuant to section

1 28 of P.L.2019, c.153 (C.24:6I-21), the commission shall provide,
 2 within ~~‘[seven] 14’~~ days, a copy of the application to the
 3 municipality in which the establishment, distributor, delivery
 4 service, or consumption area is to be located, unless the
 5 municipality has prohibited the operation of the particular class of
 6 business for which licensure is sought pursuant to subsection b. of
 7 this section, or in the case of an application seeking a consumption
 8 area endorsement, prohibited the operation of cannabis retailers.
 9 The ~~‘[local jurisdiction] municipality’~~ shall determine whether the
 10 application complies with ~~‘its’~~ local restrictions on ~~‘[times of~~
 11 ~~operation, location, manner, and]’~~ the number of cannabis
 12 ~~‘[businesses. The local jurisdiction] establishments, distributors,~~
 13 ~~or delivery services, or their location, manner, or times of~~
 14 ~~operation, and the municipality’~~ shall inform the commission
 15 whether the application complies with ~~‘its’~~ local restrictions ~~‘[on~~
 16 ~~times of operation, location, manner, and the number of cannabis~~
 17 ~~businesses]’~~.

18 (2) A municipality may impose a separate local licensing or
 19 endorsement requirement as a part of its restrictions on ~~‘[times of~~
 20 ~~operation, location, manner, and]’~~ the number of cannabis
 21 ~~‘[businesses] establishments, distributors, or delivery services, or~~
 22 ~~their location, manner, or times of operation’~~. A municipality may
 23 decline to impose any local licensing or endorsement requirements,
 24 but a local jurisdiction shall notify the commission that it either
 25 approves or denies each application forwarded to it.

26
 27 32. Section 28 of P.L.2019, c.153 (C.24:6I-21) is amended to
 28 read as follows:

29 28. a. A municipality may authorize, through the enactment of
 30 an ordinance, the operation of locally endorsed ~~‘[medical]’~~ cannabis
 31 consumption areas:

32 (1) operated by medical cannabis dispensaries, including any
 33 alternative treatment centers deemed to hold a medical cannabis
 34 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
 35 7), and clinical registrants within its jurisdiction, at which areas the
 36 on-premises consumption of medical cannabis may occur;

37 (2) operated by cannabis retailers within its jurisdiction, at which
 38 areas the on-premises consumption of personal use cannabis may
 39 occur; and

40 (3) operated by medical cannabis dispensaries, including any
 41 alternative treatment centers deemed to hold a medical cannabis
 42 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
 43 7), within its jurisdiction that are also deemed to have, pursuant to
 44 that section, one or more Class 5 Cannabis Retailer licenses and for
 45 which the commission has correspondingly issued one or more
 46 licenses following receipt of the municipality’s ²and commission’s²

1 approval to operate as a cannabis retailer pursuant to subparagraph
2 (a) of paragraph (3) of subsection a. of section 33 of P.L. _____,
3 c. (C. _____) (pending before the Legislature as this bill), or
4 medical cannabis dispensaries and alternative treatment centers
5 otherwise issued a license by the commission pursuant to P.L. _____,
6 c. (C. _____) (pending before the Legislature as this bill), to
7 simultaneously operate as a cannabis retailer, at which areas the on-
8 premises consumption of both medical cannabis and personal use
9 cannabis ²items² may occur.

10 b. Applications for an endorsement pursuant to this section
11 shall be made to the commission in a form and manner as shall be
12 prescribed by the commission and shall set forth such information
13 as the commission may require. Each application shall be verified
14 by the oath or affirmation of such persons as the commission may
15 prescribe. The endorsement shall be conditioned upon approval by
16 a municipality. An applicant is prohibited from operating a
17 cannabis consumption area without State and local approval. If the
18 applicant does not receive approval from the municipality within
19 one year after the date of State approval, the State endorsement
20 shall expire and may not be renewed. If an application is denied by
21 the municipality or the approval of the municipality is revoked, the
22 commission shall revoke the State endorsement. Any person
23 aggrieved by the local denial of an endorsement application may
24 request a hearing in the Superior Court of the county in which the
25 application was filed. The request for a hearing shall be filed
26 within 30 days after the date the application was denied. The
27 person shall serve a copy of the person's request for a hearing upon
28 the appropriate officer for the municipality that denied the
29 application. The hearing shall be held and a record made thereof
30 within 30 days after the receipt of the application for a hearing. No
31 formal pleading and no filing fee shall be required for the hearing.

32 c. (1) The commission shall deny a State endorsement if the
33 premises on which the applicant proposes to conduct its business
34 does not meet the requirements of P.L.2009, c.307 (C.24:6I-1 et
35 al.) ²[,] ²or² P.L. _____, c. (C. _____) (pending before the Legislature
36 as this bill), ²as applicable,² or for reasons set forth in this section.
37 The commission may revoke or deny ²an initial endorsement,² an
38 endorsement renewal, or reinstatement, ²[or an initial
39 endorsement]² for good cause.

40 (2) For purposes of this subsection "good cause" means:

41 (a) the endorsed permit holder, license holder, or applicant has
42 violated, does not meet, or has failed to comply with, any of the
43 terms, conditions, or provisions of this section, any rules ²or
44 regulations² promulgated pursuant to this section, or any
45 supplemental local laws, rules, or regulations;

- 1 (b) the endorsed permit holder , license holder, or applicant has
2 failed to comply with any special terms or conditions that were
3 placed on its endorsement by the commission or municipality; or
- 4 (c) the premises have been operated in a manner that adversely
5 affects the public health or the safety of the immediate
6 neighborhood in which the **【medical cannabis】** consumption area is
7 located.
- 8 (3) Any commission decision made pursuant to this subsection
9 shall be considered a final agency decision for the purposes of the
10 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
11 seq.) and may be subject to judicial review as provided in the Rules
12 of Court.
- 13 d. A **【medical】** cannabis consumption area endorsement shall
14 be valid for one year and may be renewed annually, subject to the
15 approval of the commission and the municipality as set forth in this
16 section. The commission shall establish by ²**【rule】** regulation² the
17 amount of the application fee and renewal fee for the endorsement,
18 which shall not exceed the administrative cost for processing and
19 reviewing the application.
- 20 e. The commission shall maintain a list of all **【medical】**
21 cannabis consumption areas in the State and shall make the list
22 available on its Internet website.
- 23 f. A **【medical】** cannabis consumption area shall be located on
24 the premises of a medical cannabis dispensary **【or】** , clinical
25 registrant, or cannabis retailer, may be indoors or outdoors, and
26 shall be designated by conspicuous signage. The signage shall also
27 indicate whether the cannabis consumption area may be used for the
28 on-premises consumption of medical cannabis, personal use
29 cannabis ²items² , or both.
- 30 (1) (a) An indoor **【medical】** cannabis consumption area in
31 which medical cannabis may be consumed, or both medical
32 cannabis and personal use cannabis may be consumed, shall be a
33 structurally enclosed area within a medical cannabis dispensary or
34 clinical registrant facility that is separated by solid walls or
35 windows from the area in which medical cannabis is dispensed
36 **【and】** , or in which retail sales of cannabis items occur if the
37 dispensary or facility is also licensed as a cannabis retailer, shall
38 only be accessible through an interior door after first entering the
39 ²dispensary or² facility , and for a dispensary or facility that is also
40 licensed as a cannabis retailer, with respect to any smoking, vaping,
41 or aerosolizing of personal use cannabis ²items² , the consumption
42 area shall comply with all ventilation requirements applicable to
43 cigar lounges, as that term is defined in section 3 of P.L.2005, c.383
44 (C.26:3D-57), in order to permit indoor smoking, vaping, or
45 aerosolizing that is the equivalent of smoking tobacco not in

1 violation of the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383
2 (C.26:3D-55 et seq.). Nothing in this subparagraph shall be
3 construed to authorize the consumption of medical cannabis by
4 smoking, vaping, or aerosolizing in this or any other indoor public
5 place or workplace, as those terms are defined in section 3 of
6 P.L.2005, c.383 (C.26:3D-57).

7 (b) An indoor cannabis consumption area in which only personal
8 use cannabis ²items² may be consumed shall be a structurally
9 enclosed area within a cannabis retailer that is separated by solid
10 walls or windows from the area in which retail sales of cannabis
11 items occur, shall only be accessible through an interior door after
12 first entering the retailer, and shall comply with all ventilation
13 requirements applicable to cigar lounges, as that term is defined in
14 section 3 of P.L.2005, c.383 (C.26:3D-57), in order to permit indoor
15 smoking, vaping, or aerosolizing that is the equivalent of smoking
16 tobacco not in violation of the “New Jersey Smoke-Free Air Act,”
17 P.L.2005, c.383 (C.26:3D-55 et seq.).

18 (2) An outdoor **【medical】** cannabis consumption area shall be
19 an exterior structure on the same premises as the medical cannabis
20 dispensary **【or】** , clinical registrant facility, or cannabis retailer,
21 that is either separate from or connected to the dispensary, facility,
22 or retailer, and that is not required to be completely enclosed, but
23 shall have sufficient walls, fences, or other barriers to prevent any
24 view of patients consuming medical cannabis or persons consuming
25 personal use cannabis ²items within the consumption area² from
26 any sidewalk or other pedestrian or non-motorist right-of-way, as
27 the case may be **2【, within the consumption area】².**

28 **【(3) Nothing in this subsection shall be construed to authorize**
29 **the consumption of medical cannabis by smoking in any indoor**
30 **public place or workplace, as those terms are defined in subsection**
31 **3 of P.L.2005, c.383 (C.26:3D-57), and the】 A** medical cannabis
32 dispensary **【or】** , clinical registrant , or cannabis retailer operating
33 **【the】 a** consumption area shall ensure that any smoking, vaping, or
34 aerosolizing of medical cannabis or personal use cannabis ²items²
35 that occurs in an outdoor **【medical】** cannabis consumption area
36 does not result in migration, seepage, or recirculation of smoke or
37 other exhaled material to any indoor public place or workplace as
38 those terms are defined in section 3 of P.L.2005, c.383 (C.26:3D-
39 57). The commission may require **【a】 an outdoor** consumption area
40 to include any ventilation features as the commission deems
41 necessary and appropriate.

42 g. (1) A medical cannabis dispensary **【or】** , clinical registrant ,
43 or cannabis retailer holding a **【medical】** cannabis consumption area
44 endorsement, and the employees **【of the dispensary or clinical**
45 **registrant】** thereof, subject to any regulations for **【medical】**

1 cannabis consumption areas promulgated by the commission, may
2 permit a person to bring medical cannabis or personal use cannabis
3 items into a **[medical]** cannabis consumption area , so long as the
4 on-premises consumption of that cannabis is authorized by the
5 endorsement .

6 (2) A medical cannabis dispensary **[or]**, clinical registrant , or
7 cannabis retailer holding a **[medical]** cannabis consumption area
8 endorsement shall not sell alcohol, including fermented malt
9 beverages or malt, vinous, or spirituous liquor, sell tobacco or
10 nicotine products, or allow the consumption of alcohol, tobacco, or
11 nicotine products on the premises, or operate as a retail food
12 establishment.

13 (3) A medical cannabis dispensary **[or]** , clinical registrant , or
14 cannabis retailer holding a **[medical]** cannabis consumption area
15 endorsement shall not allow on-duty employees of the
16 establishment to consume any medical cannabis or personal use
17 cannabis items in the consumption area, other than an on-duty
18 employee who is a registered qualifying patient with a valid
19 authorization for the use of medical cannabis, if the medical
20 cannabis dispensary, clinical registrant, or cannabis retailer does not
21 otherwise provide a private area, that is separate from the area in
22 which medical cannabis is dispensed or in which retail sales of
23 cannabis items occur, for that employee to use medical cannabis.

24 (4) (a) A cannabis retailer, or medical cannabis dispensary or
25 clinical registrant that is also licensed to simultaneously operate as
26 a cannabis retailer, shall limit the amount of personal use cannabis
27 items sold to a person to be consumed in its consumption area, or
28 brought into its consumption area if permitted pursuant to paragraph
29 (1) of this subsection, to no more than the sales limit set by the
30 commission. The cannabis retailer, medical cannabis dispensary, or
31 clinical registrant shall not engage in multiple sales transactions of
32 personal use cannabis items to the same person during the same
33 business day when [an establishment's] a retailer's, dispensary's,
34 or registrant's employee knows or reasonably should have known
35 that the sales transaction would result in the person possessing more
36 than the sales limit established by the commission. The cannabis
37 retailer, medical cannabis dispensary, or clinical registrant shall
38 provide, if required by the commission, information regarding the
39 safe consumption of personal use cannabis items at the point of
40 sale to all persons who make a purchase .

41 (b) All employees of a cannabis retailer, or medical cannabis
42 dispensary or clinical registrant that is also licensed to
43 simultaneously operate as a cannabis retailer, shall complete any
44 responsible vendor training program established in regulation by the

1 commission concerning consumption areas in which personal use
2 cannabis ²items² may be consumed.

3 h. (1) Access to a **【medical】** cannabis consumption area in
4 which medical cannabis may be consumed shall be restricted to
5 employees of the medical cannabis dispensary or clinical registrant
6 and to registered **【qualified】** qualifying patients and their
7 designated caregivers.

8 (2) Access to a cannabis consumption area in which personal
9 use cannabis ²items² may be consumed, or both medical cannabis
10 and personal use cannabis ²items² may be consumed, shall be
11 restricted to employees of the cannabis retailer, or medical cannabis
12 dispensary or clinical registrant that is also licensed to
13 simultaneously operate as a cannabis retailer, and to registered
14 qualifying patients, their designated caregivers, and other persons
15 who are at least 21 years of age. Each person shall be required to
16 produce a form of government-issued identification that may be
17 accepted, pursuant to subparagraph (a) of paragraph (6) of
18 subsection a. of section 18 of P.L. , c. (C.) (pending before
19 the Legislature as this bill), in order to enter the consumption area
20 for purposes of consuming any ²medical² cannabis ²or personal use
21 cannabis items² .

22 i. When a patient or other person leaves a **【medical】** cannabis
23 consumption area, the ²**【establishment】** medical cannabis
24 dispensary, clinical registrant , or cannabis retailer² shall ensure any
25 remaining unconsumed medical cannabis or personal use cannabis
26 item that is not taken by the patient **【or】** , the patient's designated
27 caregiver , or other person is destroyed.

28 j. A medical cannabis dispensary, clinical registrant, or
29 cannabis retailer operating a cannabis consumption area and its
30 employees:

31 (1) shall operate the ²**【establishment】** dispensary, registrant, or
32 retailer² in a decent, orderly, and respectable manner;

33 (2) may remove an individual from ²**【the establishment】** its
34 premises² for any reason;

35 (3) shall not knowingly permit any activity or acts of disorderly
36 conduct; and

37 (4) shall not permit rowdiness, undue noise, or other
38 disturbances or activity offensive to the average citizen or to the
39 residents of the neighborhood in which the consumption area is
40 located.

41 k. If an emergency requires law enforcement, firefighters,
42 emergency medical services providers, or other public safety
43 personnel to enter a ²**【medical】²** cannabis consumption area,
44 employees of the ²**【establishment】** medical cannabis dispensary,

1 clinical registrant, or cannabis retailer² shall prohibit on-site
 2 consumption of medical cannabis ², personal use cannabis items, or
 3 both, as the case may be,² until such personnel have completed their
 4 investigation or services and have left the premises.

5 (cf: P.L.2019, c.153, s.28)

6

7 33. (New section) Marketplace Regulation.

8 a. (1) (a) For a period of ¹~~18~~ 24¹ months after the
 9 ²effective² date ²~~determined by the commission pursuant to~~
 10 paragraph (2) of subsection d. of section 6² of P.L. ,
 11 c. (C.) (pending before the Legislature as this bill), ²~~to be~~
 12 the first date on which cannabis retailers issued licenses and
 13 conditional licenses begin retail sales of ¹~~personal use~~¹ cannabis
 14 items,² it shall be unlawful for any owner, part owner, stockholder,
 15 officer, or director of any corporation, or any other person
 16 interested in any cannabis ¹~~cultivation facility~~¹ cultivator¹,
 17 ²~~cannabis testing facility,~~² cannabis ¹~~product manufacturing~~¹
 18 facility¹ manufacturer¹, cannabis wholesaler, cannabis distributor,
 19 ²~~or~~² cannabis delivery service ², or cannabis testing facility²
 20 engage in the retailing of any cannabis items in this State, or to
 21 own, either in whole or in part, or be directly or indirectly interested
 22 in a cannabis retailer, and such interest shall include any payments
 23 or delivery of money or property by way of loan or otherwise
 24 accompanied by an agreement to sell the product of said cannabis
 25 ¹~~cultivation facility~~¹ cultivator¹ , ²~~cannabis testing facility,~~²
 26 cannabis ¹~~product manufacturing facility~~¹ manufacturer¹ ,
 27 cannabis wholesaler, ²~~or~~² cannabis distributor, ²or cannabis
 28 testing facility,² but does not include any arrangement between a
 29 cannabis delivery service and a cannabis retailer for making
 30 deliveries of cannabis items to consumers. During this ¹~~18-~~
 31 ~~month~~¹ 24-month¹ period, the holder of a Class 1 Cannabis
 32 ¹~~Grower~~¹ Cultivator¹ license to operate ¹as¹ a cannabis
 33 ¹~~cultivation facility~~¹ cultivator¹ or a Class 2 Cannabis
 34 ¹~~Processor~~¹ Manufacturer¹ license to operate ¹as¹ a cannabis
 35 ¹~~product manufacturing facility~~¹ manufacturer¹ may hold one
 36 other license to operate another cannabis establishment, other than a
 37 Class 3 Cannabis Wholesaler license to operate ²as² a cannabis
 38 wholesaler or a Class 5 Cannabis Retailer license to operate ²as² a
 39 cannabis retailer; and the holder of a Class 3 Cannabis Wholesaler
 40 license to operate ²as² a cannabis wholesaler ²~~shall be limited to~~
 41 ~~just that~~² may hold² one ²other Class 4 Cannabis Distributor²
 42 license² to operate as a cannabis distributor² .

43 (b) Throughout the ¹~~18-month~~¹ 24-month¹ period set forth in
 44 subparagraph (a) of this paragraph, the commission, except as
 45 authorized by paragraph (2) of subsection b. of this section, shall

1 not allow, providing there exist qualified applicants, more than
 2 ~~1[28] 37~~¹ cannabis ~~1[growers] cultivators~~¹ to be simultaneously
 3 licensed and engaging in ~~1[personal use]~~¹ cannabis ~~1[activities]~~
 4 production¹, which number shall include any alternative treatment
 5 centers deemed to be licensed as cannabis ~~1[growers] cultivators~~¹
 6 who are issued licenses by the commission pursuant to paragraph
 7 (3) of this subsection ¹; provided that cannabis cultivator licenses
 8 issued to microbusinesses pursuant to subsection f. of section 19 of
 9 P.L. , c. (C.) (pending before the Legislature as this bill)
 10 shall not count towards this limit¹.

11 (2) For a period of ~~1[18 months]~~ 24 months¹ after the
 12 ~~2effective~~² date ~~2[determined by the commission pursuant to~~
 13 ~~paragraph (2) of subsection d. of section 6]~~² of P.L. ,
 14 c. (C.) (pending before the Legislature as this bill), ~~2[~~²
 15 the first date on which cannabis retailers issued licenses and
 16 conditional licenses begin retail sales of ~~1[personal use]~~¹ cannabis
 17 items,~~]~~² it shall be unlawful for any owner, part owner, stockholder,
 18 officer, or director of any corporation, or any other person engaged
 19 in any retailing of any cannabis items to engage in the growing of,
 20 testing of, ~~1[processing] manufacturing~~¹ of, wholesaling of, or
 21 transporting in bulk any cannabis items, or to own either whole or
 22 in part, or to be a shareholder, officer or director of a corporation or
 23 association, directly or indirectly, interested in any cannabis
 24 ~~1[cultivation]~~ ~~2[cultivatory~~¹ facility ~~cultivator~~², ~~2[cannabis~~
 25 testing facility,~~]~~² cannabis ~~1[product manufacturing facility]~~
 26 manufacturer¹, cannabis wholesaler, cannabis distributor, ~~2[or]~~²
 27 cannabis delivery service ², or cannabis testing facility².

28 (3) (a) (i) Except with respect to the cap on the number of
 29 cannabis ~~1[grower] cultivator~~¹ licenses set forth in subparagraph
 30 (b) of paragraph (1) of this subsection, the provisions of paragraphs
 31 (1) and (2) of this subsection shall not apply

32 to any alternative treatment center that was issued a permit prior
 33 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or to
 34 any alternative treatment center that was issued a permit subsequent
 35 to that effective date pursuant to an application submitted prior to
 36 that effective date,

37 to the one alternative treatment center, out of four, issued a
 38 permit pursuant to an application submitted after the effective date
 39 of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to a request for
 40 applications published in the New Jersey Register prior to that
 41 effective date, that is expressly exempt, pursuant to subsection a. of
 42 section 11 of P.L.2019, c.153 (C.24:6I-7.1), from the provisions of
 43 subparagraph (i) of subparagraph (a) of paragraph (2) of
 44 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), which
 45 exemption permits the alternative treatment center to concurrently
 46 hold more than one medical cannabis permit, and that one

1 alternative treatment center is deemed pursuant to that section 7
2 (C.24:6I-7) to concurrently hold more than one permit, and
3 to the one alternative treatment center, out of three, issued a
4 permit pursuant to an application submitted on or after the effective
5 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly
6 exempt, pursuant to subsection a. of section 11 of P.L.2019,
7 c.153 (C.24:6I-7.1), from the provisions of subparagraph (i) of
8 subparagraph (a) of paragraph (2) of subsection a. of section 7 of
9 P.L.2009, c.307 (C.24:6I-7), which exemption permits the
10 alternative treatment center to concurrently hold more than one
11 medical cannabis permit, and that one alternative treatment center is
12 deemed pursuant to that section 7 (C.24:6I-7) to concurrently hold
13 more than one permit,
14 and which alternative treatment center is also deemed, pursuant
15 to subparagraph (ii) of subparagraph (c) of paragraph (2) of
16 section 7 of P.L.2009, c.307 (C.24:6I-7), to either concurrently hold
17 a Class 1 Cannabis ¹**【Grower】** Cultivator¹ license, a Class 2
18 Cannabis ¹**【Processor】** Manufacturer¹ license, ¹**【and】**¹ a Class 5
19 Cannabis Retailer license, plus an additional Class 5 Cannabis
20 Retailer license for each satellite dispensary authorized and
21 established by an alternative treatment center pursuant to
22 subparagraph (d) of paragraph (2) of subsection a. of section 7 of
23 P.L.2009, c.307 (C.24:6I-7), ¹and a Class 6 Cannabis Delivery
24 license,¹ or alternatively to hold a Class 3 Cannabis Wholesaler
25 license ², and may also be deemed to hold a Class 4 Cannabis
26 Distributor license² .
27 (ii) For each alternative treatment center deemed to have
28 licenses pursuant to subparagraph (i) of this subparagraph, the
29 commission shall not require the submission of an application for
30 licensure, as the application requirement is deemed satisfied by the
31 alternative treatment center's previously approved permit
32 application that was submitted to the Department of Health or to the
33 commission pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7),
34 but the alternative treatment center shall not begin to operate as any
35 class of cannabis establishment ²distributor, or delivery service²
36 until the alternative treatment center has submitted a written
37 approval for a proposed cannabis establishment ²distributor, or
38 delivery service² from the municipality in which the proposed
39 establishment ²distributor, or delivery service² is to be located,
40 which approval is based on a determination that the proposed
41 establishment ²distributor, or delivery service² complies with the
42 municipality's restrictions on the ²**【time, location, manner, and】**²
43 number of establishments ²distributor, or delivery services, as well
44 as the location, manner, and times of operation of establishments or
45 distributors² enacted pursuant to section 31 of P.L. of P.L. ,
46 c. (C.) (pending before the Legislature as this bill). The
47 commission shall ¹thereafter only¹ issue the initial license to the

1 alternative treatment center for a cannabis establishment of the
 2 appropriate class ¹**【upon receipt of the municipality’s approval】** ²,
 3 or for a cannabis distributor or delivery service.² once the
 4 commission certifies that it has sufficient quantities of medical
 5 cannabis and medical cannabis products available to meet the
 6 reasonably anticipated ²**【need】** needs² of registered qualifying
 7 patients in accordance with subsubparagraph (iii) of this
 8 subparagraph¹. The commission shall begin accepting municipal
 9 approvals from alternative treatment centers beginning on the date
 10 of adoption of the commission’s initial rules and regulations
 11 pursuant to subparagraph (a) of paragraph (1) of subsection d. of
 12 section 6 of P.L. , c. (C.) (pending before the Legislature as
 13 this bill).

14 (iii) An alternative treatment center ¹**【issued an initial license】**
 15 **following】 with¹ approval ¹【by】 from¹** a municipality pursuant to
 16 subsubparagraph (ii) of this subparagraph shall not engage in
 17 activities related to the growing, ¹**【producing】 manufacturing¹** ,
 18 ²**【or】² wholesaling ², transporting or delivering²** of ¹**【personal**
 19 **use】¹ cannabis ¹or cannabis items¹** until it has certified to the
 20 commission that that it has sufficient quantities of medical cannabis
 21 and medical cannabis products available to meet the reasonably
 22 anticipated ²**【need】** needs² of registered qualifying patients, and the
 23 commission has accepted the alternative treatment center’s
 24 certification ¹ ²,² which acceptance is conditioned on the
 25 commission’s review of the alternative treatment center as set forth
 26 in ²【subsubparagrph】 subsubparagraph² (iv) of this subparagraph.
 27 Upon acceptance of the certification, the commission shall issue the
 28 initial license to the alternative treatment center for a cannabis
 29 establishment of the appropriate class ²or for a cannabis distributor
 30 or delivery service² ¹.

31 Notwithstanding the date determined by the commission
 32 pursuant to paragraph (2) of subsection d. of section 6 of P.L. ,
 33 c. (C.) (pending before the Legislature as this bill) to be the
 34 first date on which cannabis retailers issued licenses and conditional
 35 licenses begin retail sales of personal use cannabis items, an
 36 alternate treatment center, if approved by ²**【a municipality】** the
 37 commission² to operate as a cannabis retailer, may begin to engage
 38 in the retail sale of cannabis items on any date after the date that the
 39 commission adopts its initial rules and regulations pursuant to
 40 subparagraph (a) of paragraph (1) of subsection d. of section 6 of
 41 that act (C.), so long as it has certified to the commission ¹**【,**
 42 **and to the municipality in which it is located and intends to engage**
 43 **in retail sales,】¹** that it has sufficient quantities of medical cannabis
 44 and, if applicable, medical cannabis products available to meet the
 45 reasonably anticipated ²**【need】** needs² of registered qualifying
 46 patients, and ¹【both】¹ the commission ¹【and municipality have】

1 has¹ accepted the alternative treatment center’s certification¹,
 2 which acceptance is conditioned on the commission’s review of the
 3 alternative treatment center as set forth in² ~~subsubparagrph~~
 4 subsubparagraph² (iv) of this subparagraph. Upon acceptance of
 5 the certification, the commission shall issue the initial cannabis
 6 retailer license to the alternative treatment center for engaging in
 7 the retail sale of cannabis items¹.

8 (iv) An alternative treatment center issued a license for a
 9 cannabis establishment ²or delivery service² shall be authorized to
 10 use the same premises for all activities authorized under P.L. ,
 11 c. (C.) (pending before the Legislature as this bill) and the
 12 “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009,
 13 c.307 (C.24:6I-1 et al.), without being required to establish or
 14 maintain any physical barriers or separations between operations
 15 related to the medical use of cannabis and operations related to
 16 personal use ¹or¹ cannabis ¹items¹, provided that the alternative
 17 treatment center shall be required to certify that it has sufficient
 18 quantities of medical cannabis and, if applicable, medical cannabis
 19 products available to meet the reasonably anticipated ²**[treatment]**²
 20 needs of registered qualifying patients, as set forth in
 21 subsubparagraph ¹(ii) or¹ (iii) of this subparagraph, ¹**[as] and only**
 22 if accepted by the commission, which is¹ ²**[as]**² a condition ¹**[of**
 23 selling personal use cannabis at retail] for licensure as a cannabis
 24 establishment of the appropriate class ²or as a cannabis delivery
 25 service² ¹.

26 In determining whether to accept, pursuant to this subparagraph,
 27 an alternative treatment center’s certification that it has sufficient
 28 quantities of medical cannabis or medical cannabis products
 29 available to meet the reasonably anticipated needs of registered
 30 qualifying patients, the commission ¹**[**, and if applicable a
 31 municipality in consultation with the commission,¹**]**¹ shall
 32 assess patient enrollment, inventory, sales of medical cannabis and
 33 medical cannabis products, and any other factors determined by the
 34 commission through regulation.

35 ¹As a condition of licensure following acceptance of a
 36 certification, an alternative treatment center shall meet the
 37 anticipated treatment needs of registered qualifying patients before
 38 meeting the retail ²**[needs]**² requests² of cannabis consumers, and
 39 the alternative treatment center shall not make operational changes
 40 that reduce access to medical cannabis for registered qualifying
 41 patients in order to operate a cannabis establishment ²or delivery
 42 service² ¹. If an alternative treatment center is found by the
 43 commission to not have sufficient quantities of medical cannabis or
 44 medical cannabis products available to meet the reasonably
 45 anticipated needs of qualified patients, the commission may issue
 46 fines, limit retail ¹or other¹ sales, temporarily suspend the

1 alternative treatment center's cannabis establishment ², distributor,
2 or delivery service² license, or issue any other penalties determined
3 by the commission through regulation.

4 (b) Beginning on a date determined by the commission, to be
5 not later than one year from the date determined by the commission
6 pursuant to paragraph (2) of subsection d. of section 6 of P.L. ,
7 c. (C.) (pending before the Legislature as this bill) to be the
8 first date on which cannabis retailers issued licenses and conditional
9 licenses begin retail sales of personal use cannabis items, an
10 alternative treatment center deemed to have licenses and issued
11 initial licenses pursuant to subparagraph (a) of this paragraph shall
12 certify to the commission, within a period of time, as determined by
13 the commission, prior to the date on which a license issued to the
14 alternative treatment center is set to expire, the continued material
15 accuracy of the alternative treatment center's previously approved
16 permit application to the Department of Health or to the
17 commission pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7),
18 and its compliance with the provisions of P.L. , c. (C.)
19 (pending before the Legislature as this bill) as required by the
20 commission for its operations concerning ¹**[personal use]**¹ cannabis
21 ¹or cannabis items¹ , and this certification shall be supplemented
22 with a new written approval from the municipality in which the
23 alternative treatment center is operating as a cannabis establishment
24 ²or delivery service² for which the initial license was issued,
25 approving the continued operations as a cannabis establishment
26 ²distributor, or delivery service² . The commission shall renew the
27 license of the alternative treatment center based upon a review of
28 the certification and supporting municipality's continued approval.
29 This license renewal process shall thereafter be followed for each
30 expiring license issued to the alternative treatment center.

31 b. Following the ¹**[18]** 24¹ month period set forth in
32 ²subparagraph (a) of paragraph (1) of² subsection a. of this section,
33 a cannabis ¹**[establishment]**¹ license holder shall be authorized to
34 hold:

35 (1) (a) a Class 1 Cannabis ¹**[Grower]** Cultivator¹ license, a
36 Class 2 Cannabis ¹**[Processor]** Manufacturer¹ license, ¹**[and]**¹ a
37 Class 5 Cannabis Retailer license ¹, and a Class 6 Cannabis
38 Delivery license¹ concurrently, provided that no license holder shall
39 be authorized to concurrently hold more than one license of each
40 class, except for an alternative treatment center that was deemed,
41 during the ¹**[18]** 24¹ month period, to have an additional Class 5
42 Cannabis Retailer license for each satellite dispensary that was
43 authorized and established by the alternative treatment center
44 pursuant to subparagraph (d) of paragraph (2) of subsection a. of
45 section 7 of P.L.2009, c.307 (C.24:6I-7). These additional retailer
46 licenses only permit the retail operation of each satellite dispensary,

1 and shall not be replaced by any other class of cannabis
2 establishment ²distributor, or delivery service² license; or

3 (b) a Class 3 Cannabis Wholesaler license ²and a Class 4
4 Cannabis Distributor license². In no case may a holder of a Class 3
5 Cannabis Wholesaler license concurrently ²**[holder]** hold² a license
6 of any other class ²**[or]** of² cannabis establishment ², or
7 concurrently hold a license as a cannabis delivery service².

8 (2) The commission, pursuant to its authority under paragraph
9 (1) of subsection a. of section 18 of P.L. , c. (C.) (pending
10 before the Legislature as this bill) for making periodic evaluations
11 of whether the number of each class of cannabis establishment, or
12 number of cannabis distributors or delivery services, is sufficient to
13 meet the market demands of the State, shall review the limit on the
14 number of cannabis ¹**[grower]** cultivator¹ licenses set forth in
15 subparagraph (b) of paragraph (1) of subsection a. of this section,
16 and providing there exist qualified applicants, ¹**[may make requests**
17 **for]** accept¹ new applications for additional licenses as it deems
18 necessary.

19 (3) A license holder may submit an application for a license of
20 any type that the license holder does not currently hold prior to the
21 expiration of the ¹**[18]** 24¹ month period set forth in ²subparagraph
22 (a) of paragraph (1) of² subsection a. of this section, or thereafter,
23 does not currently hold pursuant to paragraph (1) of this subsection,
24 provided that no license shall be awarded to the license holder
25 during the ¹**[18]** 24¹ month period, or thereafter, if issuance of the
26 license would violate the restrictions set forth in subsection a. of
27 this section concerning the classes of licenses that may be
28 concurrently held during that ¹**[18]** 24¹ month period, or the
29 restrictions set forth in paragraph (1) of this subsection ¹.¹

30

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

33 7. a. (1) The commission shall accept applications from
34 entities for permits to operate as medical cannabis cultivators,
35 medical cannabis manufacturers, and medical cannabis dispensaries.
36 For the purposes of this section, the term “permit” shall be deemed
37 to include a conditional permit issued pursuant to subsection d. of
38 section 11 of P.L.2019, c.153 (C.24:6I-7.1) and any permit issued to
39 a microbusiness pursuant to subsection e. of section 11 of P.L.2019,
40 c.153 (C.24:6I-7.1).

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

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

1 (ii) there shall be no more than 28 active medical cannabis
2 cultivator permits, including medical cannabis cultivator permits
3 deemed to be held by alternative treatment centers issued a permit
4 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) and
5 medical cannabis cultivator permits deemed to be held by
6 alternative treatment centers issued a permit subsequent to the
7 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
8 application submitted prior to the effective date of P.L.2019, c.153
9 (C.24:6I-5.1 et al.); provided that medical cannabis cultivator
10 permits issued to microbusinesses pursuant to subsection e. of
11 section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall not count toward
12 this limit.

13 (b) Commencing 18 months after the effective date of P.L.2019,
14 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to
15 concurrently hold a medical cannabis cultivator permit, a medical
16 cannabis manufacturer permit, and a medical cannabis dispensary
17 permit, provided that no permit holder shall be authorized to
18 concurrently hold more than one permit of each type. The permit
19 holder may submit an application for a permit of any type that the
20 permit holder does not currently hold prior to the expiration of the
21 18-month period described in subparagraph (a) of this paragraph,
22 provided that no additional permit shall be awarded to the permit
23 holder during the ²~~18 month~~ 18-month² period.

24 (c) (i) The provisions of subparagraph (a) of this paragraph shall
25 not apply to any alternative treatment center that was issued a
26 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
27 al.), to any alternative treatment center that was issued a permit
28 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
29 pursuant to an application submitted prior to the effective date of
30 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
31 treatment centers issued a permit pursuant to an application
32 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
33 al.) pursuant to a request for applications published in the New
34 Jersey Register prior to the effective date of P.L.2019, c.153
35 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
36 subparagraph (i) of subparagraph (a) of this paragraph, or to one
37 of the three alternative treatment centers issued a permit pursuant to
38 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
39 exempt from the provisions of subparagraph (i) of subparagraph
40 (a) of this paragraph, which alternative treatment centers shall be
41 deemed to concurrently hold a medical cannabis cultivator permit, a
42 medical cannabis manufacturer permit, and a medical cannabis
43 dispensary permit, and shall be authorized to engage in any conduct
44 authorized pursuant to those permits in relation to the cultivation,
45 manufacturing, and dispensing of medical cannabis.

1 (ii) In addition, each of the alternative treatment centers
2 described in subsubparagraph (i) of this subparagraph, to which the
3 provisions of subparagraph (a) of this paragraph ¹【do】 shall¹ not
4 apply ¹,¹ shall, upon the adoption of the initial rules and regulations
5 by the commission pursuant to subparagraph (a) of paragraph (1) of
6 subsection d. of section 6 of P.L. , c. (C.) (pending before
7 the Legislature as this bill), be deemed to either concurrently hold a
8 Class 1 Cannabis ¹【Grower】 Cultivator¹ license, a Class 2 Cannabis
9 ¹【Processor】 Manufacturer¹ License, ¹【and】¹ a Class 5 Cannabis
10 Retailer license, plus an additional Class 5 Cannabis Retailer
11 license for each satellite dispensary authorized and established by
12 the alternative treatment center pursuant to subparagraph (d) of this
13 paragraph, ¹and a Class 6 Cannabis Delivery license,¹ or hold a
14 Class 3 Cannabis Wholesaler license ², and may also be deemed to
15 hold a Class 4 Cannabis Distributor license² . Any alternative
16 treatment center deemed to hold one or more licenses as described
17 in this subsubparagraph may begin to operate as any authorized
18 class of cannabis establishment ², or establishment and delivery
19 service, or as a cannabis wholesaler and distributor,² upon receipt of
20 written approval from the municipality in which the proposed
21 establishment ²or delivery service, or distributor² is to be located
22 and obtaining an initial license or licenses, as applicable, issued by
23 the commission pursuant to paragraph (3) of subsection a. of section
24 33 of P.L. , c. (C.) (pending before the Legislature as this
25 bill).

26 (d) No entity may be issued or concurrently hold more than one
27 medical cannabis cultivator permit, one medical cannabis
28 manufacturer permit, or one medical cannabis dispensary permit at
29 one time, and no medical cannabis dispensary shall be authorized to
30 establish a satellite location on or after the effective date of
31 P.L.2019, c.153 (C.24:6I-5.1 et al.), except that an alternative
32 treatment center that was issued a permit prior to the effective date
33 of P.L.2019, c.153 (C.24:6I-5.1 et al.) or that was issued a permit
34 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
35 pursuant to an application submitted prior to the effective date of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be authorized to maintain
37 up to two satellite dispensaries, including any satellite dispensary
38 that was approved pursuant to an application submitted prior to or
39 within 18 months after the effective date of P.L.2019, c.153
40 (C.24:6I-5.1 et al.). The three alternative treatment centers issued
41 permits pursuant to section 11 of P.L.2019, c.153 (C.24:6I-7.1) that
42 are expressly exempt from the provisions of subsubparagraph (i) of
43 subparagraph (a) of this paragraph shall be authorized to establish
44 and maintain up to one satellite dispensary location, provided that
45 the satellite dispensary was approved pursuant to an application

1 submitted within 18 months after the effective date of P.L.2019,
2 c.153 (C.24:6I-5.1 et al.).

3 (e) No entity issued a medical cannabis cultivator, medical
4 cannabis manufacturer, or medical cannabis dispensary permit may
5 concurrently hold a clinical registrant permit issued pursuant to
6 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a
7 clinical registrant permit pursuant to section 13 of P.L.2019, c.153
8 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator
9 permit, a medical cannabis manufacturer permit, or a medical
10 cannabis dispensary permit.

11 (f) Any medical cannabis dispensary permit holder may be
12 approved by the commission to operate a **[medical]** cannabis
13 consumption area, provided that the permit holder otherwise meets
14 the requirements of section 28 of P.L.2019, c.153 (C.24:6I-21).

15 (g) An alternative treatment center that was issued a permit prior
16 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
17 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
18 5.1 et al.) pursuant to an application submitted pursuant to a request
19 for applications published in the New Jersey Register prior to the
20 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
21 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
22 5.1 et al.) pursuant to an application submitted prior to the effective
23 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to
24 submit an attestation signed by a bona fide labor organization
25 stating that the alternative treatment center has entered into a labor
26 peace agreement with such bona fide labor organization no later
27 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-
28 5.1 et al.) or no later than 100 days after the date the alternative
29 treatment center first opens, whichever date is later. The
30 maintenance of a labor peace agreement with a bona fide labor
31 organization shall be an ongoing material condition of maintaining
32 the alternative treatment center's permit. The failure to submit an
33 attestation as required pursuant to this subparagraph within 100
34 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
35 or within 100 days after the alternative treatment center first opens,
36 as applicable, shall result in the suspension or revocation of the
37 alternative treatment center's permit, provided that the commission
38 may grant an extension to this deadline to the alternative treatment
39 center based upon extenuating circumstances or for good cause
40 shown.

41 ²As used in this subparagraph, "bona fide labor organization"
42 means a labor organization of any kind or employee representation
43 committee, group, or association, in which employees participate
44 and which exists and is constituted for the purpose, in whole or in
45 part, of collective bargaining or otherwise dealing with medical or
46 personal use cannabis employers concerning grievances, labor

1 disputes, terms or conditions of employment, including wages and
2 rates of pay, or other mutual aid or protection in connection with
3 employment, and may be characterized by: it being a party to one or
4 more executed collective bargaining agreements with medical or
5 personal use cannabis employers, in this State or another state; it
6 having a written constitution or bylaws in the three immediately
7 preceding years; it filing the annual financial report required of
8 labor organizations pursuant to subsection (b) of 29 U.S.C. 431, or
9 it having at least one audited financial report in the three
10 immediately preceding years; it being affiliated with any regional or
11 national association of unions, including but not limited to state and
12 federal labor councils; or it being a member of a national labor
13 organization that has at least 500 general members in a majority of
14 the 50 states of the United States.²

15 (h) An alternative treatment center that was issued a permit prior
16 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)¹, that
17 was issued a permit after the effective date of P.L.2019, c.153
18 (C.24:6I-5.1 et al.) pursuant to an application submitted pursuant to
19 a request for applications published in the New Jersey Register
20 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or
21 that was issued a permit after the effective date of P.L.2019, c.153
22 (C.24:6I-5.1 et al.) pursuant to an application submitted prior to the
23 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.),¹ shall be
24 permitted to cultivate from up to two physical locations, provided
25 that the alternative treatment center's combined mature cannabis
26 plant grow canopy between both locations shall not exceed 150,000
27 square feet of bloom space or the square footage of canopy
28 permitted under the largest tier in the tiered system adopted by the
29 commission pursuant to paragraph (2) of subsection b. of section 21
30 of P.L. , c. (C.) (pending before the Legislature as this bill).

31 (3) The commission shall seek to ensure the availability of a
32 sufficient number of medical cannabis cultivators, medical cannabis
33 manufacturers, and medical cannabis dispensaries throughout the
34 State, pursuant to need, including at least two each in the northern,
35 central, and southern regions of the State. Medical cannabis
36 cultivators, medical cannabis manufacturers, and medical cannabis
37 dispensaries issued permits pursuant to this section may be
38 nonprofit or for-profit entities.

39 (4) The commission shall periodically evaluate whether the
40 number of medical cannabis cultivator, medical cannabis
41 manufacturer, and medical cannabis dispensary permits issued are
42 sufficient to meet the needs of qualifying patients in the State, and
43 shall ²**[make requests for]** accept new² applications and issue such
44 additional permits as shall be necessary to meet those needs. The
45 types of permits requested and issued, and the locations of any
46 additional permits that are authorized, shall be in the discretion of

1 the commission based on the needs of qualifying patients in the
2 State.

3 (5) (a) A medical cannabis cultivator shall be authorized to:
4 acquire a reasonable initial and ongoing inventory, as determined
5 by the commission, of cannabis seeds or seedlings and
6 paraphernalia; possess, cultivate, plant, grow, harvest, and package
7 medical cannabis, including prerolled forms, for any authorized
8 purpose, including, but not limited to, research purposes; and
9 deliver, transfer, transport, distribute, supply, or sell medical
10 cannabis and related supplies to any medical cannabis cultivator,
11 medical cannabis manufacturer, medical cannabis dispensary, or
12 clinical registrant in the State. In no case shall a medical cannabis
13 cultivator operate or be located on land that is valued, assessed or
14 taxed as an agricultural or horticultural use pursuant to the
15 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
16 seq.).

17 (b) A medical cannabis manufacturer shall be authorized to:
18 purchase or acquire medical cannabis from any medical cannabis
19 cultivator, medical cannabis manufacturer, or clinical registrant in
20 the State; possess and utilize medical cannabis in the manufacture
21 ²[, production,]² and creation of medical cannabis products; and
22 deliver, transfer, transport, supply, or sell medical cannabis
23 products and related supplies to any medical cannabis manufacturer,
24 medical cannabis dispensary, or clinical registrant in the State.

25 (c) A medical cannabis dispensary shall be authorized to:
26 purchase or acquire medical cannabis from any medical cannabis
27 cultivator, medical cannabis dispensary, or clinical registrant in the
28 State and medical cannabis products and related supplies from any
29 medical cannabis manufacturer, medical cannabis dispensary, or
30 clinical registrant in the State; purchase or acquire paraphernalia
31 from any legal source; and distribute, supply, sell, or dispense
32 medical cannabis, medical cannabis products, paraphernalia, and
33 related supplies to qualifying patients or their designated or
34 institutional caregivers who are registered with the commission
35 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
36 cannabis dispensary may furnish medical cannabis, medical
37 cannabis products, paraphernalia, and related supplies to a medical
38 cannabis handler for delivery to a registered qualifying patient,
39 designated caregiver, or institutional caregiver consistent with the
40 requirements of subsection i. of section 27 of P.L.2019, c.153
41 (C.24:6I-20).

42 (6) A medical cannabis cultivator shall not be limited in the
43 number of strains of medical cannabis cultivated, and a medical
44 cannabis manufacturer shall not be limited in the number or type of
45 medical cannabis products manufactured ²[, produced,]² or created.
46 A medical cannabis manufacturer may package, and a medical

1 cannabis dispensary may directly dispense medical cannabis and
2 medical cannabis products to qualifying patients and their
3 designated and institutional caregivers in any authorized form.
4 Authorized forms shall include dried form, oral lozenges, topical
5 formulations, transdermal form, sublingual form, tincture form, or
6 edible form, or any other form as authorized by the commission.
7 Edible form shall include pills, tablets, capsules, drops or syrups,
8 oils, chewable forms, and any other form as authorized by the
9 commission, except that the edible forms made available to minor
10 patients shall be limited to forms that are medically appropriate for
11 children, including pills, tablets, capsules, chewable forms, and
12 drops, oils, syrups, and other liquids.

13 (7) Nonprofit medical cannabis cultivators, medical cannabis
14 manufacturers, and medical cannabis dispensaries need not be
15 recognized as a 501(c)(3) organization by the federal Internal
16 Revenue Service.

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

21 c. A person who has been convicted of a crime of the first,
22 second, or third degree under New Jersey law or of a crime
23 involving any controlled dangerous substance or controlled
24 substance analog as set forth in chapter 35 of Title 2C of the New
25 Jersey Statutes except paragraph (11) or (12) of subsection b. of
26 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
27 N.J.S.2C:35-10, or any similar law of the United States or any other
28 state shall not be issued a permit to operate as a medical cannabis
29 cultivator, medical cannabis manufacturer, medical cannabis
30 dispensary, or clinical registrant or be a director, officer, or
31 employee of a medical cannabis cultivator, medical cannabis
32 manufacturer, medical cannabis dispensary, or clinical registrant,
33 unless such conviction occurred after the effective date of P.L.2009,
34 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
35 relating to possession or sale of cannabis for conduct that is
36 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
37 c.158 (C.18A:40-12.22 et al.).

38 d. (1) The commission shall require each applicant seeking a
39 permit to operate as, to be a director, officer, or employee of, or to
40 be a significantly involved person in, a medical cannabis cultivator,
41 medical cannabis manufacturer, medical cannabis dispensary, or
42 clinical registrant to undergo a criminal history record background
43 check.

44 Any individual seeking to become a director, officer, or
45 employee of a medical cannabis cultivator, medical cannabis
46 manufacturer, medical cannabis dispensary, or clinical registrant,

1 after issuance of an initial permit shall notify the commission and
2 shall complete a criminal history record background check and
3 provide all information as may be required by the commission as a
4 condition of assuming a position as director, officer, or employee of
5 the permitted entity. An individual who ²~~incurs~~ secures² an
6 investment interest or gains the authority to make controlling
7 decisions in a permitted entity that makes the individual a
8 significantly involved person shall notify the commission, complete
9 a criminal history record background check, and provide all
10 information as may be required by the commission no later than 30
11 days after the date the individual becomes a significantly involved
12 person, or any permit issued to the individual or group of which the
13 significantly involved person is a member shall be revoked and the
14 individual or group shall be deemed ineligible to hold any
15 ownership or investment interest in a medical cannabis cultivator,
16 medical cannabis manufacturer, medical cannabis dispensary, or
17 clinical registrant for a period of at least two years, commencing
18 from the date of revocation, and for such additional period of time
19 as the commission deems appropriate, based on the duration of the
20 nondisclosure, the size of the individual's or group's investment
21 interest in the permitted entity, the amount of profits, revenue, or
22 income realized by the individual or group from the permitted entity
23 during the period of nondisclosure, and whether the individual had a
24 disqualifying conviction or would otherwise have been deemed
25 ineligible to be a significantly involved person in a medical
26 cannabis cultivator, medical cannabis manufacturer, medical
27 cannabis dispensary, or clinical registrant.

28 For purposes of this section, the term "applicant" shall include
29 any owner, director, officer, or employee of, and any significantly
30 involved person in, a medical cannabis cultivator, medical cannabis
31 manufacturer, medical cannabis dispensary, or clinical registrant.
32 The commission is authorized to exchange fingerprint data with and
33 receive criminal history record background information from the
34 Division of State Police and the Federal Bureau of Investigation
35 consistent with the provisions of applicable ²~~federal and~~² State
36 and federal² laws, rules, and regulations. The Division of State
37 Police shall forward criminal history record background
38 information to the commission in a timely manner when requested
39 pursuant to the provisions of this section.

40 An applicant who is required to undergo a criminal history
41 record background check pursuant to this section shall submit to
42 being fingerprinted in accordance with applicable State and federal
43 laws, rules, and regulations. No check of criminal history record
44 background information shall be performed pursuant to this section
45 unless the applicant has furnished the applicant's written consent to
46 that check. An applicant who is required to undergo a criminal

1 history record background check pursuant to this section who
2 refuses to consent to, or cooperate in, the securing of a check of
3 criminal history record background information shall not be
4 considered for a permit to operate, or authorization to be employed
5 at or to be a significantly involved person in, a medical cannabis
6 cultivator, medical cannabis manufacturer, medical cannabis
7 dispensary, or clinical registrant. An applicant shall bear the cost
8 for the criminal history record background check, including all
9 costs of administering and processing the check.

10 (2) The commission shall not approve an applicant for a permit
11 to operate, or authorization to be employed at or to be a
12 significantly involved person in, a medical cannabis cultivator,
13 medical cannabis manufacturer, medical cannabis dispensary, or
14 clinical registrant if the criminal history record background
15 information of the applicant reveals a disqualifying conviction as
16 set forth in subsection c. of this section.

17 (3) Upon receipt of the criminal history record background
18 information from the Division of State Police and the Federal
19 Bureau of Investigation, the commission shall provide written
20 notification to the applicant of the applicant's qualification ²**[for]**²
21 or disqualification for a permit to operate or be a director, officer,
22 or employee of, or a significantly involved person in, a medical
23 cannabis cultivator, medical cannabis manufacturer, medical
24 cannabis dispensary, or clinical registrant.

25 If the applicant is disqualified because of a disqualifying
26 conviction pursuant to the provisions of this section, the conviction
27 that constitutes the basis for the disqualification shall be identified
28 in the written notice.

29 (4) The Division of State Police shall promptly notify the
30 commission in the event that an individual who was the subject of a
31 criminal history record background check conducted pursuant to
32 this section is convicted of a crime or offense in this State after the
33 date the background check was performed. Upon receipt of that
34 notification, the commission shall make a determination regarding
35 the continued eligibility to operate or be a director, officer, or
36 employee of, or a significantly involved person in, a medical
37 cannabis cultivator, medical cannabis manufacturer, medical
38 cannabis dispensary, or clinical registrant.

39 (5) Notwithstanding the provisions of subsection c. of this
40 section to the contrary, the commission may offer provisional
41 authority for an applicant to be an owner, director, officer, or
42 employee of, or a significantly involved person in, a medical
43 cannabis cultivator, medical cannabis manufacturer, medical
44 cannabis dispensary, or clinical registrant for a period not to exceed
45 three months if the applicant submits to the commission a sworn

1 statement attesting that the person has not been convicted of any
2 disqualifying conviction pursuant to this section.

3 (6) Notwithstanding the provisions of subsection c. of this
4 section to the contrary, no applicant to be an owner, director,
5 officer, or employee of, or a significantly involved person in, a
6 medical cannabis cultivator, medical cannabis manufacturer,
7 medical cannabis dispensary, or clinical registrant shall be
8 disqualified on the basis of any conviction disclosed by a criminal
9 history record background check conducted pursuant to this section
10 if the individual has affirmatively demonstrated to the commission
11 clear and convincing evidence of rehabilitation. In determining
12 whether clear and convincing evidence of rehabilitation has been
13 demonstrated, the following factors shall be considered:

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

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

17 (c) the circumstances under which the crime or offense
18 occurred;

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

20 (e) the age of the individual when the crime or offense was
21 committed;

22 (f) whether the crime or offense was an isolated or repeated
23 incident;

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

26 (h) any evidence of rehabilitation, including good conduct in
27 prison or in the community, counseling or psychiatric treatment
28 received, acquisition of additional academic or vocational
29 schooling, successful participation in correctional work-release
30 programs, or the recommendation of those who have had the
31 individual under their supervision.

32 e. The commission shall issue a permit to operate or be an
33 owner, director, officer, or employee of, or a significantly involved
34 person in, a medical cannabis cultivator, medical cannabis
35 manufacturer, or medical cannabis dispensary if the commission
36 finds that issuing such a permit would be consistent with the
37 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
38 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
39 met. The denial of an application shall be considered a final agency
40 decision, subject to review by the Appellate Division of the
41 Superior Court. A permit to operate a medical cannabis cultivator,
42 medical cannabis manufacturer, or medical cannabis dispensary
43 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1
44 et al.) shall be valid for one year and shall be renewable annually.

45 f. A person who has been issued a permit pursuant to this
46 section or a clinical registrant permit pursuant to section 13 of

1 P.L.2019, c.153 (C.24:6I-7.3) shall display the permit at the front
2 entrance to the premises of the permitted facility at all times when
3 the facility is engaged in conduct authorized pursuant to P.L.2009,
4 c.307 (C.24:6I-1 et al.) involving medical cannabis, including, but
5 not limited to, the cultivating, manufacturing, or dispensing of
6 medical cannabis.

7 g. A medical cannabis cultivator, medical cannabis
8 manufacturer, medical cannabis dispensary, or clinical registrant
9 shall report any change in information to the commission not later
10 than 10 days after such change, or the permit shall be deemed null
11 and void.

12 h. Each medical cannabis dispensary and clinical registrant
13 shall maintain and make available on its Internet website, if any, a
14 standard price list that shall apply to all medical cannabis, medical
15 cannabis products, and related supplies and paraphernalia sold or
16 dispensed by the medical cannabis dispensary or clinical registrant,
17 which prices shall be reasonable and consistent with the actual costs
18 incurred by the medical cannabis dispensary or clinical registrant in
19 connection with acquiring and selling, transferring, or dispensing
20 the medical cannabis or medical cannabis product and related
21 supplies and paraphernalia. The prices charged by the medical
22 cannabis dispensary or clinical registrant shall not deviate from the
23 prices indicated on the entity's current price list, provided that a
24 price list maintained by a medical cannabis dispensary or clinical
25 registrant may allow for medical cannabis to be made available at a
26 reduced price or without charge to qualifying patients who have a
27 demonstrated financial hardship, as that term shall be defined by the
28 commission by regulation. A price list required pursuant to this
29 subsection may be revised no more than once per month, and each
30 medical cannabis dispensary and clinical registrant shall be
31 responsible for ensuring that the commission has a copy of the
32 facility's current price list. A medical cannabis dispensary or
33 clinical registrant shall be liable to a civil penalty of \$1,000 for
34 each sale that occurs at a price that deviates from the entity's
35 current price list, and to a civil penalty of \$10,000 for each week
36 during which the entity's current price list is not on file with the
37 commission. Any civil penalties collected by the commission
38 pursuant to this section shall be ²deposited in the "Cannabis
39 Regulatory, Enforcement Assistance, and Marketplace
40 Modernization Fund" established under section 41 of P.L. _____,
41 c. _____ (C. _____) (pending before the Legislature as this bill), and²
42 used by the commission for the purposes of administering the State
43 medical cannabis program.

44 i. The commission shall adopt regulations to:

45 (1) require such written documentation of each delivery or
46 dispensation of cannabis to, and pickup of cannabis for, a registered
47 qualifying patient, including the date and amount dispensed, and, in

1 the case of delivery, the date and times the delivery commenced and
2 was completed, the address where the medical cannabis was
3 delivered, the name of the patient or caregiver to whom the medical
4 cannabis was delivered, and the name, handler certification number,
5 and delivery certification number of the medical cannabis handler
6 who performed the delivery, to be maintained in the records of the
7 medical cannabis dispensary or clinical registrant, as the
8 commission determines necessary to ensure effective
9 documentation of the operations of each medical cannabis
10 dispensary or clinical registrant;

11 (2) monitor, oversee, and investigate all activities performed by
12 medical cannabis cultivators, medical cannabis manufacturers,
13 medical cannabis dispensaries, and clinical registrants;

14 (3) ensure adequate security of all facilities 24 hours per day
15 and security of all delivery methods to registered qualifying
16 patients; and

17 (4) establish thresholds for administrative action to be taken
18 against a medical cannabis cultivator, medical cannabis
19 manufacturer, medical cannabis dispensary, or clinical registrant
20 and its employees, officers, investors, directors, or governing board
21 pursuant to subsection m. of this section, including, but not limited
22 to, specific penalties or disciplinary actions that may be imposed in
23 a summary proceeding.

24 j. (1) Each medical cannabis cultivator, medical cannabis
25 manufacturer, medical cannabis dispensary, and clinical registrant
26 shall require the owners, directors, officers, and employees at the
27 permitted facility to complete at least eight hours of ongoing
28 training each calendar year. The training shall be tailored to the
29 roles and responsibilities of the individual's job function, and shall
30 include training on confidentiality and such other topics as shall be
31 required by the commission.

32 (2) Each medical cannabis dispensary and clinical registrant
33 shall consider whether to make interpreter services available to the
34 population served, including for individuals with a visual or hearing
35 impairment. The commission shall provide assistance to any
36 medical cannabis dispensary or clinical registrant that seeks to
37 provide such services in locating appropriate interpreter resources.
38 A medical cannabis dispensary or clinical registrant shall assume
39 the cost of providing interpreter services pursuant to this
40 subsection.

41 k. (1) The first six alternative treatment centers issued permits
42 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
43 shall be authorized to sell or transfer such permit and other assets to
44 a for-profit entity, provided that: the sale or transfer is approved by
45 the commission; each owner, director, officer, and employee of, and
46 significantly involved person in, the entity seeking to purchase or

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

27 (2) The sale or transfer of any interest of five percent or more in
28 a medical cannabis cultivator, medical cannabis manufacturer,
29 medical cannabis dispensary, or clinical registrant permit shall be
30 subject to approval by the commission and conditioned on the entity
31 that is purchasing or receiving transfer of the interest in the medical
32 cannabis cultivator, medical cannabis manufacturer, medical
33 cannabis dispensary, or clinical registrant permit completing a
34 criminal history record background check pursuant to the
35 requirements of subsection d. of this section.

36 1. No employee of any department, division, agency, board, or
37 other State, county, or local government entity involved in the
38 process of reviewing, processing, or making determinations with
39 regard to medical cannabis cultivator, medical cannabis
40 manufacturer, medical cannabis dispensary, or clinical registrant
41 permit applications shall have any direct or indirect financial
42 interest in the cultivating, manufacturing, or dispensing of medical
43 cannabis or related paraphernalia, or otherwise receive anything of
44 value from an applicant for a medical cannabis cultivator, medical
45 cannabis manufacturer, medical cannabis dispensary, or clinical

1 registrant permit in exchange for reviewing, processing, or making
2 any recommendations with respect to a permit application.

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

18 (cf: P.L.2019, c.153, s.10)

19

20 35. (New section) Medical Cannabis Provisions.

21 Nothing in P.L. , c. (C.) (pending before the
22 Legislature as this bill) shall be construed:

23 a. to limit any privileges or rights of a registered qualifying
24 patient, designated caregiver, institutional caregiver, or alternative
25 treatment center as provided in the “Jake Honig Compassionate Use
26 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), or
27 P.L.2015, c.158 (C.18A:40-12.22 et al.) concerning the ²**[medical]**²
28 use of ²medical² cannabis ²and medical cannabis products² ;

29 b. to authorize an alternative treatment center to ²**[dispense]**
30 provide² cannabis ²items² to or on behalf of a person who is not a
31 registered qualifying patient, unless that alternative treatment center
32 is deemed to be licensed to engage in the retail sale of cannabis
33 ²items² pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) and
34 issued a license by the commission following receipt of a
35 municipality’s written approval for a cannabis retailer pursuant to
36 subparagraph (a) of paragraph (3) of subsection a. of section 33 of
37 P.L. , c. (C.) (pending before the Legislature as this bill), or
38 otherwise has applied for a license, and been approved and issued a
39 license by the commission pursuant to P.L. , c. (C.)
40 (pending before the Legislature as this bill) to simultaneously
41 operate as a cannabis retailer, and the alternative treatment center
42 has certified to the commission ¹**[**, and to the municipality in which
43 it is located and intends to engage in retail sales,¹ pursuant to
44 paragraph (3) of subsection a. of that section ²33 (C. _____),² ¹ that
45 it has sufficient quantities of medical cannabis and medical
46 cannabis products available to meet the reasonably anticipated
47 ²**[need]** needs² of registered qualifying patients, and the

1 commission ¹【, and municipality, if applicable,】¹ has accepted the
2 alternative treatment center’s certification;

3 c. to authorize an alternative treatment center to purchase or
4 acquire cannabis or cannabis ¹【products】 items¹ in a manner or
5 from a source not permitted under the “Jake Honig Compassionate
6 Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) or
7 P.L.2015, c.158 (C.18A:40-12.22 et al.), unless that alternative
8 treatment center is deemed to be a licensed cannabis establishment
9 ²or delivery service² pursuant to section 7 of P.L.2009, c.307
10 (C.24:6I-7) and issued a license by the commission following
11 receipt of a municipality’s written approval for the cannabis
12 establishment ²or delivery service² pursuant to subparagraph (a) of
13 paragraph (3) of subsection a. of section 33 of P.L. ,
14 c. (C.) (pending before the Legislature as this bill), or
15 otherwise has applied for a license, and been approved and issued a
16 license by the commission pursuant to P.L. , c. (C.)
17 (pending before the Legislature as this bill) to simultaneously
18 operate as a cannabis establishment ²or delivery service² , and the
19 alternative treatment center has certified to the commission ¹【, and
20 if operating as a cannabis retailer, to the municipality in which it is
21 located and intends to engage in retail sales,】 pursuant to paragraph
22 (3) of subsection a. of that section ²33 (C.),² ¹ that it has
23 sufficient quantities of medical cannabis and, if applicable, medical
24 cannabis products available to meet the reasonably anticipated
25 ²【treatment】² needs of registered qualifying patients, and the
26 commission ¹【, and municipality, if applicable,】¹ has accepted the
27 alternative treatment center’s certification;

28 d. to authorize an alternative treatment center issued a permit
29 under section 7 of P.L.2009, c.307 (C.24:6I-7) to operate on the
30 same premises as a cannabis license holder or applicant for a
31 license, unless that alternative treatment center is deemed to be a
32 licensed cannabis establishment ²or delivery service² pursuant to
33 section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a license by the
34 commission following receipt of a municipality’s written approval
35 for the cannabis establishment ²or delivery service² pursuant to
36 subparagraph (a) of paragraph (3) of subsection a. of section 33 of
37 P.L. , c. (C.) (pending before the Legislature as this bill), or
38 otherwise has applied for a license, and been approved and issued a
39 license by the commission pursuant to P.L. , c. (C.)
40 (pending before the Legislature as this bill) to simultaneously
41 operate as a cannabis establishment ²or delivery service² , and the
42 alternative treatment center has certified to the commission ¹【, and
43 if operating as a cannabis retailer, to the municipality in which it is
44 located and intends to engage in retail sales,】 pursuant to paragraph
45 (3) of subsection a. of that section ²33 (C.),² ¹ that it has
46 sufficient quantities of medical cannabis and, if applicable, medical
47 cannabis products available to meet the reasonably anticipated

1 ²**[treatment]**² needs of registered qualifying patients, and the
 2 commission ¹**[**, and municipality, if applicable,**]**¹ has accepted the
 3 alternative treatment center's certification ¹**[**; or

4 In determining whether to accept, pursuant to this section, an
 5 alternative treatment center's certification that it has sufficient
 6 quantities of medical cannabis or medical cannabis products
 7 available to meet the reasonably anticipated needs of registered
 8 qualifying patients, the commission, and if applicable a
 9 municipality in consultation with the commission, shall
 10 assess patient enrollment, inventory, sales of medical cannabis and
 11 medical cannabis products, and any other factors determined by the
 12 commission through regulation. If an alternative treatment center is
 13 found by the commission to not have sufficient quantities of
 14 medical cannabis or medical cannabis products available to meet
 15 the reasonably anticipated needs of qualified patients, the
 16 commission may issue fines, limit retail sales, temporarily suspend
 17 the alternative treatment center's cannabis establishment license, or
 18 issue any other penalties determined by the commission through
 19 regulation.**]**¹

20
 21 36. (New section) Medical Cannabis – Additional Regulatory
 22 Requirements.

23 ¹**[a.]**¹ An alternative treatment center issued a permit under
 24 section 7 of P.L.2009, c.307 (C.24:6I-7) shall, as a condition of
 25 engaging in operations associated with ¹**[personal use]**¹ cannabis
 26 ¹or cannabis items¹, after being deemed to be licensed pursuant to
 27 that section and issued a license by the commission following
 28 receipt of a municipality's written approval for a cannabis
 29 ¹**[retailer]** establishment¹ ²or delivery service² pursuant to
 30 subparagraph (a) of paragraph (3) of subsection a. of section 33 of
 31 P.L. , c. (C.) (pending before the Legislature as this bill), or
 32 otherwise issued a license by the commission pursuant to P.L. ,
 33 c. (C.) (pending before the Legislature as this bill) to
 34 simultaneously operate as a cannabis establishment ²or delivery
 35 service², certify to the commission ¹**[**, and if operating as a
 36 cannabis retailer, to the municipality in which it is located and
 37 intends to engage in retail sales,**]** pursuant to paragraph (3) of
 38 subsection a. of that section ²33 (C.),² ¹ that it has sufficient
 39 quantities of medical cannabis and, if applicable, medical cannabis
 40 products available to meet the reasonably anticipated ²**[treatment]**²
 41 needs of registered qualifying patients, and the commission ¹**[**, and
 42 municipality, if applicable,**]**¹ has accepted the alternative treatment
 43 center's certification.

44 ¹**[b.**In determining whether to accept, pursuant to this section, an
 45 alternative treatment center's certification that it has sufficient
 46 quantities of medical cannabis or medical cannabis products
 47 available to meet the reasonably anticipated needs of registered

1 qualifying patients, the commission, and if applicable a
2 municipality in consultation with the commission, shall
3 assess patient enrollment, inventory, sales of medical cannabis and
4 medical cannabis products, and any other factors determined by the
5 commission through regulation. If an alternative treatment center is
6 found by the commission to not have sufficient quantities of
7 medical cannabis or medical cannabis products available to meet
8 the reasonably anticipated needs of qualified patients, the
9 commission may issue fines, limit retail sales, temporarily suspend
10 the alternative treatment center's cannabis establishment license, or
11 issue any other penalties determined by the commission through
12 regulation.】¹

13

14 37. (New section) ²【Businesses】 Business² Treatment of
15 Cannabis Establishments, Distributors, and Delivery Services.

16 With respect to the business treatment of cannabis
17 establishments, distributors, and delivery services:

18 a. A financial institution, as defined by section 2 of P.L.1983,
19 c.466 (C.17:16K-2), shall not, subject to the suspension or
20 revocation of a charter or other available enforcement action by the
21 Commissioner of Banking and Insurance, engage in any
22 discriminatory activities with respect to the banking activities of a
23 cannabis establishment, distributor, or delivery service, or the
24 banking activities of a person associated with a cannabis
25 establishment, distributor, or delivery service.

26 b. (1) In no case shall a cannabis ¹【grower】 cultivator¹ operate
27 or be located on land that is valued, assessed or taxed as an
28 agricultural or horticultural use pursuant to the "Farmland
29 Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

30 (2) As used in this paragraph, "State or local economic
31 incentive" means a financial incentive, awarded by the State, any
32 political subdivision of the State, or any agency or instrumentality
33 of the State or political subdivision of the State, to any non-
34 governmental person, association, for-profit or non-profit
35 corporation, joint venture, limited liability company, partnership,
36 sole proprietorship, or other form of business organization or entity,
37 or agreed to between the government and non-governmental parties,
38 for the purpose of stimulating economic development or
39 redevelopment in New Jersey, including, but not limited to, a bond,
40 grant, loan, loan guarantee, matching fund, tax credit, or other tax
41 expenditure.

42 (a) (i) A person or entity issued a license to operate as a
43 cannabis ¹【grower】 cultivator¹, cannabis ¹【processor】
44 manufacturer¹, cannabis wholesaler, cannabis distributor, cannabis
45 retailer, or cannabis delivery service, or that employs a certified
46 personal use cannabis handler to perform work for or on behalf of a

1 cannabis establishment, distributor, or delivery service shall not be
2 eligible for a State or local economic incentive.

3 (ii) The issuance of a license to operate as a cannabis ¹**[grower]**
4 cultivator¹ , cannabis ¹**[processor]** manufacturer¹ , cannabis
5 wholesaler, cannabis distributor, cannabis retailer, or cannabis
6 delivery service, or the issuance of a certification to perform work
7 for or on behalf of a cannabis establishment, distributor, or delivery
8 service to a person or entity that has been awarded a State or local
9 economic incentive shall invalidate the right of the person or entity
10 to benefit from the economic incentive as of the date of issuance of
11 the license or certification.

12 (b) (i) A property owner, developer, or operator of a project to
13 be used, in whole or in part, ²**[as]** by or to benefit² a cannabis
14 ¹**[grower]** cultivator¹ , cannabis ¹**[processor]** manufacturer¹ ,
15 cannabis wholesaler, cannabis distributor, cannabis retailer, or
16 cannabis delivery service, or to employ a certified personal use
17 cannabis handler to perform work for or on behalf of a cannabis
18 establishment, distributor, or delivery service, shall not be eligible
19 for a State or local economic incentive during the period of time
20 that the economic incentive is in effect.

21 (ii) The issuance of a license to operate as a cannabis ¹**[grower]**
22 cultivator¹ , cannabis ¹**[processor]** manufacturer¹, cannabis
23 wholesaler, cannabis distributor, cannabis retailer, or cannabis
24 delivery service, or issuance of a certification ²**[to a personal use**
25 **cannabis handler employed by a person or entity]**² to perform work
26 for or on behalf of a cannabis establishment, distributor, or delivery
27 service at a location that is the subject of a State or local economic
28 incentive shall invalidate the right of a property owner, developer,
29 or operator to benefit from the economic incentive as of the date of
30 issuance of the license ²or certification² .

31

32 38. Section 29 of P.L.2019, c.153 (C.24:6I-22) is amended to
33 read as follows:

34 29. a. (1) The commission shall develop and maintain a system
35 for tracking :

36 (a) the cultivation of medical cannabis, the manufacturing of
37 medical cannabis products, the transfer of medical cannabis and
38 medical cannabis products between medical cannabis cultivators,
39 medical cannabis manufacturers, medical cannabis dispensaries,
40 clinical registrants, ²**[and]**² testing laboratories as authorized
41 pursuant to paragraph (5) of subsection a. of section 7 of P.L.2009,
42 c.307 (C.24:6I-7) ²**[and]** ²,² subsection h. of section 27 of P.L.2019,
43 c.153 (C.24:6I-20), ²and cannabis testing facilities pursuant to
44 section 18 of P.L. , c. (C.) (pending before the Legislature
45 as this bill,² and the dispensing or delivery of medical cannabis to

1 registered qualifying patients, designated caregivers, and
2 institutional caregivers; and

3 (b) the production of personal use cannabis, the ¹[processing]
4 manufacturing¹ of cannabis items, the transportation by cannabis
5 distributors or other transfer of cannabis items between the
6 premises of cannabis ¹[growers] cultivators¹ , cannabis
7 ¹[processors] manufacturers¹ , cannabis wholesalers, cannabis
8 retailers, and ²authorized laboratories and² testing facilities, the
9 retail sale of cannabis items to persons 21 years of age or older, and
10 the delivery of cannabis items to persons 21 years of age or older
11 ²through cannabis delivery services or² by personal use cannabis
12 handlers as authorized pursuant to P.L. , c. (C.) (pending
13 before the Legislature as this bill).

14 (2) The tracking system shall, among other features as
15 determined by the commission, utilize a stamp affixed to a
16 container or package for medical cannabis or personal use cannabis
17 items to assist in the collection of the information required to be
18 tracked pursuant to subsection c. of this section.

19 (a) The commission, in consultation with the Director of the
20 Division of Taxation, shall secure stamps based on the designs,
21 specifications, and denominations prescribed by the commission in
22 regulation, and which incorporate encryption, security, and
23 counterfeit-resistant features to prevent the unauthorized
24 duplication or counterfeiting of any stamp. The stamp shall be
25 readable by a scanner or similar device that may be used by the
26 commission, the Director of the Division of Taxation, **[and]**
27 medical cannabis cultivators, medical cannabis manufacturers,
28 medical cannabis dispensaries, **[or]** and clinical registrants , and
29 personal use cannabis ¹[growers] cultivators¹ , cannabis
30 ¹[processors] manufacturers¹ , cannabis wholesalers, cannabis
31 distributors, cannabis retailers, and cannabis delivery services.

32 (b) The commission, and the Director of the Division of
33 Taxation if authorized by the commission, shall make stamps
34 available for purchase by medical cannabis cultivators, medical
35 cannabis manufacturers, and clinical registrants, and personal use
36 cannabis ¹[growers] cultivators¹ , cannabis ¹[processors]
37 manufacturers¹ , cannabis wholesalers, cannabis distributors,
38 cannabis retailers, and cannabis delivery services, which shall be
39 the only entities authorized to affix a stamp to a container or
40 package for medical cannabis or personal use cannabis ¹items¹ in
41 accordance with applicable regulations promulgated by the
42 commission in consultation with the Director of the Division of
43 Taxation. The price charged by the commission **[to medical**
44 **cannabis cultivators, medical cannabis manufacturers, and clinical**
45 **registrants]** for a stamp **[required pursuant to this paragraph]** shall

1 be reasonable and commensurate with the cost of producing the
2 stamp.

3 (c) A medical cannabis cultivator, medical cannabis
4 manufacturer, medical cannabis dispensary, clinical registrant, or
5 certified medical cannabis handler, or a personal use cannabis
6 ¹grower¹ cultivator¹, cannabis ¹processor¹ manufacturer¹,
7 cannabis wholesaler, cannabis distributor, cannabis retailer,
8 cannabis delivery service, or certified personal use cannabis
9 handler, shall not purchase, sell, offer for sale, transfer, transport, or
10 deliver any medical cannabis or personal use cannabis item unless a
11 stamp is properly affixed to the container or package for the
12 medical cannabis or personal use cannabis item.

13 b. The purposes of the system developed and maintained under
14 this section include, but are not limited to:

15 (1) preventing the diversion of medical cannabis and personal
16 use cannabis items to criminal enterprises, gangs, cartels, persons
17 not authorized to possess medical cannabis or personal use cannabis
18 items, and other states;

19 (2) preventing persons from substituting or tampering with
20 medical cannabis and personal use cannabis items;

21 (3) ensuring an accurate accounting of the cultivation,
22 manufacturing, transferring, dispensing, and delivery of medical
23 cannabis, and the production, ¹processing¹ manufacturing¹,
24 transporting, transferring, sale, and delivery of personal use
25 cannabis items;

26 (4) ensuring that the testing results from licensed testing
27 laboratories and facilities are accurately reported; and

28 (5) ensuring compliance with the rules and regulations adopted
29 by the commission and any other law of this State that charges the
30 commission with a duty, function, or power related to medical
31 cannabis or personal use cannabis items.

32 c. The system developed and maintained under this section
33 shall be capable of tracking, at a minimum:

34 (1) the propagation of immature medical cannabis plants and
35 personal use cannabis plants, the production of medical cannabis by
36 a medical cannabis cultivator, and the production of personal use
37 cannabis by a cannabis ¹grower¹ cultivator¹;

38 (2) the utilization of medical cannabis in the manufacture ²[,
39 production,]² and creation of medical cannabis products by a
40 medical cannabis manufacturer, the ¹processing¹ manufacturing¹
41 of personal use cannabis items by a cannabis ¹processor¹
42 manufacturer¹, the receiving, storing, and sending of personal use
43 cannabis items by a cannabis wholesaler, and the transporting in
44 bulk cannabis items by a cannabis distributor;

1 (3) the transfer of medical cannabis and medical cannabis
2 products, and personal use cannabis items, to and from licensed
3 testing laboratories and facilities for testing purposes;

4 (4) the dispensing of medical cannabis by a medical cannabis
5 dispensary or clinical registrant, and the selling ¹[and delivery]¹ of
6 personal use cannabis items by a cannabis retailer ¹[or cannabis
7 delivery service]¹;

8 (5) the furnishing of medical cannabis by a medical cannabis
9 dispensary or clinical registrant to a medical cannabis handler for
10 delivery, and the furnishing of personal use cannabis items by a
11 cannabis retailer to a personal use cannabis handler for delivery;

12 (6) the delivery of medical cannabis by a medical cannabis
13 handler, and the delivery of personal use cannabis items by a
14 personal use cannabis handler;

15 (7) the purchase, sale, or other transfer of medical cannabis and
16 medical cannabis products between medical cannabis cultivators,
17 medical cannabis manufacturers, medical cannabis dispensaries, and
18 clinical registrants as authorized pursuant to paragraph (5) of
19 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) and
20 subsection h. of section 27 of P.L.2019, c.153 (C.24:6I-20), and the
21 purchase, sale, transporting, or other transfer of personal use
22 ²cannabis and² cannabis items by or between cannabis ¹[growers]
23 cultivators¹, cannabis ¹[processors] manufacturers¹, cannabis
24 wholesalers, cannabis distributors, cannabis retailers, and cannabis
25 delivery services as authorized pursuant to P.L. , c. (C.)
26 (pending before the Legislature as this bill); and

27 (8) any other information that the commission determines is
28 reasonably necessary to accomplish ²[the] its² duties, functions,
29 and powers ²[of the commission]².

30 (cf: P.L.2019, c.153, s.29)

31
32 ¹39. (New section) ²Optional² Social Equity Excise Fee
33 Assessed on Class 1 Cannabis Cultivator Licensees.

34 a. There may be a Social Equity Excise Fee imposed by the
35 commission on the cultivation of cannabis by any cannabis
36 cultivator licensed pursuant to the provisions of P.L. ,
37 c. (C.) (pending before the Legislature as this bill), or on the
38 cultivation of cannabis for the personal use cannabis marketplace
39 and not for the medical cannabis marketplace by any alternative
40 treatment center deemed to be licensed to engage in personal use
41 cannabis activities pursuant to section 7 of P.L.2009, c.307
42 (C.24:6I-7) and issued a Class 1 ²Cannabis² Cultivator license by
43 the commission pursuant to subparagraph (a) of paragraph (3) of
44 subsection a. of section 33 of P.L. , c. (C.) (pending before
45 the Legislature as this bill). The excise fee, if imposed by the
46 commission pursuant to this section, shall be imposed on the

1 receipts from the sale, or equivalent value of the transfer, of usable
2 cannabis by a cannabis cultivator to any other cannabis
3 establishment, other than another cannabis cultivator. Any sale by a
4 cannabis cultivator for which the excise fee is imposed pursuant to
5 this section shall be exempt from the tax imposed under the “Sales
6 and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.).

7 (1) Immediately following the adoption of the commission’s
8 initial rules and regulations pursuant to subparagraph (a) of
9 paragraph (1) of subsection d. of section 6 of P.L. , c. (C.)
10 (pending before the Legislature as this bill), there may be an excise
11 fee imposed on a cannabis cultivator’s sale or transfer as described
12 in this subsection in the amount of 1/3 of 1% of the Statewide
13 average retail price of an ounce of usable cannabis for consumer
14 purchase, and any fractional portion of an ounce sold or transferred
15 shall be subject to the fee on a proportional basis, during the
16 calendar year the fee may be imposed in accordance with this
17 paragraph; and

18 (2) Beginning nine months following the first sale or transfer of
19 usable cannabis subject to the excise fee as described in paragraph
20 (1) of this subsection, which sale or transfer is made by a cannabis
21 cultivator that is not also an alternative treatment center deemed to
22 be licensed to engage in personal use cannabis activities pursuant to
23 section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a Class 1
24 ²Cannabis² Cultivator license by the commission pursuant to
25 subparagraph (a) of paragraph (3) of subsection a. of section 33 of
26 P.L. , c. (C.) (pending before the Legislature as this bill),
27 the excise fee may be adjusted annually based upon the Statewide
28 average retail price of usable cannabis for consumer purchase in the
29 calendar year next preceding the year in which the adjusted fee
30 would be imposed, and the adjusted excise fee shall be ²[based on]
31 by² the ounces of usable cannabis sold or transferred by a cannabis
32 cultivator, and any fractional portion of an ounce sold or transferred
33 shall be subject to the fee on a proportional basis, as follows:

34 (a) up to \$10 per ounce, as established by the commission, if the
35 average retail price of an ounce of usable cannabis ²[is] was² \$350
36 or more;

37 (b) up to \$30 per ounce, as established by the commission, if the
38 average retail price of an ounce of usable cannabis ²[is] was² less
39 than \$350 but at least \$250;

40 (c) up to \$40 per ounce, as established by the commission, if the
41 average retail price of an ounce of usable cannabis ²[is] was² less
42 than \$250 but at least \$200; ²and²

43 (d) up to \$60 per ounce, as established by the commission, if the
44 average retail price of an ounce of usable cannabis ²[is]² less than
45 \$200.

46 b. (1) Any excise fee imposed pursuant to this section shall be
47 collected from the cannabis establishment purchasing or acquiring

1 the usable cannabis or paid by the cannabis cultivator, and remitted
2 to the Director of the Division of Taxation. The fee shall be stated,
3 charged, and shown separately on any sales slip, invoice, receipt, or
4 other statement or memorandum of the price paid or payable, or
5 equivalent value of the transfer, for the usable cannabis.

6 (2) Every cannabis cultivator required to collect or pay any
7 excise fee imposed by this section shall be personally liable for the
8 fee imposed, collected, or required to be collected or paid under this
9 section. Any cannabis cultivator shall have the same right with
10 respect to collecting the fee from the cannabis establishment
11 purchasing or acquiring the usable cannabis, or with respect to non-
12 payment of the fee by the cannabis establishment, as if the fee were
13 a part of the purchase price or value of the transfer of the usable
14 cannabis, and payable at the same time; provided, however, that the
15 director shall be joined as a party in any action or proceeding
16 brought to collect the fee.

17 c. Any excise fee imposed shall be reported and paid to the
18 ²[director] Director of the Division of Taxation² on a monthly
19 basis, in a manner prescribed by the director.

20 d. Except as otherwise provided in the “Cannabis Regulatory,
21 Enforcement Assistance, and Marketplace Modernization Act,”
22 P.L. , c. (C.) (pending before the Legislature as ²[Senate
23 Bill No 21] this bill²), any excise ²[Fee] fee² imposed pursuant to
24 this section shall be governed by the provisions of the “State
25 Uniform Tax Procedure Law,” R.S.54:48-1 et seq.

26 e. Any excise fee imposed under this section shall not apply to
27 sales or transfers of usable cannabis by a cannabis cultivator to a
28 licensed medical cannabis alternative treatment center for use in
29 medical cannabis dispensing pursuant to the “Jake Honig
30 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
31 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.).

32 f. Any excise fee revenue collected pursuant to this section
33 shall be deposited by the Director of the Office of Management and
34 Budget into the “Cannabis Regulatory, Enforcement Assistance, and
35 Marketplace Modernization Fund” established ²[pursuant to]
36 under² section 41 of P.L. , c. (C.) (pending before the
37 Legislature as this bill), and shall be used for annual appropriations
38 for investing in social equity programs as set forth in that section.

39 g. As used in this section:

40 “Cannabis cultivator” means the same as that term is defined in
41 section 3 of P.L. , c. (C.) (pending before the Legislature as
42 this bill).

43 “Cannabis establishment” means the same as that term is defined
44 in section 3 of P.L. , c. (C.) (pending before the Legislature
45 as this bill).

46 “Usable cannabis” means the same as that term is defined in
47 section 3 of P.L. , c. (C.) (pending before the Legislature as
48 this bill).¹

1 ¹[39.] 40.¹ (New section) ²[Local Cannabis Taxation;]
 2 Optional² Local Cannabis Transfer Tax and User Tax.

3 a. (1) A municipality may adopt an ordinance imposing a
 4 transfer tax on the sale of ²cannabis or² cannabis items by a
 5 cannabis establishment that is located in the municipality. At the
 6 discretion of the municipality, the tax may be imposed on: ²receipts
 7 from the sale of cannabis by a cannabis cultivator to another
 8 cannabis cultivator;² receipts from the sale of ¹[cannabis or]¹
 9 cannabis items from one cannabis establishment to another cannabis
 10 establishment; receipts from the retail sales ¹of cannabis items¹ by a
 11 cannabis retailer to retail ²[customers] consumers² who are 21
 12 years of age or older; or any combination thereof. Each
 13 municipality shall set its own rate or rates, but in no case shall a
 14 rate exceed: two percent of the receipts from each sale by a
 15 cannabis ¹[grower] cultivator¹; two percent of the receipts from
 16 each sale by a cannabis ¹[processor] manufacturer¹; one percent of
 17 the receipts from each sale by a cannabis wholesaler; and two
 18 percent of the receipts from each sale by a cannabis retailer.

19 (2) A local tax ordinance adopted pursuant to paragraph (1) of
 20 this subsection shall also include provisions for imposing a user tax,
 21 at the equivalent transfer tax rates, on any concurrent license
 22 holder, as permitted by section 33 of P.L. , c. (C.) (pending
 23 before the Legislature as this bill), operating more than one
 24 cannabis establishment. The user tax shall be imposed on the value
 25 of each transfer or use of ²cannabis or² cannabis items not
 26 otherwise subject to the transfer tax imposed pursuant to paragraph
 27 (1) of this subsection, from the license holder's establishment that is
 28 located in the municipality to any of the other license holder's
 29 establishments, whether located in the municipality or another
 30 municipality.

31 b. (1) A transfer tax or user tax imposed pursuant this section
 32 shall be in addition to any other tax imposed by law. Any
 33 transaction for which the transfer tax or user tax is imposed, or
 34 could be imposed, pursuant to this section, other than those which
 35 generate receipts from the retail sales by cannabis retailers, shall be
 36 exempt from the tax imposed under the "Sales and Use Tax Act,"
 37 P.L.1966, c.30 (C.54:32B-1 et seq.). The transfer tax or user tax
 38 shall be collected or paid, and remitted to the municipality by the
 39 cannabis establishment from the cannabis establishment purchasing
 40 or receiving the ²cannabis or² cannabis item, or from the
 41 ²[customer] consumer² at the point of sale, on behalf of the
 42 municipality by the cannabis ²[establishment] retailer² selling ²[or
 43 transferring]² the cannabis item ²to that consumer² . The transfer
 44 tax or user tax shall be stated, charged, and shown separately on any
 45 sales slip, invoice, receipt, or other statement or memorandum of
 46 the price paid or payable ¹, or equivalent value of the transfer,¹
 47 for the ²cannabis or² cannabis item.

1 (2) Every cannabis establishment required to collect a transfer
2 tax or user tax imposed by ordinance pursuant to this section shall
3 be personally liable for the transfer tax or user tax imposed,
4 collected, or required to be collected under this section. Any
5 cannabis establishment shall have the same right with respect to
6 collecting the transfer tax or user tax from another cannabis
7 establishment or the ²[customer] consumer² as if the transfer tax or
8 user tax was a part of the sale and payable at the same time, or with
9 respect to non-payment of the transfer tax or user tax by the
10 cannabis establishment or ²[customer] consumer², as if the transfer
11 tax or user tax was a part of the purchase price of the ²cannabis or²
12 cannabis item, ¹or equivalent value of the transfer of the ²cannabis
13 or² cannabis item,¹ and payable at the same time; provided,
14 however, that the chief fiscal officer of the municipality which
15 imposes the transfer tax or user tax shall be joined as a party in any
16 action or proceeding brought to collect the transfer tax or user tax.

17 (3) No cannabis establishment required to collect a transfer tax
18 or user tax imposed by ordinance pursuant to this section shall
19 advertise or hold out to any person or to the public in general, in
20 any manner, directly or indirectly, that the transfer tax or user tax
21 will not be separately charged and stated to another cannabis
22 establishment or the ²[customer] consumer,² or that the transfer tax
23 or user tax will be refunded to the cannabis establishment or the
24 ²[customer] consumer².

25 c. (1) All revenues collected from a transfer tax or user tax
26 imposed by ordinance pursuant to this section shall be remitted to
27 the chief financial officer of the municipality in a manner
28 prescribed by the municipality. The chief financial officer shall
29 collect and administer any transfer tax or user tax imposed by
30 ordinance pursuant to this section. The municipality shall enforce
31 the payment of delinquent taxes or transfer fees imposed by
32 ordinance pursuant to this section in the same manner as provided
33 for municipal real property taxes.

34 (2) (a) In the event that the transfer tax or user tax imposed by
35 ordinance pursuant to this section is not paid as and when due by a
36 cannabis establishment, the unpaid balance, and any interest
37 accruing thereon, shall be a lien on the parcel of real property
38 comprising the cannabis ²[establishment] establishment's
39 premises² in the same manner as all other unpaid municipal taxes,
40 fees, or other charges. The lien shall be superior and paramount to
41 the interest in the parcel of any owner, lessee, tenant, mortgagee, or
42 other person, except the lien of municipal taxes, and shall be on a
43 parity with and deemed equal to the municipal lien on the parcel for
44 unpaid property taxes due and owing in the same year.

45 (b) A municipality shall file in the office of its tax collector a
46 statement showing the amount and due date of the unpaid balance
47 and identifying the lot and block number of the parcel of real

1 property that comprises the delinquent cannabis ²**[establishment]**
 2 establishment's premises². The lien shall be enforced as a
 3 municipal lien in the same manner as all other municipal liens are
 4 enforced.

5 d. As used in this section:

6 ¹**["Cannabis" means the same as that term is defined in section 3**
 7 **of P.L. , c. (C.) (pending before the Legislature as this**
 8 **bill).]**

9 ²"Cannabis" means the same as that term is defined in section 3
 10 of P.L. , c. (C.) (pending before the Legislature as this
 11 bill).²

12 "Cannabis cultivator" means the same as that term is defined in
 13 section 3 of P.L. , c. (C.) (pending before the Legislature as
 14 this bill).¹

15 "Cannabis establishment" means the same as that term is defined
 16 in section 3 of P.L. , c. (C.) (pending before the Legislature
 17 as this bill).

18 ¹**["Cannabis grower" means the same as that term is defined in**
 19 **section 3 of P.L. , c. (C.) (pending before the Legislature as**
 20 **this bill).]**¹

21 "Cannabis items" means the same as that term is defined in
 22 section 3 of P.L. , c. (C.) (pending before the Legislature
 23 as this bill).

24 "Cannabis ¹**[processor] manufacturer**¹" means the same as that
 25 term is defined in section 3 of P.L. , c. (C.) (pending before
 26 the Legislature as this bill).

27 "Cannabis retailer" means the same as that term is defined in
 28 section 3 of P.L. , c. (C.) (pending before the Legislature
 29 as this bill).

30 "Cannabis wholesaler" means the same as that term is defined in
 31 section 3 of P.L. , c. (C.) (pending before the Legislature as
 32 this bill).

33 ²"Consumer" means the same as that term is defined in section 3
 34 of P.L. , c. (C.) (pending before the Legislature as this bill).

35 "Premises" means the same as that term is defined in section 3 of
 36 P.L. , c. (C.) (pending before the Legislature as this bill).²

37

38 ¹**[40.] 41.**¹ (New section) Cannabis Regulatory, Enforcement
 39 Assistance, and Marketplace Modernization Fund.

40 a. All fees and penalties collected by the commission, and all tax
 41 revenues on retail sales ²**[, if any] of cannabis items**², and all tax
 42 revenues collected pursuant to the provisions of the "Jake Honig
 43 Compassionate Use Medical Cannabis Act," P.L.2009, c.307
 44 (C.24:6I-1 et al.), except for amounts credited to the Property Tax
 45 Reform Account in the Property Tax Relief Fund pursuant to
 46 paragraph ¹**[1] 7**¹ of Section I of Article VIII of the New Jersey
 47 Constitution, ¹as well as all revenues, if any, collected for the

1 Social Equity Excise Fee pursuant to section 39 of P.L. _____,
 2 c. (C. _____) (pending before the Legislature as this bill),¹ shall be
 3 deposited in a special nonlapsing fund which shall be known as the
 4 “Cannabis Regulatory, Enforcement Assistance, and Marketplace
 5 Modernization Fund.”

6 b. Monies in the fund¹, other than any monies derived from the
 7 Social Equity Excise Fee to be appropriated annually in accordance
 8 with subsection d. of this section,¹ shall be² [used by the
 9 commission to] appropriated annually as follows² :

10 (1) ²at least 70 percent of all tax revenues on retail sales of
 11 cannabis items shall be appropriated for investments, including
 12 through grants, loans, reimbursements of expenses, and other
 13 financial assistance, in municipalities defined as an “impact zone”
 14 pursuant to section 3 of P.L. _____, c. (C. _____) (pending before the
 15 Legislature as this bill), as well as provide direct financial
 16 assistance to qualifying persons residing therein as recommended
 17 by the commission; and

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

20 (a) to² oversee the development, regulation, and enforcement of
 21 activities associated with the personal use of cannabis pursuant to
 22 P.L. _____, c. (C. _____), and assist with assuming responsibility from
 23 the Department of Health for the further development and
 24 expansion, regulation, and enforcement of activities associated with
 25 the medical use of cannabis pursuant to the “Jake Honig
 26 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
 27 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);
 28 ¹[and]¹

29 ²[(2)] (b) to² reimburse the expenses incurred by any county or
 30 municipality for the training costs associated with the attendance
 31 and participation of a police officer from its law enforcement unit,
 32 as those terms are defined in section 2 of P.L.1961, c.56 (C.52:17B-
 33 67), in a program provided by an approved school, also defined in
 34 that section, which trains and certifies the police officer, including a
 35 police officer with a working dog as that term is defined in section
 36 1 of P.L.2006, c.88 (C.10:5-29.7), as a Drug Recognition Expert for
 37 detecting, identifying, and apprehending drug-impaired motor
 38 vehicle operators, and pay for ¹the same training¹ costs incurred by
 39 the ¹Division of¹ State Police ¹in the Department of Law and Public
 40 Safety for the training of a State police officer or trooper, including
 41 an officer or trooper with a working dog, as a Drug Recognition
 42 Expert, as well as its costs¹ in furnishing additional program
 43 instructors to provide Drug Recognition Expert training to police
 44 officers ¹, troopers,¹ and working dogs. A municipality or county
 45 seeking reimbursement shall apply to the commission, itemizing the
 46 costs, with appropriate proofs, for which reimbursement is
 47 requested and provide a copy of the certificate issued to the police

1 officer to indicate the successful completion of the program by the
2 police officer, and that officer's working dog, if applicable ²; and

3 (c) for further investments, including through grants, loans,
4 reimbursements of expenses, and other financial assistance, in
5 municipalities defined as an "impact zone" pursuant to section 3 of
6 P.L. , c. (C.) (pending before the Legislature as this bill), as
7 well as provide direct financial assistance to qualifying persons
8 residing therein as recommended by the commission.

9 The monies appropriated pursuant to paragraph (1) of this
10 subsection shall be offset by any revenue constitutionally dedicated
11 to municipalities defined as an "impact zone" pursuant to section 3
12 of P.L. , c. (C.) (pending before the Legislature as this
13 bill)².

14 c. Any remaining ²available² monies, after the ²[commission
15 uses the ¹available¹] appropriation of those² monies in the fund in
16 accordance with subsection b. of this section, shall be deposited in
17 the State's General Fund.

18 ¹d. (1) (a) Not less than 60 days prior to the first day of each
19 State fiscal year, the commission shall consult and make
20 recommendations to the Governor and Legislature for making social
21 equity appropriations based upon the amount of any revenues
22 collected during the current fiscal year for the Social Equity Excise
23 Fee pursuant to section 39 of P.L. , c. (C.) (pending before the
24 Legislature as this bill), or, if the commission has not imposed or
25 adjusted the excise fee in the current fiscal year pursuant to that
26 section, then appropriations to be made from the General Fund in an
27 amount equal to the revenues that would have been collected had it
28 imposed or adjusted the fee, in order to invest, through grants,
29 loans, reimbursements of expenses, and other financial assistance,
30 in private for-profit and non-profit organizations, public entities,
31 including any municipality defined as an "impact zone" pursuant to
32 section 3 of P.L. , c. (C.) (pending before the Legislature as
33 this bill), as well as provide direct financial assistance to qualifying
34 persons as determined by the commission, in order to create,
35 expand, or promote educational and economic opportunities and
36 activities, and the health and well-being of both communities and
37 individuals.

38 (b) Not less than 30 days prior to submitting its
39 recommendations to the Governor and Legislature pursuant to
40 subparagraph (a) of this paragraph, the commission shall hold at
41 least three regional public hearing throughout the State, with at least
42 one hearing in the northern, central, and southern regions of the
43 State, to solicit the public input on the social equity investments to
44 be made as described in this section.

45 (2) The commission's recommendations to the Governor and
46 Legislature may include, but are not limited to, recommending
47 investments in the following categories of social equity programs:

1 (a) educational support, including literacy programs, extended
2 learning time programs that endeavor to close the achievement gap
3 and provide services for enrolled students after the traditional
4 school day, GED application and preparedness assistance, tutoring
5 programs, vocational programming, and financial literacy;

6 (b) economic development, including the encouragement and
7 support of community activities so as to stimulate economic activity
8 or increase or preserve residential amenities, and business
9 marketing, and job skills and readiness training, specific
10 employment training, and apprenticeships;

11 (c) social support services, including food assistance, mental
12 health services, substance use disorders treatment and recovery,
13 youth recreation and mentoring services, life skills support services,
14 and reentry and other rehabilitative services for adults and juveniles
15 being released from incarceration; and

16 (d) legal aid for civil and criminal cases.

17 (3) The commission may also, subject to the annual
18 appropriations act, recommend that it retain a portion of the Social
19 Equity Excise Fee to administer startup grants, low-interest loans,
20 application fee assistance, and job training programs through the
21 commission's Office of Minority, Disabled Veterans and Women
22 Cannabis Business Development established by section 32 of
23 P.L.2019, c.153 (24:6I-25).

24 (4) Prior to the first day of each fiscal year, the Legislature shall
25 provide to the commission a statement which lists the investments,
26 including the investment recipients and investment amount, to be
27 made by appropriations as set forth in paragraph (1) of this
28 subsection based upon recommendations presented to the Governor
29 and Legislature pursuant to paragraphs (1) through (3) of this
30 subsection, and how the investment is intended to support and
31 advance social equity as described in this subsection.¹

32
33 ²42. R.S. 24:1-1 is amended to read as follows:

34 As used in this Title:

35 a. "State department," "department of health" and "department"
36 mean the "State Department of Health."

37 b. "Council" means the Public Health Council in the State
38 Department of Health.

39 c. "Local board" or "local board of health" means the board of
40 health of any municipality, or the boards, bodies, or officers in such
41 municipality lawfully exercising the powers of a local board of
42 health under the laws governing such municipality, and includes
43 any consolidated local board of health or county local board of
44 health created and established pursuant to law.

45 d. "Food" means (1) articles used for food or drink for man or
46 other animals (2) chewing gum and (3) articles used for components
47 of any such article.

1 e. "Drug" means (1) articles recognized in the official United
2 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
3 United States, or official National Formulary, or any supplement to
4 any of them; and (2) articles intended for use in the diagnosis, cure,
5 mitigation, treatment or prevention of disease in man or other
6 animals; and (3) articles (other than food) intended to affect the
7 structure or any function of the body of man or other animals; and
8 (4) articles intended for use as a component of any article specified
9 in **【clause】** (1), (2), or (3) of this definition; but does not include
10 biological products, or devices or their components, parts, or
11 accessories. The term "drug" also does not include: hemp and
12 hemp products cultivated, handled, processed, transported, or sold
13 pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
14 (C.4:28-6 et al.); cannabis as defined in section 3 of P.L. _____,
15 c. (C. _____) (pending before the Legislature as this bill) which is
16 cultivated and produced for use in a cannabis item, as defined in
17 that section, in accordance with the "New Jersey Cannabis
18 Regulatory, Enforcement Assistance, and Marketplace
19 Modernization Act," P.L. _____, c. (C. _____) (pending before the
20 Legislature as this bill); and cannabis resin as defined in that section
21 3 (C. _____) which is extracted for use in a cannabis item, as defined
22 in that section, in accordance with that act.

23 f. "Package" or "container" means wrapper, case, basket,
24 hamper, can, bottle, jar, tube, cask, vessel, tub, firkin, keg, jug,
25 barrel, or other receptacles, but the word, "package" shall not
26 include open containers which permit a visual and physical
27 inspection by the purchaser at retail, nor bags and other receptacles
28 which are filled in the presence of the purchaser at retail.

29 g. "Device" means instruments, apparatus, and contrivances,
30 including their components, parts, and accessories, intended (1) for
31 use in the diagnosis, cure, mitigation, treatment, or prevention of
32 disease in man or other animals; or (2) to affect the structure or any
33 function of the body of man or other animals.

34 h. "Cosmetic" means (1) articles intended to be rubbed, poured,
35 sprinkled, or sprayed on, introduced into, or otherwise applied to
36 the human body or any part thereof for cleansing, beautifying,
37 promoting attractiveness, or altering the appearance, and (2) articles
38 intended for use as a component of any such articles; except that
39 such term shall not include soap.

40 i. "New drug" means (1) any drug the composition of which is
41 such that such drug is not generally recognized, among experts
42 qualified by scientific training and experience to evaluate the safety
43 of drugs, as safe for use under the conditions prescribed,
44 recommended, or suggested in the labeling thereof, and (2) any drug
45 the composition of which is such that such drug, as a result of
46 investigations to determine its safety for use under such conditions,
47 has become so recognized, but which has not, otherwise than in

1 such investigations, been used to a material extent or for a material
2 time under such conditions.

3 j. "Label" means a display of written, printed, or graphic
4 matter upon the immediate container of any article; and a
5 requirement made by or under authority of this subtitle that any
6 word, statement or other information appear on the label shall not
7 be considered to be complied with unless such word, statement, or
8 other information also appears on the outside container or wrapper,
9 if any there be, of the retail package of such article, or is easily
10 legible through the outside container or wrapper. The term
11 "immediate container" does not include package liners.

12 k. "Labeling" means all labels and other written, printed or
13 graphic matter (1) upon an article or any of its containers or
14 wrappers, or (2) accompanying such article.

15 l. "Official compendium" means the official United States
16 Pharmacopoeia, official Homeopathic Pharmacopoeia of the United
17 States, official National Formulary, or any supplement to any of
18 them.

19 m. If an article is alleged to be misbranded because the labeling
20 is misleading, then in determining whether such labeling is
21 misleading there shall be taken into account **[(1)]**, among other
22 things **[(2)]**, not only representations made or suggested by
23 statement, word, design, or any combination thereof, but also the
24 extent to which such labeling fails to reveal facts material in the
25 light of such representations or material with respect to
26 consequences which may result from the use of the article to which
27 such labeling relates under the conditions of use prescribed in the
28 labeling thereof or under such conditions of use as are customary or
29 usual.

30 n. The representation of a drug as an antiseptic shall be
31 considered to be a representation that it is a germicide, except in the
32 case of a drug purporting to be, or represented as, an antiseptic for
33 inhibitory use as a wet dressing, ointment, dusting powder, or such
34 other use as involves prolonged contact with the body.

35 o. The provisions of this act regarding the selling of food,
36 drugs, devices, or cosmetics, shall be considered to include the
37 manufacture, production, processing, packing, exposure, offer,
38 possession, and holding of any such article for sale; and the sale,
39 dispensing, and giving away of any such article and the supplying
40 or applying of any such articles in the conduct of any food, drug or
41 cosmetic establishment.

42 p. The term "Federal Act" means the Federal Food, Drug and
43 Cosmetic Act (Title 21, U.S.C. s.301 et seq.; 52 Stat. 1040 et seq.).²
44 (cf: P.L.2015, c.130, s.4)

45
46 ¹**[41.]** ²**[42.1]** ²**43.**² Section 2 of P.L.1970, c.226 (C.24:21-2) is
47 amended to read as follows:

48 2. As used in P.L.1970, c.226 (C.24:21-1 et seq.):

1 "Administer" means the direct application of a controlled
2 dangerous substance, whether by injection, inhalation, ingestion, or
3 any other means, to the body of a patient or research subject by: (1)
4 a practitioner ²[(² or, in the practitioner's presence, by the
5 practitioner's lawfully authorized agent ²)]², or (2) the patient or
6 research subject at the lawful direction and in the presence of the
7 practitioner.

8 "Agent" means an authorized person who acts on behalf of or at
9 the direction of a manufacturer, distributor, or dispenser but does
10 not include a common or contract carrier, public warehouseman, or
11 employee thereof.

12 "Commissioner" means the Commissioner of Health.

13 "Controlled dangerous substance" means a drug, substance, or
14 immediate precursor in Schedules I through V of article 2 of
15 P.L.1970, c.226 (C.24:21-1 et seq.) ², marijuana, and hashish as
16 defined in this section². The term shall not include distilled spirits,
17 wine, malt beverages, as those terms are defined or used in
18 R.S.33:1-1 et seq., ²[or]² tobacco and tobacco products ², and
19 cannabis and cannabis ²[resin] items² as those terms are defined in
20 section 3 of P.L. , c. (C.) (pending before the Legislature as
21 this bill)².

22 "Counterfeit substance" means a controlled dangerous substance
23 which, or the container or labeling of which, without authorization,
24 bears the trademark, trade name, or other identifying mark, imprint,
25 number or device, or any likeness thereof, of a manufacturer,
26 distributor, or dispenser other than the person or persons who in fact
27 manufactured, distributed, or dispensed such substance and which
28 thereby falsely purports or is represented to be the product of, or to
29 have been distributed by, such other manufacturer, distributor, or
30 dispenser.

31 "Deliver" or "delivery" means the actual, constructive, or
32 attempted transfer from one person to another of a controlled
33 dangerous substance, whether or not there is an agency relationship.

34 "Director" means the Director of the Division of Consumer
35 Affairs in the Department of Law and Public Safety.

36 "Dispense" means to deliver a controlled dangerous substance to
37 an ultimate user or research subject by or pursuant to the lawful
38 order of a practitioner, including the prescribing, administering,
39 packaging, labeling, or compounding necessary to prepare the
40 substance for that delivery.

41 "Dispenser" means a practitioner who dispenses.

42 "Distribute" means to deliver other than by administering or
43 dispensing a controlled dangerous substance.

44 "Distributor" means a person who distributes.

45 "Division" means the Division of Consumer Affairs in the
46 Department of Law and Public Safety.

1 "Drug Enforcement Administration" means the Drug
2 Enforcement Administration in the United States Department of
3 Justice.

4 "Drugs" means ²[(a)] (1)² substances recognized in the official
5 United States Pharmacopoeia, official Homeopathic Pharmacopoeia
6 of the United States, or official National Formulary, or any
7 supplement to any of them; and ²[(b)] (2)² substances intended for
8 use in the diagnosis, cure, mitigation, treatment, or prevention of
9 disease in man or other animals; and ²[(c)] (3)² substances ²[(] ²
10 other than food ²[(] ² intended to affect the structure or any
11 function of the body of man or other animals; and ²[(d)] (4)²
12 substances intended for use as a component of any article specified
13 in ²[subsections (a)] (1)², ²[(b)] (2)², and ²[(c)] (3)² of this
14 ²[section] definition²; but does not include devices or their
15 components, parts or accessories. "Drugs" shall not mean ²;
16 ²[or a] and² hemp ²[product] products² cultivated, handled,
17 processed, transported, or sold pursuant to the "New Jersey Hemp
18 Farming Act," P.L.2019, c.238 (C.4:28-6 et al.) ²; cannabis as
19 defined in section 3 of P.L. , c. (C.) (pending before the
20 Legislature as this bill) which is cultivated and produced for use in
21 a cannabis item, as defined in that section, in accordance with the
22 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
23 Marketplace Modernization Act," P.L. , c. (C.) (pending
24 before the Legislature as this bill); and cannabis resin as defined in
25 that section 3 (C.) which is extracted for use in a cannabis
26 item, as defined in that section, in accordance with that act².

27 "Hashish" means the resin extracted from any part of the plant
28 ²[genus] Cannabis sativa L. and any compound, manufacture, salt,
29 derivative, mixture, or preparation of such resin. "Hashish" shall
30 not mean; hemp ²[or a] and² hemp ²[product] products²
31 cultivated, handled, processed, transported, or sold pursuant to the
32 "New Jersey Hemp Farming Act," P.L.2019, c.238 (C.4:28-6 et al.);
33 ²[or] and² cannabis resin as defined in section 3 of P.L. ,
34 c. (C.) (pending before the Legislature as this bill) which is
35 extracted for use in a cannabis item, as defined in that section, in
36 accordance with the "New Jersey Cannabis Regulatory,
37 Enforcement Assistance, and Marketplace Modernization Act,"
38 P.L. , c. (C.) (pending before the Legislature as this bill).

39 "Marihuana" means all parts of the plant ²[genus] Cannabis
40 sativa L., whether growing or not; the seeds thereof; and every
41 compound, manufacture, salt, derivative, mixture, or preparation of
42 the plant or its seeds, except those containing resin extracted from
43 the plant ²]; but shall not include the mature stalks of the plant, fiber
44 produced from the stalks, oil or cake made from the seeds of the
45 plant, any other compound, manufacture, salt, derivative, mixture,
46 or preparation of such mature stalks, fiber, oil, or cake, or the

1 sterilized seed of the plant which is incapable of germination].
 2 "Marihuana" shall not mean: hemp ²[or a] and² hemp ²[product]
 3 products² cultivated, handled, processed, transported, or sold
 4 pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
 5 (C.4:28-6 et al.); ²[or] and² cannabis as defined in section 3 of
 6 P.L. , c. (C.) (pending before the Legislature as this bill)
 7 which is cultivated and ²[processed] produced² for use in a
 8 cannabis item, as defined in that section, in accordance with the
 9 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
 10 Marketplace Modernization Act," P.L. , c. (C.) (pending
 11 before the Legislature as this bill).

12 "Manufacture" means the production, preparation, propagation,
 13 compounding, conversion, or processing of a controlled dangerous
 14 substance, either directly or by extraction from substances of
 15 natural origin, or independently by means of chemical synthesis, or
 16 by a combination of extraction and chemical synthesis, and includes
 17 any packaging or repackaging of the substance or labeling or
 18 relabeling of its container, except that this term does not include the
 19 preparation or compounding of a controlled dangerous substance by
 20 an individual for the individual's own use or the preparation,
 21 compounding, packaging, or labeling of a controlled dangerous
 22 substance: (1) by a practitioner as an incident to the practitioner's
 23 administering or dispensing of a controlled dangerous substance in
 24 the course of the practitioner's professional practice, or (2) by a
 25 practitioner ²[()² or under the practitioner's supervision ²()²] ² for
 26 the purpose of, or as an incident to, research, teaching, or chemical
 27 analysis and not for sale.

28 "Narcotic drug" means any of the following, whether produced
 29 directly or indirectly by extraction from substances of vegetable
 30 origin, or independently by means of chemical synthesis, or by a
 31 combination of extraction and chemical synthesis:

32 ²[(a)] (1)² Opium, coca leaves, and opiates;

33 ²[(b)] (2)² A compound, manufacture, salt, derivative, or
 34 preparation of opium, coca leaves, or opiates;

35 ²[(c)] (3)² A substance ²[()² and any compound, manufacture,
 36 salt, derivative, or preparation thereof ²()²] ² which is chemically
 37 identical with any of the substances referred to in ²[(a)]
 38 (1)² and ²[(b)] (2) of this definition², except that the words
 39 "narcotic drug" as used in P.L.1970, c.226 (C.24:21-1 et seq.) shall
 40 not include decocainized coca leaves or extracts of coca leaves,
 41 which extracts do not contain cocaine or ecgonine.

42 "Official written order" means an order written on a form
 43 provided for that purpose by the Attorney General of the United
 44 States or his delegate, under any laws of the United States making
 45 provisions therefor, if such order forms are authorized and required
 46 by the federal law, and if no such form is provided, then on an
 47 official form provided for that purpose by the division. If authorized

1 by the Attorney General of the United States or the division, the
2 term shall also include an order transmitted by electronic means.

3 "Opiate" means any dangerous substance having an addiction-
4 forming or addiction-sustaining liability similar to morphine or
5 being capable of conversion into a drug having such addiction-
6 forming or addiction-sustaining liability. It does not include, unless
7 specifically designated as controlled under section 3 of P.L.1970,
8 c.226 (C.24:21-1 et seq.), the dextrorotatory isomer of 3-methoxy-
9 n-methylmorphinan and its salts (dextromethorphan). It does
10 include its racemic and levorotatory forms.

11 "Opium poppy" means the plant of the species *Papaver*
12 *somniferum* L., except the seeds thereof.

13 "Person" means any corporation, association, partnership, trust,
14 other institution or entity, or one or more individuals.

15 "Pharmacist" means a registered pharmacist of this State.

16 "Pharmacy owner" means the owner of a store or other place of
17 business where controlled dangerous substances are compounded or
18 dispensed by a registered pharmacist; but nothing in this chapter
19 contained shall be construed as conferring on a person who is not
20 registered or licensed as a pharmacist any authority, right, or
21 privilege that is not granted to the person by the pharmacy laws of
22 this State.

23 "Poppy straw" means all parts, except the seeds, of the opium
24 poppy, after mowing.

25 "Practitioner" means a physician, dentist, veterinarian, scientific
26 investigator, laboratory, pharmacy, hospital, or other person
27 licensed, registered, or otherwise permitted to distribute, dispense,
28 conduct research with respect to, or administer a controlled
29 dangerous substance in the course of professional practice or
30 research in this State. ²As referred to in this definition:²

31 ²**[(a)]** (1)² "Physician" means a physician authorized by law to
32 practice medicine in this or any other state.

33 ²**[(b)]** (2)² "Veterinarian" means a veterinarian authorized by
34 law to practice veterinary medicine in this State.

35 ²**[(c)]** (3)² "Dentist" means a dentist authorized by law to
36 practice dentistry in this State.

37 ²**[(d)]** (4)² "Hospital" means any federal institution, or any
38 institution for the care and treatment of the sick and injured,
39 operated or approved by the appropriate State department as proper
40 to be entrusted with the custody and professional use of controlled
41 dangerous substances.

42 ²**[(e)]** (5)² "Laboratory" means a laboratory to be entrusted with
43 the custody of narcotic drugs and the use of controlled dangerous
44 substances for scientific, experimental, and medical purposes and
45 for purposes of instruction approved by the Department of Health.

46 "Production" includes the manufacture, planting, cultivation,
47 growing, or harvesting of a controlled dangerous substance.

1 "Immediate precursor" means a substance which the division has
2 found to be and by regulation designates as being the principal
3 compound commonly used or produced primarily for use, and
4 which is an immediate chemical intermediary used or likely to be
5 used in the manufacture of a controlled dangerous substance, the
6 control of which is necessary to prevent, curtail, or limit such
7 manufacture.

8 "Substance use disorder involving drugs" means taking or using
9 a drug or controlled dangerous substance, as defined in this chapter,
10 in association with a state of psychic or physical dependence, or
11 both, arising from the use of that drug or controlled dangerous
12 substance on a continuous basis. A substance use disorder is
13 characterized by behavioral and other responses, including, but not
14 limited to, a strong compulsion to take the substance on a recurring
15 basis in order to experience its psychic effects, or to avoid the
16 discomfort of its absence.

17 "Ultimate user" means a person who lawfully possesses a
18 controlled dangerous substance for the person's own use or for the
19 use of a member of the person's household or for administration to
20 an animal owned by the person or by a member of the person's
21 household.

22 (cf: P.L.2019, c.238, s.11)

23

24 ¹[42.] ²[43.1] 44.² Section 5 of P.L.1970, c.226 (C.24:21-5) is
25 amended to read as follows:

26 5. Schedule I.

27 a. Tests. The director shall place a substance in Schedule I if he
28 finds that the substance: (1) has high potential for abuse; and (2)
29 has no accepted medical use in treatment in the United States; or
30 lacks accepted safety for use in treatment under medical
31 supervision.

32 b. The controlled dangerous substances listed in this section are
33 included in Schedule I, subject to any revision and republishing by
34 the director pursuant to subsection d. of section 3 of P.L.1970,
35 c.226 (C.24:21-3), and except to the extent provided in any other
36 schedule.

37 c. Any of the following opiates, including their isomers, esters,
38 and ethers, unless specifically excepted, whenever the existence of
39 such isomers, esters, ethers and salts is possible within the specific
40 chemical designation:

- 41 (1) Acetylmethadol
- 42 (2) Allylprodine
- 43 (3) Alphacetylmethadol
- 44 (4) Alphameprodine
- 45 (5) Alphamethadol
- 46 (6) Benzethidine
- 47 (7) Betacetylmethadol
- 48 (8) Betameprodine

- 1 (9) Betamethadol
- 2 (10) Betaprodine
- 3 (11) Clonitazene
- 4 (12) Dextromoramide
- 5 (13) Dextrorphan
- 6 (14) Diampromide
- 7 (15) Diethylthiambutene
- 8 (16) Dimenoxadol
- 9 (17) Dimepheptanol
- 10 (18) Dimethylthiambutene
- 11 (19) Dioxaphetyl butyrate
- 12 (20) Dipipanone
- 13 (21) Ethylmethylthiambutene
- 14 (22) Etonitazene
- 15 (23) Etoxeridine
- 16 (24) Furethidine
- 17 (25) Hydroxypethidine
- 18 (26) Ketobemidone
- 19 (27) Levomoramide
- 20 (28) Levophenacylmorphan
- 21 (29) Morpheridine
- 22 (30) Noracymethadol
- 23 (31) Norlevorphanol
- 24 (32) Normethadone
- 25 (33) Norpipanone
- 26 (34) Phenadoxone
- 27 (35) Phenampromide
- 28 (36) Phenomorphan
- 29 (37) Phenoperidine
- 30 (38) Piritramide
- 31 (39) Proheptazine
- 32 (40) Properidine
- 33 (41) Racemoramide
- 34 (42) Trimeperidine.

35 d. Any of the following narcotic substances, their salts, isomers
36 and salts of isomers, unless specifically excepted, whenever the
37 existence of such salts, isomers and salts of isomers is possible
38 within the specific chemical designation:

- 39 (1) Acetorphine
- 40 (2) Acetylcodone
- 41 (3) Acetyldihydrocodeine
- 42 (4) Benzylmorphine
- 43 (5) Codeine methylbromide
- 44 (6) Codeine-N-Oxide
- 45 (7) Cyprenorphine
- 46 (8) Desomorphine
- 47 (9) Dihydromorphine
- 48 (10) Etorphine

- 1 (11) Heroin
- 2 (12) Hydromorphanol
- 3 (13) Methyldesorphine
- 4 (14) Methylhydromorphine
- 5 (15) Morphine methylbromide
- 6 (16) Morphine methylsulfonate
- 7 (17) Morphine-N-Oxide
- 8 (18) Myrophine
- 9 (19) Nicocodeine
- 10 (20) Nicomorphine
- 11 (21) Normorphine
- 12 (22) Phoclodine
- 13 (23) Thebacon.
- 14 e. Any material, compound, mixture or preparation which
- 15 contains any quantity of the following hallucinogenic substances,
- 16 their salts, isomers and salts of isomers, unless specifically
- 17 excepted, whenever the existence of such salts, isomers, and salts of
- 18 isomers is possible within the specific chemical designation:
- 19 (1) 3,4-methylenedioxy amphetamine
- 20 (2) 5-methoxy-3,4-methylenedioxy amphetamine
- 21 (3) 3,4,5-trimethoxy amphetamine
- 22 (4) Bufotenine
- 23 (5) Diethyltryptamine
- 24 (6) Dimethyltryptamine
- 25 (7) 4-methyl-2,5-dimethoxylamphetamine
- 26 (8) Ibogaine
- 27 (9) Lysergic acid diethylamide
- 28 (10) Marihuana; except that on and after the effective date of the
- 29 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
- 30 Marketplace Modernization Act,” P.L. , c. (C.) (pending
- 31 before the Legislature as this bill), marihuana shall no longer be
- 32 included in Schedule I, and shall not be designated or rescheduled
- 33 and included in any other schedule by the director pursuant to the
- 34 director’s designation and rescheduling authority set forth in section
- 35 3 of P.L.1970, c.226 (C.24:21-3).
- 36 (11) Mescaline
- 37 (12) Peyote
- 38 (13) N-ethyl-3-piperidyl benzilate
- 39 (14) N-methyl-3-piperidyl benzilate
- 40 (15) Psilocybin
- 41 (16) Psilocyn
- 42 (17) Tetrahydrocannabinols, except when found in hemp or a
- 43 hemp product cultivated, handled, processed, transported, or sold
- 44 pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
- 45 (C.4:28-6 et al.), or ²cannabis or² a cannabis item ^{2,2} as ²those
- 46 terms are² defined in section 3 of P.L. , c. (C.) (pending
- 47 before the Legislature as this bill) ^{2,2} that is grown, cultivated,
- 48 produced, or ²[processed] manufactured² in accordance with the

1 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
2 Marketplace Modernization Act,” P.L. , c. (C.) (pending
3 before the Legislature as this bill).
4 (cf: P.L.2019, c.238, s.12)

5
6 ¹[43.] ²[44.1] 45.² R.S.24:5-18 is amended to read as follows:

7 24:5-18. For the purposes of this subtitle a drug or device shall
8 also be deemed to be misbranded:

9 a. If its labeling is false or misleading in any particular.

10 b. If in package form unless it bears a label containing the
11 name and place of business of the manufacturer, packer, or
12 distributor.

13 c. If any word, statement or other information required by or
14 under authority of this subtitle to appear on the label or labeling is
15 not prominently placed thereon with such conspicuousness (as
16 compared with other words, statements or designs in the labeling)
17 and in such terms as to render it likely to be read and understood by
18 the ordinary individual under customary conditions of purchase and
19 use.

20 d. If it is for use by man and contains any quantity of the
21 narcotic or hypnotic substance alpha-eucaine, barbituric acid, beta-
22 eucaine, bromal, cannabis other than as defined in section 3 of
23 P.L. , c. (C.) (pending before the Legislature as this bill),
24 carbromal, chloral, coca, cocaine, codeine, heroin, marihuana,
25 morphine, opium, paraldehyde, peyote, or sulphonmethane; or any
26 chemical derivative of such substance, which derivative has been by
27 the Department of Health of the State of New Jersey after
28 investigation found to be, and by regulations under this subtitle
29 designated as, habit forming; unless its label bears the name and
30 quantity or proportion of such substance, or derivative and in
31 juxtaposition therewith, the statement "Warning--May be habit
32 forming."

33 e. If it is a drug and is not designated solely by a name
34 recognized in an official compendium, unless its label bears (1) the
35 common or usual name of the drug, if such there be; and (2) in case
36 it is fabricated from 2 or more ingredients, the common or usual
37 name of each active ingredient, including the kind and quantity or
38 proportion of any alcohol, and also including, whether active or not,
39 the name and quantity or proportion of any bromides, ether,
40 chloroform, acetanilid, acetphanetidin, amidopyrine, antipyrine,
41 atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis
42 glusocides, mercury, ouabain, strophanthin, strychnine, thyroid, or
43 any derivative or preparation of any such substances, contained
44 therein; provided, that to the extent that compliance with the
45 requirements of clause (2) of this paragraph is impracticable,
46 exemptions may be established by regulations promulgated by the
47 State department.

1 f. Unless its labeling bears (1) adequate directions for use; and
2 (2) such adequate warnings against use in those pathological
3 conditions or by children where its use may be dangerous to health,
4 or against unsafe dosage or methods or duration of administration
5 or application, in such manner and form, as are necessary for the
6 protection of users; provided, that where any requirement of clause
7 (1) of this paragraph, as applied to any drug or device, is not
8 necessary for the protection of the public health, the Department of
9 Health of the State of New Jersey may promulgate regulations
10 exempting such drug or device from such requirement.

11 g. If it purports to be a drug the name of which is recognized in
12 an official compendium, unless it is packaged and labeled as
13 prescribed therein; provided, that the method of packing may be
14 modified with the consent of the State department. Whenever a
15 drug is recognized in both the United States Pharmacopoeia and the
16 Homeopathic Pharmacopoeia of the United States it shall be subject
17 to the requirements of the United States Pharmacopoeia unless it is
18 labeled and offered for sale as a homeopathic drug, in which case it
19 shall be subject to the provisions of the Homeopathic
20 Pharmacopoeia of the United States and not to those of the United
21 States Pharmacopoeia.

22 h. If it has been found by the Department of Health of the State
23 of New Jersey to be a drug liable to deterioration, unless it is
24 packaged in such form and manner, and its label bears a statement
25 of such precautions, as the Department of Health of the State of
26 New Jersey may by regulations require as necessary for the
27 protection of the public health. No such regulation shall be
28 established for any drug recognized in an official compendium until
29 the State department shall have informed the appropriate body
30 charged with the revision of such compendium of the need for such
31 packaging or labeling requirements and such body shall have failed
32 within a reasonable time to prescribe such requirements.

33 i. (1) If it is a drug and its container is so made, formed or
34 filled as to be misleading; or (2) if it is an imitation of another drug;
35 or (3) if it is offered for sale under the name of another drug.

36 j. If it is dangerous to health when used in the dosage, or with
37 the frequency or duration prescribed, recommended, or suggested in
38 the labeling thereof.

39 k. If it is a depressant or stimulant drug as defined pursuant to
40 law and not in the possession or control of a person specified by
41 law as entitled to possession or control of such depressant or
42 stimulant drug. Any depressant or stimulant drug misbranded under
43 the preceding sentence shall be deemed dangerous or fraudulent for
44 purposes of marking and detaining under the provisions of section
45 24:4-12 of this Title.

46 (cf: P.L.1966, c.314, s.8)

1 ¹[44.] ²[45.¹] 46.² (New section) Personal Use of Cannabis
2 ²[or Cannabis Resin] Items² .

3 Notwithstanding any other provision of law, the following acts
4 are not unlawful and shall not be an offense or a basis for seizure or
5 forfeiture of assets under N.J.S.2C:64-1 et seq. or other applicable
6 law for persons 21 years of age or older, provided the acts are
7 consistent with the relevant definitions set forth in section 3 of
8 P.L. , c. (C.) (pending before the Legislature as this bill),
9 and when an act involves ¹[cannabis or]¹ a cannabis item, it was
10 first obtained ¹directly¹ from a licensed cannabis retailer ¹or
11 delivered by a licensed cannabis delivery service making delivery
12 of a purchase order fulfilled by that licensed cannabis retailer for
13 off-premises delivery¹, evidenced by it being in its original
14 packaging or by a sales slip, invoice, receipt, or other statement or
15 memorandum:

16 a. Possessing, displaying, purchasing, or transporting: cannabis
17 paraphernalia; one ounce (28.35 grams) or less of ¹useable¹
18 cannabis; the equivalent of one ounce (28.35 grams) or less of
19 ¹usable¹ cannabis ¹[infused] as a cannabis¹ product in solid, liquid,
20 or concentrate form, based upon an equivalency calculation for
21 different product forms set by the Cannabis Regulatory
22 Commission, established pursuant to section 31 of P.L.2019, c.153
23 (C.24:6I-24), in its regulations, and for which the commission may
24 utilize research conducted in other states on the issue of product
25 equivalency calculations when setting this equivalency; or 5 grams
26 (0.176 ounce) or less of cannabis resin. Possessing, displaying,
27 purchasing, or transporting at any one time any amount of
28 ¹[cannabis or] any¹ cannabis ¹[resin] items described herein¹ in an
29 amount greater than as permitted pursuant to this subsection ¹[, or
30 an infused product in solid, liquid, or concentrate form with more
31 than the equivalency permitted pursuant to this subsection]¹ shall
32 be considered a violation of the “Comprehensive Drug Reform Act
33 of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and subject the
34 person to ¹[a civil penalty or]¹ prosecution as if the person
35 possessed, displayed, purchased, or transported marijuana or
36 hashish in violation of that act;

37 b. Transferring without remuneration: one ounce (28.35 grams)
38 or less of ¹useable¹ cannabis; the equivalent of one ounce (28.35
39 grams) or less of ¹usable¹ cannabis ¹[infused] as a cannabis¹
40 product in solid, liquid, or concentrate form, based upon the
41 equivalency calculation for different product forms set by the
42 commission pursuant to subsection a. of this section; or five grams
43 (0.176 ounce) or less of cannabis resin to a person who is of legal
44 age for purchasing cannabis items, provided that such transfer is for
45 non-promotional, non-business purposes. Transferring at any one
46 time any amount of ¹[cannabis or] any¹ cannabis ¹[resin] items
47 described herein¹ in an amount greater than as permitted pursuant to

1 this subsection ¹【, or an infused product in solid, liquid, or
2 concentrate form with more than the equivalency permitted
3 pursuant to this subsection】¹, or to a person who is not of legal age
4 to purchase cannabis items, shall be considered a violation of the
5 “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106
6 (N.J.S.2C:35-1 et al.), and subject the person to prosecution as if
7 the person distributed marijuana or hashish in violation of that act,
8 unless the transfer to a person who is not of legal age was done by a
9 cannabis establishment licensed pursuant to P.L. , c. (C.)
10 (pending before the Legislature as this bill), or an employee or
11 agent thereof, in which case it is a civil violation and the civil
12 penalty set forth in subsection b. of section ¹【57】 ²【58¹】 64² of
13 P.L. , c. (C.) (pending before the Legislature as this bill)
14 shall apply;

15 c. Taking delivery of or consuming a lawfully possessed
16 cannabis item, provided that nothing in this section shall permit a
17 person to smoke, vape, or aerosolize any cannabis item in a public
18 place. This prohibition includes the smoking, vaping, or
19 aerosolizing of a cannabis item in any public place pursuant to law
20 that prohibits the smoking of tobacco, including N.J.S.2C:33-13 and
21 the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-
22 55 et seq.), and any indoor public place, as that term is defined in
23 section 3 of P.L.2005, c.383 (C.26:3D-57), or portion thereof, even
24 if the smoking of tobacco is otherwise permitted in that place or
25 portion thereof pursuant to the “New Jersey Smoke-Free Air Act”;
26 except that the smoking, vaping, or aerosolizing of a cannabis item
27 shall be permitted in a cannabis consumption area as set forth in
28 section 28 of P.L.2019, c.153 (C.24:6I-21), and may be permitted
29 by the person or entity that owns or controls a hotel, motel, or other
30 lodging establishment as defined in section 1 of P.L.1967, c.95
31 (C.29:4-5) in up to 20 percent of its guest rooms. The smoking,
32 vaping, or aerosolizing of a cannabis item may also be prohibited or
33 otherwise regulated in multifamily housing that is a multiple
34 dwelling as defined in section 3 of P.L.1967, c.76 (C.55:13A-3), as
35 decided by the person or entity that owns or controls the
36 multifamily housing, ¹or prohibited or otherwise regulated in the
37 structure or specific units of the structure of a cooperative as
38 defined in section 3 of P.L.1987, c.381 (C.46:8D-3) by the
39 corporation or other legal entity that owns the structure,¹
40 prohibited or otherwise regulated in the units of a condominium, as
41 those terms are defined by section 3 of P.L.1969, c.257 (C.46:8B-
42 3), if approved by the association for the condominium and a
43 majority of all of the condominium’s unit owners, as those terms
44 are defined in that section. Except as otherwise provided by P.L. ,
45 c. (C.) (pending before the Legislature as this bill), any
46 penalties that may be assessed for the smoking of tobacco where
47 prohibited under the “New Jersey Smoke-Free Air Act” shall be
48 applicable to the smoking, vaping, or aerosolizing of cannabis

1 ¹items¹ where prohibited. Concerning the consumption of any
 2 cannabis item, other than by smoking, vaping, or aerosolizing: a
 3 person or entity that owns or controls a property, other than
 4 multifamily housing that is a multiple dwelling as defined in section
 5 3 of P.L.1967, c.76 (C.55:13A-3), ¹the structure or specific units of
 6 the structure of a cooperative as defined in section 3 of P.L.1987,
 7 c.381 (C.46:8D-3),¹ a unit of a condominium, as those terms are
 8 defined by section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a
 9 mobile home park as defined in section 3 of P.L.1983, c.386
 10 (C.40:55D-102), which site is leased to the owner of a
 11 manufactured home, as defined in that section, that is installed
 12 thereon, may prohibit or otherwise regulate the consumption of
 13 cannabis items on or in that property, including a casino hotel
 14 facility as defined in section 19 of P.L.1977, c.110 (C.5:12-19) with
 15 respect to a hotel property, a casino as defined in section 6 of
 16 P.L.1977, c.110 (C.5:12-6), or casino simulcasting facility
 17 authorized pursuant to the “Casino Simulcasting Act,” P.L.1992,
 18 c.19 (C.5:12-191 et al.); and a municipality may enact an ordinance
 19 making it an unlawful act for any person 21 years of age or older to
 20 consume, other than by smoking, vaping, or aerosolizing, any
 21 cannabis item in a public place, including any indoor public place
 22 as that term is defined in section 3 of P.L.2005, c.383 (C.26:3D-57),
 23 or portion thereof, and providing a civil penalty for a violation in
 24 accordance with section ¹[70] ²[71¹] ⁷⁷² of P.L. , c. (C.)
 25 (pending before the Legislature as this bill); and

26 d. Assisting another person to engage in any of the acts
 27 described in subsections a. through c. of this section, provided that
 28 the person being assisted is of legal age to purchase cannabis items
 29 and the assistance being provided is without remuneration.

30
 31 ¹[45.] ²[46.¹] ^{47.}² (New section) Licensee and Consumer
 32 Protections.

33 a. ¹[Individuals] Except as otherwise set forth in section ²[47]
 34 48² of P.L. , c. (C.) (pending before the Legislature as this
 35 bill) with respect to employers, employment actions, and
 36 employment policies, individuals,¹ and licensed cannabis
 37 establishments, distributors, and delivery services ^{1,}¹ shall not be
 38 subject to arrest, prosecution, or penalty in any manner, or denied
 39 any right or privilege, including but not limited to civil liability or
 40 disciplinary action by a business, occupational, or professional
 41 licensing board or bureau, solely for conduct permitted under
 42 P.L. , c. (C.) (pending before the Legislature as this bill).

43 b. The presence of cannabinoid metabolites in the bodily fluids
 44 of a person engaged in conduct permitted under P.L. , c. (C.)
 45 (pending before the Legislature as this bill):

46 (1) with respect to a student, ²tenant, or² employee, ¹other than
 47 as set forth in section ²[47] 48² of P.L. , c. (C.) (pending

1 before the Legislature as this bill),¹ ²【or tenant,】² shall not form the

2 basis for refusal to enroll or employ or lease to or otherwise

3 penalize that person, unless failing to do so would put the school,

4 employer, or landlord in violation of a federal contract or cause it to

5 lose federal funding;

6 (2) with respect to a patient ¹,¹ shall not constitute the use of an

7 illicit substance resulting in denial of medical care, including organ

8 transplant, and a patient's use of cannabis items may only be

9 considered with respect to evidence-based clinical criteria; and

10 (3) with respect to a parent or legal guardian of a child or

11 newborn infant, or a pregnant woman ¹,¹ shall not form the sole or

12 primary basis for any action or proceeding by the Division of Child

13 Protection and Permanency, or any successor agencies; provided,

14 however, that nothing in this paragraph shall preclude any action or

15 proceeding by the division based on harm or risk of harm to a child

16 or the use of information on the presence of cannabinoid

17 metabolites in the bodily fluids of any person in any action or

18 proceeding.

19

20 ¹【46.】 ²【47.1】 48.² (New section) Employers, Driving, Minors

21 and Control of Property.

22 a. ¹(1)¹ No employer shall refuse to hire or employ any person

23 or shall discharge from employment or take any adverse action

24 against any employee with respect to compensation, terms,

25 conditions, or other privileges of employment because that person

26 does or does not smoke, vape, aerosolize or otherwise use cannabis

27 items, ¹【unless the】 ²【however】 and an employee shall not be

28 subject to any adverse action by an employer solely due to the

29 presence of cannabinoid metabolites in the employee's bodily fluid

30 from engaging in conduct permitted under P.L. , c. (C.)

31 (pending before the Legislature as this bill). However² , an¹

32 employer ¹【has a rational basis for doing so which is reasonably

33 related to the employment, including the responsibilities of the】

34 may require an¹ employee ¹【or prospective employee】 to undergo a

35 drug test upon reasonable suspicion of an employee's usage of a

36 cannabis item while engaged in the performance of the employee's

37 work responsibilities, or upon finding any observable signs of

38 intoxication related to usage of a cannabis item, or following a

39 work-related accident subject to investigation by the employer ²【,

40 and the】 . A drug test may also be done randomly by the

41 employer, or as part of a pre-employment screening, or regular

42 screening of current employees to determine use during an

43 employee's prescribed work hours. The drug test shall include

44 scientifically reliable objective testing methods and procedures,

45 such as testing of blood, urine, or saliva, and a physical evaluation

46 in order to determine an employee's state of impairment. The

47 physical evaluation shall be conducted by an individual with the

1 necessary certification to opine on the employee's state of
2 impairment, or lack thereof, related to the usage of a cannabis item
3 in accordance with paragraph (2) of this subsection. The² employer
4 may ²[utilize] use² the results of ²[that] the² drug test when
5 determining the appropriate employment action concerning the
6 employee, including, but not limited to dismissal, suspension,
7 demotion, or other disciplinary action.

8 (2) (a) In order to better ensure the protections for prospective
9 employees and employees against refusals to hire or employ, or
10 against being discharged or having ²[another] any other² adverse
11 action taken by an employer, while simultaneously supporting the
12 authority of employers to require employees undergo drug tests
13 under the circumstances set forth in paragraph (1) of this
14 subsection, as well as employer efforts to maintain a drug- and
15 alcohol-free workplace or other drug- or alcohol workplace policy
16 as described in paragraph (1) of subsection b. of this section, the
17 commission, in consultation with the Police Training Commission
18 established pursuant to section 5 of P.L.1961, c.56 (C.52:17B-70),
19 shall prescribe standards in regulation for a Workplace Impairment
20 Recognition Expert certification, to be issued to full- or part-time
21 employees, or others contracted to perform services on behalf of an
22 employer, ²[demonstrating] based on² education and training in
23 detecting and identifying an employee's usage of, or impairment
24 from, a cannabis item or other intoxicating substance, ²[or] and²
25 for assisting in the investigation of workplace accidents. The
26 commission's regulations shall also prescribe minimum curriculum
27 courses of study for the certifications, as well as standards for the
28 commission's approval and continuation of approval of non-profit
29 and for-profit programs, organizations, or schools and their
30 instructors to offer courses of study, and may include the use of a
31 Police Training Commission approved school as that term is
32 defined in section 2 of P.L.1961, c.56 (C.52:17B-67) if consented to
33 by the Police Training Commission.

34 (b) Any person who demonstrates to the commission's
35 satisfaction that the person has successfully completed a Drug
36 Recognition Expert program provided by a Police Training
37 Commission approved school, or another program or course
38 conducted by any ²[Federal] federal², State, or other public or
39 private agency, the requirements of which are substantially
40 equivalent to the requirements established by the commission
41 pursuant to subparagraph (a) of this paragraph for a Workplace
42 Impairment Recognition Expert certification, may, at the discretion
43 of the commission, be issued this certification, subject to
44 subsequent continuation of certification approval by the
45 commission¹.

46 b. Nothing in P.L. , c. (C.) (pending before the
47 Legislature as this bill):

1 (1) ²(a)² Requires an employer to amend or repeal, or affect,
 2 restrict or preempt the rights and obligations of employers to
 3 maintain a ¹[drug and alcohol free] drug- and alcohol-free¹
 4 workplace or require an employer to permit or accommodate the
 5 use, consumption, being under the influence, possession, transfer,
 6 display, transportation, sale, or growth of cannabis or cannabis
 7 items in the workplace, or to affect the ability of employers to have
 8 policies prohibiting ¹use of¹ cannabis ¹[use] items¹ or intoxication
 9 by employees during work hours ¹[.]¹

10 ²(b) If any of the provisions set forth in this paragraph or
 11 subsection a. of this section result in a provable adverse impact on
 12 an employer subject to the requirements of a federal contract, then
 13 the employer may revise their employee prohibitions consistent
 14 with federal law, rules, and regulations;²

15 (2) Is intended to allow driving under the influence of cannabis
 16 items or driving while impaired by cannabis items or to supersede
 17 laws related to driving under the influence of marijuana or cannabis
 18 items or driving while impaired by marijuana or cannabis items
 19 ¹[.]¹

20 (3) Is intended to permit the transfer of cannabis items, with or
 21 without remuneration, to a person under ²[the age of]² 21 ²years of
 22 age² or to allow a person under ²[the age of]² 21 ²years of age² to
 23 purchase, possess, use, transport, grow, or consume cannabis items,
 24 unless the person is under ²[the age of]² 21 ²years of age², but at
 25 least 18 years of age, and an employee of a cannabis establishment,
 26 distributor, or delivery service acting in the person's employment
 27 capacity ¹[.]¹

28 (4) Shall, consistent with subsection c. of section ¹[44] ²[45¹]
 29 46² of P.L. , c. (C.) (pending before the Legislature as
 30 this bill), prohibit a person or entity that owns or controls a property
 31 from prohibiting or otherwise regulating the consumption, use,
 32 display, transfer, distribution, sale, or transportation of cannabis
 33 items on or in that property, or portion thereof, including a hotel
 34 property that is a casino hotel facility as defined in section 19 of
 35 P.L.1977, c.110 (C.5:12-19), a casino as defined in section 6 of
 36 P.L.1977, c.110 (C.5:12-6), or casino simulcasting facility
 37 authorized pursuant to the "Casino Simulcasting Act," P.L.1992,
 38 c.19 (C.5:12-191 et al.), provided that a person or entity that owns
 39 or controls multifamily housing that is a multiple dwelling as
 40 defined in section 3 of P.L.1967, c.76 (C.55:13A-3), ¹the structure
 41 or specific units of the structure of a cooperative as defined in
 42 section 3 of P.L.1987, c.381 (C.46:8D-3),¹ a unit of a condominium
 43 as defined in section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a
 44 mobile home park as defined in section 3 of P.L.1983, c.386
 45 (C.40:55D-102), which site is leased to the owner of a
 46 manufactured home, as defined in that section, that is installed
 47 thereon, may only prohibit or otherwise regulate the smoking,

1 vaping, or aerosolizing, but not other consumption, of cannabis
 2 items, and further provided that municipalities may not prohibit
 3 delivery, possession, or consumption of cannabis items by a person
 4 21 years of age or older as permitted by section ¹[44] ²[45¹] 46² of
 5 P.L. , c. (C.) (pending before the Legislature as this bill)
 6 ¹[.]_;¹

7 (5) Is intended to permit any person to possess, consume, use,
 8 display, transfer, distribute, sell, transport, or grow ¹or manufacture
 9 cannabis or¹ cannabis items in a school, hospital, detention facility,
 10 adult correctional facility, or youth ²[correction] correctional²
 11 facility ¹[.]_;¹

12 (6) Is intended to permit the smoking, vaping, or aerosolizing of
 13 cannabis items in any place that any other law prohibits the
 14 smoking of tobacco, including N.J.S.2C:33-13 and the “New Jersey
 15 Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.). Except
 16 as otherwise provided by P.L. , c. (C.) (pending before the
 17 Legislature as this bill), any fines or civil penalties that may be
 18 assessed for the smoking of tobacco in designated places shall be
 19 applicable to the smoking, vaping, or aerosolizing of cannabis
 20 items.

21
 22 ¹[47.] ²[48.¹] 49.² (New section) Consuming, including by
 23 smoking, vaping, or aerosolizing, any cannabis item available for
 24 lawful consumption pursuant to the “New Jersey Cannabis
 25 Regulatory, Enforcement Assistance, and Marketplace
 26 Modernization Act,” P.L. , c. (C.) (pending before the
 27 Legislature as this bill), is prohibited in any area of any building of,
 28 on the grounds of, or in any facility owned, leased, or controlled by,
 29 any public or private institution of higher education or a related
 30 entity thereof, regardless of whether the area or facility is an indoor
 31 place or is outdoors. As used in this section “related entity”
 32 includes, but is not limited to, the foundation, auxiliary services
 33 corporation, or alumni association, or any subsidiary thereof, of an
 34 institution of higher ²[learning] education². Any penalties that
 35 may be assessed for the smoking of tobacco where prohibited under
 36 the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-
 37 55 et seq.), shall be applicable to the consumption of cannabis items
 38 where prohibited by this section.

39
 40 ¹[48.] ²[49.¹] 50.² (New section) Lawful Operation of
 41 Cannabis Establishments, Distributors, and Delivery Services.

42 Notwithstanding any other provision of law, the following acts
 43 are not unlawful and shall not be a criminal offense or a basis for
 44 seizure or forfeiture of assets under N.J.S.2C:64-1 et seq. or other
 45 applicable law, provided the acts are undertaken by a person 21
 46 years of age or older while acting within the scope of authority
 47 provided by a license, or are undertaken by a person 18 years of age

1 or older while acting within the scope of authority as an employee
2 of a licensed cannabis establishment, distributor, or delivery
3 service, or provided by a cannabis handler certification issued
4 pursuant to P.L. , c. (C.) (pending before the Legislature as
5 this bill) and are consistent with the relevant definitions set forth in
6 section 3 of P.L. , c. (C.) (pending before the Legislature as
7 this bill):

8 a. manufacturing, possessing, or purchasing cannabis
9 paraphernalia or the sale of cannabis paraphernalia to a person who
10 is 21 years of age or older;

11 b. possessing, displaying, transporting, or delivering cannabis
12 items; purchasing cannabis ¹items¹ from a cannabis ¹[cultivation
13 facility] cultivator¹; purchasing cannabis items from a cannabis
14 ¹[product manufacturing facility] manufacturer¹ ²or wholesaler² ;
15 or selling cannabis items to consumers, if the person conducting the
16 activities described in this subsection has obtained a current, valid
17 license to operate as a cannabis retailer or is acting in his capacity
18 as an owner, employee, or agent of a licensed cannabis retailer;

19 c. cultivating, harvesting, ²[processing,]² packaging,
20 transporting, displaying, or possessing cannabis; delivering or
21 transferring cannabis ¹items¹ to a cannabis testing facility; selling
22 cannabis ¹items¹ to a cannabis ¹[cultivation facility] cultivator¹, a
23 cannabis ¹[product manufacturing facility] manufacturer¹, ¹a
24 cannabis wholesaler¹, or a cannabis retailer; or purchasing cannabis
25 ¹items¹ from a cannabis ¹[cultivation facility] cultivator¹, if the
26 person conducting the activities described in this subsection has
27 obtained a current, valid license to operate ¹as¹ a cannabis
28 ¹[cultivation facility] cultivator¹ or is acting in his capacity as an
29 owner, employee, or agent of a licensed cannabis ¹[cultivation
30 facility] cultivator¹;

31 d. packaging, ¹[processing] manufacturing¹, transporting,
32 ¹[manufacturing]¹ , displaying, or possessing cannabis items;
33 ²[delivering] transporting² or transferring cannabis items to a
34 cannabis testing facility; selling cannabis items to a cannabis
35 retailer or a cannabis ¹[product manufacturing facility]
36 manufacturer¹; purchasing cannabis ¹items¹ from a cannabis
37 ¹[cultivation facility] cultivator¹; or purchasing cannabis items
38 from a cannabis ¹[product manufacturing facility] manufacturer¹, if
39 the person conducting the activities described in this subsection has
40 obtained a current, valid license to operate ¹as¹ a cannabis
41 ¹[product manufacturing facility] manufacturer¹ or is acting in his
42 capacity as an owner, employee, or agent of a licensed cannabis
43 ¹[product manufacturing facility] manufacturer¹;

44 e. possessing, cultivating, ¹[processing] manufacturing¹ ,
45 repackaging, storing, transporting, displaying, ²or² transferring ²[
46 or delivering]² cannabis items if the person has obtained a current,

1 valid license to operate a cannabis testing facility or is acting in his
2 capacity as an owner, employee, or agent of a licensed cannabis
3 testing facility; and

4 f. leasing or otherwise allowing the use of property owned,
5 occupied, or controlled by any person, corporation, or other entity
6 for any of the activities conducted lawfully in accordance with
7 subsections a. through e. of this section.

8

9 ¹[49.] ²[50.¹] 51.² (New section) Contract Enforceability.

10 No contract shall be unenforceable on the basis that
11 manufacturing, distributing, dispensing, possessing, or using any
12 cannabis item or marijuana is prohibited by federal law. No contract
13 entered into by a licensee, its employees, or its agents as permitted
14 pursuant to a valid license issued by the commission, or by those
15 who allow property to be used by a licensee, its employees, or its
16 agents as permitted pursuant to a valid license issued by the
17 commission, shall be deemed unenforceable on the basis that the
18 actions or conduct permitted pursuant to the license are prohibited
19 by federal law.

20

21 ¹[50.] ²[51.¹] 52.² (New section) Federal and Interstate
22 Relations.

23 a. Law enforcement agencies in this State shall not cooperate
24 with or provide assistance to the government of the United States or
25 any agency thereof in enforcing the “Controlled Substances Act,”
26 21 U.S.C. 801 et seq., solely for actions consistent with P.L. ,
27 c. (C.) (pending before the Legislature as this bill), except
28 pursuant to a valid court order.

29 b. No agency or subdivision of an agency of this State may
30 refuse to perform any duty under P.L. , c. (C.) (pending
31 before the Legislature as this bill) on the basis that manufacturing,
32 transporting, distributing, dispensing, delivering, possessing, or
33 using any cannabis item or marijuana is prohibited by federal law.

34 c. The commission may not revoke or refuse to issue or renew
35 a license or certification pursuant to section 20, 22, 23, 24, 25,
36 ²[or]² 26 ²,or 27² of P.L. , c. (C.) (pending before the
37 Legislature as this bill) on the basis that manufacturing,
38 transporting, distributing, dispensing, delivering, possessing, or
39 using any cannabis item or marijuana is prohibited by federal law.

40 d. Nothing in this section shall be construed to limit the
41 authority of an agency or subdivision of any agency of this State to
42 cooperate with or assist the government of the United States or any
43 agency thereof, or the government of another state or agency
44 thereof, in matters pertaining to illegal interstate trafficking of
45 marijuana, hashish, ²cannabis,² or cannabis items.

46

47 ¹[51.] ²[52.¹] 53.² (New section) Limitations.

1 The provisions of P.L. , c. (C.) (pending before the
 2 Legislature as this bill) concerning the development, regulation, and
 3 enforcement of activities associated with personal use cannabis, as
 4 well as acts involving personal use cannabis or cannabis ²**[resin]**
 5 items², shall not be construed:

6 a. To amend or affect in any way any State or federal law
 7 pertaining to employment matters;

8 b. To amend or affect in any way any State or federal law
 9 pertaining to landlord-tenant matters;

10 c. To prohibit a recipient of a federal grant or an applicant for a
 11 federal grant from prohibiting the manufacture, transportation,
 12 delivery, possession, or use of cannabis items to the extent
 13 necessary to satisfy federal requirements for the grant;

14 d. To prohibit a party to a federal contract or a person applying
 15 to be a party to a federal contract from prohibiting the manufacture,
 16 transport, distribution, delivery, possession, or use of cannabis
 17 items to the extent necessary to comply with the terms and
 18 conditions of the contract or to satisfy federal requirements for the
 19 contract;

20 e. To require a person to violate a federal law; or

21 f. To exempt a person from a federal law or obstruct the
 22 enforcement of a federal law.

23
 24 ¹**[52.]** ²**[53.1]** 54.² N.J.S.2C:35-2 is amended to read as
 25 follows:

26 2C:35-2. As used in this chapter:

27 "Administer" means the direct application of a controlled
 28 dangerous substance or controlled substance analog, whether by
 29 injection, inhalation, ingestion, or any other means, to the body of a
 30 patient or research subject by: (1) a practitioner ²**[1.]**² or, in his
 31 presence, by his lawfully authorized agent ²**[D]**², or (2) the patient
 32 or research subject at the lawful direction and in the presence of the
 33 practitioner.

34 "Agent" means an authorized person who acts on behalf of or at
 35 the direction of a manufacturer, distributor, or dispenser but does
 36 not include a common or contract carrier, public warehouseman, or
 37 employee thereof.

38 "Controlled dangerous substance" means a drug, substance, or
 39 immediate precursor in Schedules I through V, marijuana and
 40 hashish as defined in this section, any substance the distribution of
 41 which is specifically prohibited in N.J.S.2C:35-3, in section 3 of
 42 P.L.1997, c.194 (C.2C:35-5.2), in section 5 of P.L.1997, c.194
 43 (C.2C:35-5.3), in section 2 of P.L.2011, c.120 (C.2C:35-5.3a), or in
 44 section 2 of P.L.2013, c.35 (C.2C:35-5.3b), and any drug or
 45 substance which, when ingested, is metabolized or otherwise
 46 becomes a controlled dangerous substance in the human body.
 47 When any statute refers to controlled dangerous substances, or to a
 48 specific controlled dangerous substance, it shall also be deemed to

1 refer to any drug or substance which, when ingested, is metabolized
2 or otherwise becomes a controlled dangerous substance or the
3 specific controlled dangerous substance, and to any substance that
4 is an immediate precursor of a controlled dangerous substance or
5 the specific controlled dangerous substance. The term shall not
6 include distilled spirits, wine, malt beverages, as those terms are
7 defined or used in R.S.33:1-1 et seq., **[or]** tobacco and tobacco
8 products, or cannabis ²[or] and² cannabis ²[resin]² as defined in
9 section 3 of P.L. , c. (C.) (pending before the Legislature as
10 this bill). The term, wherever it appears in any law or
11 administrative regulation of this State, shall include controlled
12 substance analogs.

13 "Controlled substance analog" means a substance that has a
14 chemical structure substantially similar to that of a controlled
15 dangerous substance and that was specifically designed to produce
16 an effect substantially similar to that of a controlled dangerous
17 substance. The term shall not include a substance manufactured or
18 distributed in conformance with the provisions of an approved new
19 drug application or an exemption for investigational use within the
20 meaning of section 505 of the "Federal Food, Drug and Cosmetic
21 Act," 52 Stat. 1052 (21 U.S.C. s.355).

22 "Counterfeit substance" means a controlled dangerous substance
23 or controlled substance analog which, or the container or labeling of
24 which, without authorization, bears the trademark, trade name, or
25 other identifying mark, imprint, number, or device, or any likeness
26 thereof, of a manufacturer, distributor, or dispenser other than the
27 person or persons who in fact manufactured, distributed, or
28 dispensed the substance and which thereby falsely purports or is
29 represented to be the product of, or to have been distributed by,
30 such other manufacturer, distributor, or dispenser.

31 "Deliver" or "delivery" means the actual, constructive, or
32 attempted transfer from one person to another of a controlled
33 dangerous substance or controlled substance analog, whether or not
34 there is an agency relationship.

35 "Dispense" means to deliver a controlled dangerous substance or
36 controlled substance analog to an ultimate user or research subject
37 by or pursuant to the lawful order of a practitioner, including the
38 prescribing, administering, packaging, labeling, or compounding
39 necessary to prepare the substance for that delivery. "Dispenser"
40 means a practitioner who dispenses.

41 "Distribute" means to deliver other than by administering or
42 dispensing a controlled dangerous substance or controlled substance
43 analog. "Distributor" means a person who distributes.

44 "Drugs" means ²**[(a)] (1)**² substances recognized in the official
45 United States Pharmacopoeia, official Homeopathic Pharmacopoeia
46 of the United States, or official National Formulary, or any
47 supplement to any of them; and ²**[(b)] (2)**² substances intended for
48 use in the diagnosis, cure, mitigation, treatment, or prevention of

1 disease in man or other animals; and ²[(c)] (3)² substances ²[(1) ,²
 2 other than food ²[(1)] ² intended to affect the structure or any
 3 function of the body of man or other animals; and ²[(d)] (4)²
 4 substances intended for use as a component of any ²[article]
 5 substance² specified in ²[subsections] (a) (1)² , ²[(b)] (2)² , and
 6 ²[(c)] (3)² of this ²[section] definition²; but does not include
 7 devices or their components, parts, or accessories. ²The term
 8 “drug” also does not include: hemp and hemp products cultivated,
 9 handled, processed, transported, or sold pursuant to the "New Jersey
 10 Hemp Farming Act," P.L.2019, c.238 (C.4:28-6 et al.); cannabis as
 11 defined in section 3 of P.L. , c. (C.) (pending before the
 12 Legislature as this bill) which is cultivated and produced for use in
 13 a cannabis item, as defined in that section, in accordance with the
 14 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
 15 Marketplace Modernization Act,” P.L. , c. (C.) (pending
 16 before the Legislature as this bill); and cannabis resin as defined in
 17 that section 3 (C.) which is extracted for use in a cannabis
 18 item, as defined in that section, in accordance with that act.²

19 "Drug or alcohol dependent person" means a person who as a
 20 result of using a controlled dangerous substance or controlled
 21 substance analog or alcohol has been in a state of psychic or
 22 physical dependence, or both, arising from the use of that controlled
 23 dangerous substance or controlled substance analog or alcohol on a
 24 continuous or repetitive basis. Drug or alcohol dependence is
 25 characterized by behavioral and other responses, including but not
 26 limited to a strong compulsion to take the substance on a recurring
 27 basis in order to experience its psychic effects, or to avoid the
 28 discomfort of its absence.

29 "Hashish" means the resin extracted from any part of the plant
 30 **[Genus]** Cannabis sativa L. and any compound, manufacture, salt,
 31 derivative, mixture, or preparation of such resin. “Hashish” shall
 32 not mean: hemp ²[or a] and² hemp ²[product] products² cultivated,
 33 handled, processed, transported, or sold pursuant to the “New
 34 Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.); or
 35 cannabis resin as defined in section 3 of P.L. , c. (C.)
 36 (pending before the Legislature as this bill) which is extracted for
 37 use in a cannabis item, as defined in that section, in accordance with
 38 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
 39 Marketplace Modernization Act,” P.L. , c. (C.) (pending
 40 before the Legislature as this bill).

41 "Manufacture" means the production, preparation, propagation,
 42 compounding, conversion, or processing of a controlled dangerous
 43 substance or controlled substance analog, either directly or by
 44 extraction from substances of natural origin, or independently by
 45 means of chemical synthesis, or by a combination of extraction and
 46 chemical synthesis, and includes any packaging or repackaging of
 47 the substance or labeling or relabeling of its container, except that

1 this term does not include the preparation or compounding of a
 2 controlled dangerous substance or controlled substance analog by
 3 an individual for his own use or the preparation, compounding,
 4 packaging, or labeling of a controlled dangerous substance: (1) by
 5 a practitioner as an incident to his administering or dispensing of a
 6 controlled dangerous substance or controlled substance analog in
 7 the course of his professional practice, or (2) by a practitioner
 8 ²[(1) ² or under his supervision²[(1) ²] ² for the purpose of, or as an
 9 incident to, research, teaching, or chemical analysis and not for
 10 sale.

11 "Marijuana" means all parts of the plant **[Genus]** *Cannabis*
 12 *sativa* L., whether growing or not; the seeds thereof, and every
 13 compound, manufacture, salt, derivative, mixture, or preparation of
 14 the plant or its seeds, except those containing resin extracted from
 15 the plant **[**; but shall not include the mature stalks of the plant, fiber
 16 produced from the stalks, oil, or cake made from the seeds of the
 17 plant, any other compound, manufacture, salt, derivative, mixture,
 18 or preparation of mature stalks, fiber, oil, or cake, or the sterilized
 19 seed of the plant which is incapable of germination**]**. "Marijuana"
 20 shall not mean: hemp ²[or a] and² hemp ²[product] products²
 21 cultivated, handled, processed, transported, or sold pursuant to the
 22 "New Jersey Hemp Farming Act," P.L.2019, c.238 (C.4:28-6 et al.);
 23 or cannabis as defined in section 3 of P.L. , c. (C.)
 24 (pending before the Legislature as this bill) which is cultivated and
 25 ²[processed] produced² for use in a cannabis item, as defined in
 26 that section, in accordance with the "New Jersey Cannabis
 27 Regulatory, Enforcement Assistance, and Marketplace
 28 Modernization Act," P.L. , c. (C.) (pending before the
 29 Legislature as this bill).

30 "Narcotic drug" means any of the following, whether produced
 31 directly or indirectly by extraction from substances of vegetable
 32 origin, or independently by means of chemical synthesis, or by a
 33 combination of extraction and chemical synthesis:

34 ²[(a)] (1)² Opium, coca leaves, and opiates;

35 ²[(b)] (2)² A compound, manufacture, salt, derivative, or
 36 preparation of opium, coca leaves, or opiates;

37 ²[(c)] (3)² A substance ²[(1) ² and any compound, manufacture,
 38 salt, derivative, or preparation thereof ²[(1) ²] ² which is chemically
 39 identical with any of the substances referred to in ²[(a)]
 40 (1)² and ²[(b)] (3) of this definition², except that the words
 41 "narcotic drug" as used in this act shall not include decocainized
 42 coca leaves or extracts of coca leaves, which extracts do not contain
 43 cocaine or ecogine.

44 "Opiate" means any dangerous substance having an addiction-
 45 forming or addiction-sustaining liability similar to morphine or
 46 being capable of conversion into a drug having such addiction-
 47 forming or addiction-sustaining liability. It does not include, unless

1 specifically designated as controlled pursuant to the provisions of
2 section 3 of P.L.1970, c.226 (C.24:21-3), the dextrorotatory isomer
3 of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan).
4 It does include its racemic and levorotatory forms.

5 "Opium poppy" means the plant of the species *Papaver*
6 *somniferum* L., except the seeds thereof.

7 "Person" means any corporation, association, partnership, trust,
8 other institution or entity, or one or more individuals.

9 "Plant" means an organism having leaves and a readily
10 observable root formation, including, but not limited to, a cutting
11 having roots, a rootball or root hairs.

12 "Poppy straw" means all parts, except the seeds, of the opium
13 poppy, after mowing.

14 "Practitioner" means a physician, dentist, veterinarian, scientific
15 investigator, laboratory, pharmacy, hospital, or other person
16 licensed, registered, or otherwise permitted to distribute, dispense,
17 conduct research with respect to, or administer a controlled
18 dangerous substance or controlled substance analog in the course of
19 professional practice or research in this State. ²As used in this
20 definition:²

21 ²**[(a)] (1)**² "Physician" means a physician authorized by law to
22 practice medicine in this or any other state and any other person
23 authorized by law to treat sick and injured human beings in this or
24 any other state.

25 ²**[(b)] (2)**² "Veterinarian" means a veterinarian authorized by
26 law to practice veterinary medicine in this State.

27 ²**[(c)] (3)**² "Dentist" means a dentist authorized by law to
28 practice dentistry in this State.

29 ²**[(d)] (4)**² "Hospital" means any federal institution, or any
30 institution for the care and treatment of the sick and injured,
31 operated or approved by the appropriate State department as proper
32 to be entrusted with the custody and professional use of controlled
33 dangerous substances or controlled substance analogs.

34 ²**[(e)] (5)**² "Laboratory" means a laboratory to be entrusted with
35 the custody of narcotic drugs and the use of controlled dangerous
36 substances or controlled substance analogs for scientific,
37 experimental, and medical purposes and for purposes of instruction
38 approved by the Department of Health.

39 "Production" includes the manufacture, planting, cultivation,
40 growing, or harvesting of a controlled dangerous substance or
41 controlled substance analog.

42 "Immediate precursor" means a substance which the Division of
43 Consumer Affairs in the Department of Law and Public Safety has
44 found to be and by regulation designates as being the principal
45 compound commonly used or produced primarily for use, and
46 which is an immediate chemical intermediary used or likely to be
47 used in the manufacture of a controlled dangerous substance or

1 controlled substance analog, the control of which is necessary to
2 prevent, curtail, or limit such manufacture.

3 "Residential treatment facility" means any facility licensed and
4 approved by the Department of Human Services and which is
5 approved by any county probation department for the inpatient
6 treatment and rehabilitation of drug or alcohol dependent persons.

7 "Schedules I, II, III, IV, and V" are the schedules set forth in
8 sections 5 through 8 of P.L.1970, c.226 (C.24:21-5 through 24:21-
9 8) and in section 4 of P.L.1971, c.3 (C.24:21-8.1) and as modified
10 by any regulations issued by the Director of the Division of
11 Consumer Affairs in the Department of Law and Public Safety
12 pursuant to the director's authority as provided in section 3 of
13 P.L.1970, c.226 (C.24:21-3).

14 "State" means the State of New Jersey.

15 "Ultimate user" means a person who lawfully possesses a
16 controlled dangerous substance or controlled substance analog for
17 his own use or for the use of a member of his household or for
18 administration to an animal owned by him or by a member of his
19 household.

20 "Prescription legend drug" means any drug which under federal
21 or State law requires dispensing by prescription or order of a
22 licensed physician, veterinarian, or dentist and is required to bear
23 the statement "Rx only" or similar wording indicating that such
24 drug may be sold or dispensed only upon the prescription of a
25 licensed medical practitioner and is not a controlled dangerous
26 substance or stramonium preparation.

27 "Stramonium preparation" means a substance prepared from any
28 part of the stramonium plant in the form of a powder, pipe mixture,
29 cigarette, or any other form with or without other ingredients.

30 "Stramonium plant" means the plant *Datura Stramonium* Linne,
31 including *Datura Tatula* Linne.

32 (cf: P.L.2019, c.238, s.10)

33

34 ²55. N.J.S.2C:35-5 is amended to read as follows:

35 2C:35-5. Manufacturing, Distributing or Dispensing. a. Except
36 as authorized by P.L.1970, c.226 (C.24:21-1 et seq.), it shall be
37 unlawful for any person knowingly or purposely:

38 (1) To manufacture, distribute or dispense, or to possess or have
39 under his control with intent to manufacture, distribute or dispense,
40 a controlled dangerous substance or controlled substance analog; or

41 (2) To create, distribute, or possess or have under his control
42 with intent to distribute, a counterfeit controlled dangerous
43 substance.

44 b. Any person who violates subsection a. with respect to:

45 (1) Heroin, or its analog, or coca leaves and any salt, compound,
46 derivative, or preparation of coca leaves, and any salt, compound,
47 derivative, or preparation thereof which is chemically equivalent or
48 identical with any of these substances, or analogs, except that the

1 substances shall not include decocainized coca leaves or extractions
2 which do not contain cocaine or ecogine, or 3,4-
3 methylenedioxyamphetamine or 3,4-
4 methylenedioxyamphetamine, in a quantity of five ounces or more
5 including any adulterants or dilutants is guilty of a crime of the first
6 degree. The defendant shall, except as provided in N.J.S.2C:35-12,
7 be sentenced to a term of imprisonment by the court. The term of
8 imprisonment shall include the imposition of a minimum term
9 which shall be fixed at, or between, one-third and one-half of the
10 sentence imposed, during which the defendant shall be ineligible for
11 parole. Notwithstanding the provisions of subsection a. of
12 N.J.S.2C:43-3, a fine of up to **【\$500,000.00】** \$500,000 may be
13 imposed;

14 (2) A substance referred to in paragraph (1) of this subsection,
15 in a quantity of one-half ounce or more but less than five ounces,
16 including any adulterants or dilutants is guilty of a crime of the
17 second degree;

18 (3) A substance referred to paragraph (1) of this subsection in a
19 quantity less than one-half ounce including any adulterants or
20 dilutants is guilty of a crime of the third degree except that,
21 notwithstanding the provisions of subsection b. of N.J.S.2C:43-3, a
22 fine of up to **【\$75,000.00】** \$75,000 may be imposed;

23 (4) A substance classified as a narcotic drug in Schedule I or II
24 other than those specifically covered in this section, or the analog of
25 any such substance, in a quantity of one ounce or more including
26 any adulterants or dilutants is guilty of a crime of the second
27 degree;

28 (5) A substance classified as a narcotic drug in Schedule I or II
29 other than those specifically covered in this section, or the analog of
30 any such substance, in a quantity of less than one ounce including
31 any adulterants or dilutants is guilty of a crime of the third degree
32 except that, notwithstanding the provisions of subsection b. of
33 N.J.S.2C:43-3, a fine of up to **【\$75,000.00】** \$75,000 may be
34 imposed;

35 (6) Lysergic acid diethylamide, or its analog, in a quantity of
36 100 milligrams or more including any adulterants or dilutants, or
37 phencyclidine, or its analog, in a quantity of 10 grams or more
38 including any adulterants or dilutants, is guilty of a crime of the
39 first degree. Except as provided in N.J.S.2C:35-12, the court shall
40 impose a term of imprisonment which shall include the imposition
41 of a minimum term, fixed at, or between, one-third and one-half of
42 the sentence imposed by the court, during which the defendant shall
43 be ineligible for parole. Notwithstanding the provisions of
44 subsection a. of N.J.S.2C:43-3, a fine of up to **【\$500,000.00】**
45 \$500,000 may be imposed;

46 (7) Lysergic acid diethylamide, or its analog, in a quantity of
47 less than 100 milligrams including any adulterants or dilutants, or
48 where the amount is undetermined, or phencyclidine, or its analog,

1 in a quantity of less than 10 grams including any adulterants or
2 dilutants, or where the amount is undetermined, is guilty of a crime
3 of the second degree;

4 (8) Methamphetamine, or its analog, or phenyl-2-propanone
5 (P2P), in a quantity of five ounces or more including any
6 adulterants or dilutants is guilty of a crime of the first degree.
7 Notwithstanding the provisions of subsection a. of N.J.S.2C:43-3, a
8 fine of up to ~~【\$300,000.00】~~ \$300,000 may be imposed;

9 (9) (a) Methamphetamine, or its analog, or phenyl-2-propanone
10 (P2P), in a quantity of one-half ounce or more but less than five
11 ounces including any adulterants or dilutants is guilty of a crime of
12 the second degree;

13 (b) Methamphetamine, or its analog, or phenyl-2-propanone
14 (P2P), in a quantity of less than one-half ounce including any
15 adulterants or dilutants is guilty of a crime of the third degree
16 except that notwithstanding the provisions of subsection b. of
17 N.J.S.2C:43-3, a fine of up to ~~【\$75,000.00】~~ \$75,000 may be
18 imposed;

19 (10) (a) Marijuana in a quantity of 25 pounds or more
20 including any adulterants or dilutants, or 50 or more marijuana
21 plants, regardless of weight, or hashish in a quantity of five pounds
22 or more including any adulterants or dilutants, is guilty of a crime
23 of the first degree. Notwithstanding the provisions of subsection a.
24 of N.J.S.2C:43-3, a fine of up to ~~【\$300,000.00】~~ \$300,000 may be
25 imposed;

26 (b) Marijuana in a quantity of five pounds or more but less than
27 25 pounds including any adulterants or dilutants, or 10 or more but
28 fewer than 50 marijuana plants, regardless of weight, or hashish in a
29 quantity of one pound or more but less than five pounds, including
30 any adulterants and dilutants, is guilty of a crime of the second
31 degree;

32 (11) ~~【Marijuana】~~ (a) Prior to the effective date of P.L. _____,
33 c. (C. _____) (pending before the Legislature as this bill), marijuana
34 in a quantity of one ounce or more but less than five pounds
35 including any adulterants or dilutants, or hashish in a quantity of
36 five grams or more but less than one pound including any
37 adulterants or dilutants, is guilty of a crime of the third degree
38 except that, notwithstanding the provisions of subsection b. of
39 N.J.S.2C:43-3, a fine of up to ~~【\$25,000.00】~~ \$25,000 may be
40 imposed;

41 (b) On and after the effective date of P.L. _____, c. (C. _____)
42 (pending before the Legislature as this bill), marijuana in a quantity
43 of more than one ounce but less than five pounds including any
44 adulterants or dilutants, or hashish in a quantity of more than five
45 grams but less than one pound including any adulterants or
46 dilutants, is guilty of a crime of the third degree except that,
47 notwithstanding the provisions of subsection b. of N.J.S.2C:43-3, a
48 fine of up to \$25,000 may be imposed;

1 (12) **【Marijuana】** (a) Prior to the effective date of P.L. _____,
2 c. (C. _____) (pending before the Legislature as this bill), marijuana
3 in a quantity of less than one ounce including any adulterants or
4 dilutants, or hashish in a quantity of less than five grams including
5 any adulterants or dilutants, is guilty of a crime of the fourth
6 degree;

7 (b) On and after the effective date of P.L. _____, c. (C. _____)
8 (pending before the Legislature as this bill), marijuana in a quantity
9 of one ounce or less including any adulterants or dilutants, or
10 hashish in a quantity of five grams or less including any adulterants
11 or dilutants, is, for a first offense, subject to a written warning,
12 which also indicates that any subsequent violation is a crime
13 punishable by a term of imprisonment, a fine, or both, and for a
14 second or subsequent offense, is guilty of a crime of the fourth
15 degree;

16 (i) The odor of marijuana or hashish, or burnt marijuana or
17 hashish, shall not constitute reasonable articulable suspicion to
18 initiate a search of a person to determine a violation of
19 subparagraph (b) of paragraph (12) of this subsection. A person
20 who violates this subparagraph shall not be subject to arrest,
21 detention, or otherwise be taken into custody, unless the person is
22 being arrested, detained, or otherwise taken into custody for also
23 committing another violation of law for which that action is legally
24 permitted or required;

25 (ii) A person shall not be deprived of any legal or civil right,
26 privilege, benefit, or opportunity provided pursuant to any law
27 solely by reason of committing a violation of subparagraph (b) of
28 paragraph (12) of this subsection, nor shall committing one or more
29 violations modify any legal or civil right, privilege, benefit, or
30 opportunity provided pursuant to any law, including, but not limited
31 to, the granting, renewal, forfeiture, or denial of a license, permit,
32 or certification, qualification for and the receipt, alteration,
33 continuation, or denial of any form of financial assistance, housing
34 assistance, or other social services, rights of or custody by a
35 biological parent, or adoptive or foster parent, or other legal
36 guardian of a child or newborn infant, or pregnant woman, in any
37 action or proceeding by the Division of Child Protection and
38 Permanency in the Department of Children and Families, or
39 qualification, approval, or disapproval to serve as a foster parent or
40 other legal guardian;

41 (iii) All local and county law enforcement authorities shall,
42 following the submission process used for the uniform crime
43 reporting system established by P.L.1966, c.37 (C.52:17B-
44 5.1 et seq.), submit a quarterly report to the Uniform Crime
45 Reporting Unit, within the Division of State Police in the
46 Department of Law and Public Safety, or to another designated
47 recipient determined by the Attorney General, containing the
48 number of violations of subparagraph (b) of paragraph (12) of this

1 subsection committed within their respective jurisdictions, plus the
2 race, ethnicity, gender, and age of each person committing a
3 violation, and the disposition of each person's violation. These
4 violations and associated information, along with a quarterly
5 summary of violations investigated, and associated information
6 collected, by the Division of State Police for the same period shall
7 be summarized by county and municipality in an annual report, and
8 both quarterly summaries and annual reports shall be made
9 available at no cost to the public on the Division of State Police's
10 Internet website;

11 (13) Any other controlled dangerous substance classified in
12 Schedule I, II, III or IV, or its analog, is guilty of a crime of the
13 third degree, except that, notwithstanding the provisions of
14 subsection b. of N.J.S.2C:43-3, a fine of up to **[\$25,000.00]**
15 \$25,000 may be imposed; or

16 (14) Any Schedule V substance, or its analog, is guilty of a
17 crime of the fourth degree except that, notwithstanding the
18 provisions of subsection b. of N.J.S.2C:43-3, a fine of up to
19 **[\$25,000.00]** \$25,000 may be imposed.

20 c. Where the degree of the offense for violation of this section
21 depends on the quantity of the substance, the quantity involved
22 shall be determined by the trier of fact, other than with respect to a
23 first violation of subparagraph (b) of paragraph (12) of subsection
24 b. of this section which is subject to a written warning as set forth in
25 that subparagraph. Where the indictment or accusation so provides,
26 the quantity involved in individual acts of manufacturing,
27 distribution, dispensing or possessing with intent to distribute may
28 be aggregated in determining the grade of the offense, whether
29 distribution or dispensing is to the same person or several persons,
30 provided that each individual act of manufacturing, distribution,
31 dispensing or possession with intent to distribute was committed
32 within the applicable statute of limitations.²

33 (cf: P.L.2000, c.136, s.1)

34

35 ²56. N.J.S.2C:35-10 is amended to read as follows:

36 2C:35-10. Possession, Use or Being Under the Influence, or
37 Failure to Make Lawful Disposition.

38 a. It is unlawful for any person, knowingly or purposely, to
39 obtain, or to possess, actually or constructively, a controlled
40 dangerous substance or controlled substance analog, unless the
41 substance was obtained directly, or pursuant to a valid prescription
42 or order form from a practitioner, while acting in the course of his
43 professional practice, or except as otherwise authorized by
44 P.L.1970, c.226 (C.24:21-1 et seq.). Any person who violates this
45 section with respect to:

46 (1) A controlled dangerous substance, or its analog, classified in
47 Schedule I, II, III or IV other than those specifically covered in this
48 section, is guilty of a crime of the third degree except that,

1 notwithstanding the provisions of subsection b. of N.J.S.2C:43-3, a
2 fine of up to ~~【\$35,000.00】~~ \$35,000 may be imposed;

3 (2) Any controlled dangerous substance, or its analog, classified
4 in Schedule V, is guilty of a crime of the fourth degree except that,
5 notwithstanding the provisions of subsection b. of N.J.S.2C:43-3, a
6 fine of up to ~~【\$15,000.00】~~ \$15,000 may be imposed;

7 (3) ~~【Possession】~~ (a) Prior to the effective date of P.L. _____,
8 c. (C. _____) (pending before the Legislature as this bill),
9 possession of more than 50 grams of marijuana, including any
10 adulterants or dilutants, or more than five grams of hashish is guilty
11 of a crime of the fourth degree, except that, notwithstanding the
12 provisions of subsection b. of N.J.S.2C:43-3, a fine of up to
13 ~~【\$25,000.00】~~ \$25,000 may be imposed; ~~【or】~~

14 (b) On and after to the effective date of P.L. _____, c. (C. _____)
15 (pending before the Legislature as this bill), possession of more
16 than six ounces of marijuana, including any adulterants or dilutants,
17 or more than 17 grams of hashish is guilty of a crime of the fourth
18 degree, except that, notwithstanding the provisions of subsection b.
19 of N.J.S.2C:43-3, a fine of up to \$25,000 may be imposed;

20 (i) The odor of marijuana or hashish, or burnt marijuana or
21 hashish, shall not constitute reasonable articulable suspicion to
22 initiate a search of a person to determine a violation of
23 subparagraph (b) of paragraph (3) of this subsection. A person
24 who violates this paragraph shall not be subject to arrest, detention,
25 or otherwise be taken into custody, unless the person is being
26 arrested, detained, or otherwise taken into custody for also
27 committing another violation of law for which that action is legally
28 permitted or required;

29 (ii) A person shall not be deprived of any legal or civil right,
30 privilege, benefit, or opportunity provided pursuant to any law
31 solely by reason of committing a violation of subparagraph (b) of
32 paragraph (3) of this subsection, nor shall committing one or more
33 violations modify any legal or civil right, privilege, benefit, or
34 opportunity provided pursuant to any law, including, but not limited
35 to, the granting, renewal, forfeiture, or denial of a license, permit,
36 or certification, qualification for and the receipt, alteration,
37 continuation, or denial of any form of financial assistance, housing
38 assistance, or other social services, rights of or custody by a
39 biological parent, or adoptive or foster parent, or other legal
40 guardian of a child or newborn infant, or pregnant woman, in any
41 action or proceeding by the Division of Child Protection and
42 Permanency in the Department of Children and Families, or
43 qualification, approval, or disapproval to serve as a foster parent or
44 other legal guardian;

45 (iii) All local and county law enforcement authorities shall,
46 following the submission process used for the uniform crime
47 reporting system established by P.L.1966, c.37 (C.52:17B-
48 5.1 et seq.), submit a quarterly report to the Uniform Crime

1 Reporting Unit, within the Division of State Police in the
2 Department of Law and Public Safety, or to another designated
3 recipient determined by the Attorney General, containing the
4 number of violations of subparagraph (b) of paragraph (3) of this
5 subsection committed within their respective jurisdictions, plus the
6 race, ethnicity, gender, and age of each person committing a
7 violation, and the disposition of each person's violation. These
8 violations and associated information, along with a quarterly
9 summary of violations investigated, and associated information
10 collected, by the Division of State Police for the same period shall
11 be summarized by county and municipality in an annual report, and
12 both quarterly summaries and annual reports shall be made
13 available at no cost to the public on the Division of State Police's
14 Internet website; or

15 (4) ¹**【Possession】** (a) Prior to the effective date of P.L. _____,
16 c. (C. _____) (pending before the Legislature as this bill),
17 possession of 50 grams or less of marijuana, including any
18 adulterants or dilutants, or five grams or less of hashish is a
19 disorderly person;

20 (b) On and after the effective date of P.L. _____, c. (C. _____)
21 (pending before the Legislature as this bill), possession of six
22 ounces or less of marijuana, including any adulterants or dilutants,
23 or 17 grams or less of hashish is not subject to any punishment, as
24 this possession is not a crime, offense, act of delinquency, or civil
25 violation of law;

26 Any person who commits any offense **【defined in】** set forth in
27 paragraphs (1) through (3) of this 【section】 subsection while on any
28 property used for school purposes which is owned by or leased to
29 any elementary or secondary school or school board, or within
30 1,000 feet of any such school property or a school bus, or while on
31 any school bus, and who is not sentenced to a term of
32 imprisonment, shall, in addition to any other sentence which the
33 court may impose, be required to perform not less than 100 hours of
34 community service.

35 b. (1) Any person who uses or who is under the influence of
36 any controlled dangerous substance, or its analog, not including
37 marijuana or hashish, for a purpose other than the treatment of
38 sickness or injury as lawfully prescribed or administered by a
39 physician is a disorderly person.

40 In a prosecution under this subsection, it shall not be necessary
41 for the State to prove that the accused did use or was under the
42 influence of any specific, prohibited drug, but it shall be sufficient
43 for a conviction under this subsection for the State to prove that the
44 accused did use or was under the influence of some prohibited
45 controlled dangerous substance, counterfeit controlled dangerous
46 substance, or controlled substance analog, by proving that the
47 accused did manifest physical and physiological symptoms or

1 reactions caused by the use of any prohibited controlled dangerous
2 substance or controlled substance analog.

3 (2) Notwithstanding that using or being under the influence of
4 marijuana or hashish is not a punishable crime, offense, act of
5 delinquency, or civil violation pursuant to this subsection, the
6 smoking, vaping, or aerosolizing of marijuana or hashish may be
7 prohibited or otherwise regulated on or in any property by the
8 person or entity that owns or controls that property, including
9 multifamily housing that is a multiple dwelling as defined in section
10 3 of P.L.1967, c.76 (C.55:13A-3), the structure or specific units of
11 the structure of a cooperative as defined in section 3 of P.L.1987,
12 c.381 (C.46:8D-3), the units of a condominium, as those terms are
13 defined by section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a
14 mobile home park as defined in section 3 of P.L.1983, c.386
15 (C.40:55D-102), which site is leased to the owner of a
16 manufactured home, as defined in that section, that is installed
17 thereon.

18 c. Any person who knowingly obtains or possesses a controlled
19 dangerous substance or controlled substance analog in violation of
20 paragraph (1) or (2) of subsection a. of this section and who fails to
21 voluntarily deliver the substance to the nearest law enforcement
22 officer is guilty of a disorderly persons offense. Nothing in this
23 subsection shall be construed to preclude a prosecution or
24 conviction for any other offense defined in this title or any other
25 statute.²

26 (cf: P.L.1997, c.181, s.6)

27

28 ²57. N.J.S 2C:36-1 is amended to read as follows:

29 2C:36-1. Drug paraphernalia, defined; determination.

30 a. As used in this act, "drug paraphernalia" means all
31 equipment, products and materials of any kind which are used or
32 intended for use in planting, propagating, cultivating, growing,
33 harvesting, manufacturing, compounding, converting, producing,
34 processing, preparing, testing, analyzing, packaging, repackaging,
35 storing, containing, concealing, ingesting, inhaling, or otherwise
36 introducing into the human body a controlled dangerous substance,
37 controlled substance analog or toxic chemical, other than marijuana
38 or hashish, in violation of the provisions of chapter 35 of this title.
39 It shall include, but not be limited to:

40 **【a.】** (1) kits used or intended for use in planting, propagating,
41 cultivating, growing or harvesting of any species of plant, other
42 than the plant Cannabis sativa L., which is a controlled dangerous
43 substance or from which a controlled dangerous substance can be
44 derived;

45 **【b.】** (2) kits used or intended for use in manufacturing,
46 compounding, converting, producing, processing, or preparing
47 controlled dangerous substances or controlled substance analogs;

- 1 **【c.】** (3) isomerization devices used or intended for use in
2 increasing the potency of any species of plant, other than the plant
3 Cannabis sativa L., which is a controlled dangerous substance;
- 4 **【d.】** (4) testing equipment used or intended for use identifying,
5 or in analyzing the strength, effectiveness or purity of controlled
6 dangerous substances or controlled substance analogs;
- 7 **【e.】** (5) scales and balances used or intended for use in weighing
8 or measuring controlled dangerous substances or controlled
9 substance analogs;
- 10 **【f.】** (6) dilutants and adulterants, such as quinine hydrochloride,
11 mannitol, mannite, dextrose and lactose, used or intended for use in
12 cutting controlled dangerous substances or controlled substance
13 analogs;
- 14 **【g.】** separation gins and sifters used or intended for use in
15 removing twigs and seeds from, or in otherwise cleaning or
16 refining, marihuana;
- 17 **【h.】** (7) blenders, bowls, containers, spoons and mixing devices
18 used or intended for use in compounding controlled dangerous
19 substances or controlled substance analogs;
- 20 **【i.】** (8) capsules, balloons, envelopes and other containers used
21 or intended for use in packaging small quantities of controlled
22 dangerous substances or controlled substance analogs;
- 23 **【j.】** (9) containers and other objects used or intended for use in
24 storing or concealing controlled dangerous substances, controlled
25 substance analogs or toxic chemicals;
- 26 **【k.】** (10) objects used or intended for use in ingesting, inhaling,
27 or otherwise introducing **【marihuana,】** cocaine, **【hashish, hashish**
28 **oil,】** nitrous oxide or the fumes of a toxic chemical into the human
29 body, such as **【(1)】** (a) metal, wooden, acrylic, glass, stone, plastic,
30 or ceramic pipes with or without screens, permanent screens,
31 **【hashish heads,】** or punctured metal bowls; **【(2)】** (b) water pipes;
32 **【(3)】** (c) carburetion tubes and devices; **【(4)】** (d) smoking and
33 carburetion masks; **【(5)】** (e) roach clips, meaning objects used to
34 hold burning material **【, such as a marihuana cigarette,】** that has
35 become too small or too short to be held in the hand; **【(6)】** (f)
36 miniature cocaine spoons, and cocaine vials; **【(7)】** (g) chamber
37 pipes; **【(8)】** (h) carburetor pipes; **【(9)】** (i) electric pipes; **【(10)】** (j)
38 air-driven pipes; **【(11)】** (k) chillums; **【(12)】** (l) bongs; **【(13)】** (m)
39 ice pipes or chillers; **【(14)】** (n) compressed gas containers, such as
40 tanks, cartridges or canisters, that contain food grade or
41 pharmaceutical grade nitrous oxide as a principal ingredient; **【(15)】**
42 (o) chargers or charging bottles, meaning metal, ceramic or plastic
43 devices that contain an interior pin that may be used to expel
44 compressed gas from a cartridge or canister; and **【(16)】** (p) tubes,
45 balloons, bags, fabrics, bottles or other containers used to

1 concentrate or hold in suspension a toxic chemical or the fumes of a
2 toxic chemical.

3 **b.** In determining whether or not an object is drug
4 paraphernalia, the trier of fact, in addition to or as part of the
5 proofs, may consider the following factors:

6 **[a.]** (1) **(a)** statements by an owner or by anyone in control of
7 the object concerning its use;

8 **[b.]** **(b)** the proximity of the object **[of]** to illegally possessed
9 controlled dangerous substances, controlled substance analogs or
10 toxic chemicals;

11 **[c.]** **(c)** the existence of any residue of illegally possessed
12 controlled dangerous substances, controlled substance analogs or
13 toxic chemicals on the object;

14 **[d.]** **(d)** direct or circumstantial evidence of the intent of an
15 owner, or of anyone in control of the object, to deliver it to persons
16 whom he knows intend to use the object to facilitate a violation of
17 this act; the innocence of an owner, or of anyone in control of the
18 object, as to a direct violation of this act shall not prevent a finding
19 that the object is intended for use as drug paraphernalia;

20 **[e.]** **(e)** instructions, oral or written, provided with the object
21 concerning its use;

22 **[f.]** **(f)** descriptive materials accompanying the object which
23 explain or depict its use;

24 **[g.]** **(g)** national or local advertising whose purpose the person
25 knows or should know is to promote the sale of objects intended for
26 use as drug paraphernalia;

27 **[h.]** **(h)** the manner in which the object is displayed for sale;

28 **[i.]** **(i)** the existence and scope of legitimate uses for the object
29 in the community; and

30 **[j.]** **(j)** expert testimony concerning its use.

31 (2) If an object appears to be for use, intended for use, or
32 designed for use with cannabis or cannabis items in accordance with
33 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
34 Marketplace Modernization Act,” P.L. , c. (C.) (pending
35 before the Legislature as this bill), the object is presumed to be a
36 lawful cannabis paraphernalia as defined in section 3 of that act
37 (C.), and does not alone constitute reasonable articulable
38 suspicion that the object is a drug paraphernalia, notwithstanding
39 that the object could also be used with an illegal controlled
40 substance or controlled substance analog, unless the owner or any
41 other person in proximity to or in control of the object was in
42 possession of an illegal controlled dangerous substance or
43 controlled substance analog, or the object was in proximity of an
44 illegally possessed controlled dangerous substance or controlled
45 substance analog to indicate its use, intended use, or design for use

1 with that controlled dangerous substance or controlled substance
2 analog.²

3 (cf: P.L.2007, c.31, s.2)

4

5 ²58. N.J.S.2C:36-2 is amended to read as follows:

6 2C:36-2. a. Use or possession with intent to use, disorderly
7 persons offense. It shall be unlawful for any person to use, or to
8 possess with intent to use, drug paraphernalia to plant, propagate,
9 cultivate, grow, harvest, manufacture, compound, convert, produce,
10 process, prepare, test, analyze, pack, repack, store, contain, conceal,
11 ingest, inhale, or otherwise introduce into the human body a
12 controlled dangerous substance, controlled substance analog or
13 toxic chemical in violation of the provisions of chapter 35 of this
14 title, other than when used, or possessed with intent to use, for
15 ingesting, inhaling, or otherwise introducing marijuana or hashish
16 into the human body. Any person who violates this section is guilty
17 of a disorderly persons offense.

18 b. Notwithstanding that using or possessing with intent to use
19 drug paraphernalia to ingest, inhale, or otherwise introduce
20 marijuana or hashish into the human body is not a punishable crime,
21 offense, act of delinquency, or civil violation pursuant to this
22 section, the use of drug paraphernalia for that purpose may be
23 prohibited or otherwise regulated on or in any property by the
24 person or entity that owns or controls that property, including
25 multifamily housing that is a multiple dwelling as defined in section
26 3 of P.L.1967, c.76 (C.55:13A-3), the structure or specific units of
27 the structure of a cooperative as defined in section 3 of P.L.1987,
28 c.381 (C.46:8D-3), the units of a condominium, as those terms are
29 defined by section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a
30 mobile home park as defined in section 3 of P.L.1983, c.386
31 (C.40:55D-102), which site is leased to the owner of a
32 manufactured home, as defined in that section, that is installed
33 thereon.²

34 (cf: P.L.2007, c.31, s.3)

35

36 ²59.(New section) a. Except to the extent required to dismiss,
37 withdraw, or terminate the charge, no prosecutor shall pursue any
38 charge, including any charge of delinquency, based on crimes or
39 offenses pending with a court on the first day of the fifth month
40 next following the effective date of P.L. , c. (C.) (pending
41 before the Legislature as this bill) that occurred prior to that
42 effective date, involving manufacturing, distributing, or dispensing,
43 or possessing or having under control with intent to manufacture,
44 distribute, or dispense, marijuana or hashish in violation of
45 paragraph (12) of subsection b. of N.J.S.2C:35-5, or obtaining,
46 possessing, using, being under the influence of, or failing to make
47 lawful disposition of marijuana or hashish in violation of paragraph
48 (3) or (4) of subsection a., or subsection b., or subsection c. of

1 N.J.S.2C:35-10, or a violation involving marijuana or hashish as
2 described herein and a violation of N.J.S.2C:36-2 for using or
3 possessing with intent to use drug paraphernalia with that marijuana
4 or hashish, alone or in combination with each other, or a violation
5 involving marijuana or hashish and a violation of section 1 of
6 P.L.1964, c.289 (C.39:4-49.1) for possession of a controlled
7 dangerous substance while operating a motor vehicle, alone or in
8 combination with each other, or any disorderly persons offense or
9 petty disorderly persons offense subject to conditional discharge
10 pursuant to N.J.S.2C:36A-1. These non-prosecutable charges and
11 cases shall be expeditiously dismissed, which may be accomplished
12 by appropriate action by the prosecutor based upon guidelines
13 issued by the Attorney General, or the court's own motion based
14 upon administrative directives issued by the Administrative
15 Director of the Courts.

16 b. (1) On the first day of the fifth month next following the
17 effective date of P.L. , c. (C.)(pending before the
18 Legislature as this bill), any guilty verdict, plea, placement in a
19 diversionary program, or other entry of guilt on a matter that was
20 entered prior to that effective date, but the judgment of conviction
21 or final disposition on the matter was not entered prior to that date,
22 and the guilty verdict, plea, placement in a diversionary program, or
23 other entry of guilt solely involved one or more crimes or offenses,
24 or delinquent acts which if committed by an adult would constitute
25 one or more crimes or offenses, enumerated in subsection a. of this
26 section, that guilty verdict, plea, placement in a diversionary
27 program, or other entry of guilt shall be vacated by operation of
28 law. The Administrative Director of the Courts, in consultation
29 with the Attorney General, may take any administrative action as
30 may be necessary to vacate the guilty verdict, plea, placement in a
31 diversionary program, or other entry of guilt.

32 (2) On the first day of the fifth month next following the
33 effective date of P.L. , c. (C.)(pending before the
34 Legislature as this bill), any conviction, remaining sentence,
35 ongoing supervision, or unpaid court-ordered financial assessment
36 as defined in section 8 of P.L.2017, c.244 (C.2C:52-23.1) of any
37 person who, on that effective date, is or will be serving a sentence
38 of incarceration, probation, parole or other form of community
39 supervision as a result of the person's conviction or adjudication of
40 delinquency solely for one or more crimes or offenses, or
41 delinquent acts which if committed by an adult would constitute one
42 or more crimes or offenses, enumerated in subsection a. of this
43 section, shall have the conviction, remaining sentence, ongoing
44 supervision, or unpaid court-ordered financial assessment vacated
45 by operation of law. The Administrative Director of the Courts, in
46 consultation with the Attorney General, may take any
47 administrative action as may be necessary to vacate the conviction,

1 remaining sentence, ongoing supervision, or unpaid court-ordered
 2 financial assessment.²

3
 4 ²60. (New section) On the first day of the fifth month next
 5 following the effective date of P.L. , c. (C.) (pending before
 6 the Legislature as this bill), any case that, prior to that effective
 7 date, includes a conviction or adjudication of delinquency solely for
 8 one or more crimes or offenses involving manufacturing,
 9 distributing, or dispensing, or possessing or having under control
 10 with intent to manufacture, distribute, or dispense, marijuana or
 11 hashish in violation of paragraph (12) of subsection b. of
 12 N.J.S.2C:35-5, or obtaining, possessing, using, being under the
 13 influence of, or failing to make lawful disposition of marijuana or
 14 hashish in violation of paragraph (3) or (4) of subsection a., or
 15 subsection b., or subsection c. of N.J.S.2C:35-10, or a violation
 16 involving marijuana or hashish as described herein and a violation
 17 of N.J.S.2C:36-2 for using or possessing with intent to use drug
 18 paraphernalia with that marijuana or hashish, alone or in
 19 combination with each other, or any disorderly persons offense or
 20 petty disorderly persons offense subject to conditional discharge
 21 pursuant to N.J.S.2C:36A-1, shall be expunged by operation of law,
 22 and any remaining sentence, ongoing supervision, or unpaid court-
 23 ordered financial assessment as defined in section 8 of P.L.2017,
 24 c.244 (C.2C:52-23.1) shall be vacated by operation of law. The
 25 Administrative Director of the Courts, in consultation with the
 26 Attorney General, may take any administrative action as may be
 27 necessary to expeditiously effectuate the expungement of records
 28 associated with any expunged matter.²

29
 30 ¹[53.] ²[54.¹] 61.² (New section) Criminal Investigation.

31 None of the following shall, individually or collectively,
 32 constitute reasonable articulable suspicion of a crime, unless on
 33 property used for school purposes which is owned by a school or
 34 school board, or at any detention facility, adult correctional facility,
 35 or youth correction facility:

36 a. The odor of cannabis or burnt cannabis;

37 b. The possession of or the suspicion of possession of
 38 marijuana or hashish without evidence of quantity in excess of any
 39 amount that would exceed the amount of cannabis ¹[or cannabis
 40 resin] items¹ which may be lawfully possessed pursuant to section
 41 ¹[44] ²[45¹] 46² of P.L. , c. (C.) (pending before the
 42 Legislature as this bill); or

43 c. The possession of marijuana or hashish without evidence of
 44 quantity in excess of any amount that would exceed the amount of
 45 cannabis ¹[or cannabis resin] ²[items¹] items² which may be
 46 lawfully possessed pursuant to section ¹[44] ²[45¹] 46² of P.L. ,

1 c. (C.) (pending before the Legislature as this bill), in
2 proximity to any amount of cash or currency.

3

4 ¹~~54.~~ ²~~55.~~¹ N.J.S 2C:36-1 is amended to read as follows:

5 2C:36-1. Drug paraphernalia, defined; determination.

6 a. As used in this act, "drug paraphernalia" means all
7 equipment, products and materials of any kind which are used or
8 intended for use in planting, propagating, cultivating, growing,
9 harvesting, manufacturing, compounding, converting, producing,
10 processing, preparing, testing, analyzing, packaging, repackaging,
11 storing, containing, concealing, ingesting, inhaling, or otherwise
12 introducing into the human body a controlled dangerous substance,
13 controlled substance analog or toxic chemical in violation of the
14 provisions of chapter 35 of this title. It shall include, but not be
15 limited to:

16 **[a.]** (1) kits used or intended for use in planting, propagating,
17 cultivating, growing or harvesting of any species of plant which is a
18 controlled dangerous substance or from which a controlled
19 dangerous substance can be derived;

20 **[b.]** (2) kits used or intended for use in manufacturing,
21 compounding, converting, producing, processing, or preparing
22 controlled dangerous substances or controlled substance analogs;

23 **[c.]** (3) isomerization devices used or intended for use in
24 increasing the potency of any species of plant which is a controlled
25 dangerous substance;

26 **[d.]** (4) testing equipment used or intended for use identifying,
27 or in analyzing the strength, effectiveness or purity of controlled
28 dangerous substances or controlled substance analogs;

29 **[e.]** (5) scales and balances used or intended for use in weighing
30 or measuring controlled dangerous substances or controlled
31 substance analogs;

32 **[f.]** (6) dilutants and adulterants, such as quinine hydrochloride,
33 mannitol, mannite, dextrose and lactose, used or intended for use in
34 cutting controlled dangerous substances or controlled substance
35 analogs;

36 **[g.]** (7) separation gins and sifters used or intended for use in
37 removing twigs and seeds from, or in otherwise cleaning or
38 refining, **[marihuana]** marijuana;

39 **[h.]** (8) blenders, bowls, containers, spoons and mixing devices
40 used or intended for use in compounding controlled dangerous
41 substances or controlled substance analogs;

42 **[i.]** (9) capsules, balloons, envelopes and other containers used
43 or intended for use in packaging small quantities of controlled
44 dangerous substances or controlled substance analogs;

45 **[j.]** (10) containers and other objects used or intended for use in
46 storing or concealing controlled dangerous substances, controlled
47 substance analogs or toxic chemicals;

1 **【k.】** (11) objects used or intended for use in ingesting, inhaling,
2 or otherwise introducing **【marihuana】** marijuana, cocaine, hashish,
3 hashish oil, nitrous oxide or the fumes of a toxic chemical into the
4 human body, such as **【(1)】** (a) metal, wooden, acrylic, glass, stone,
5 plastic, or ceramic pipes with or without screens, permanent
6 screens, hashish heads, or punctured metal bowls; **【(2)】** (b) water
7 pipes; **【(3)】** (c) carburetion tubes and devices; **【(4)】** (d) smoking
8 and carburetion masks; **【(5)】** (e) roach clips, meaning objects used
9 to hold burning material, such as a marihuana cigarette, that has
10 become too small or too short to be held in the hand; **【(6)】** (f)
11 miniature cocaine spoons, and cocaine vials; **【(7)】** (g) chamber
12 pipes; **【(8)】** (h) carburetor pipes; **【(9)】** (i) electric pipes; **【(10)】** (j)
13 air-driven pipes; **【(11)】** (k) chillums; **【(12)】** (l) bonges; **【(13)】** (m)
14 ice pipes or chillers; **【(14)】** (n) compressed gas containers, such as
15 tanks, cartridges or canisters, that contain food grade or
16 pharmaceutical grade nitrous oxide as a principal ingredient; **【(15)】**
17 (o) chargers or charging bottles, meaning metal, ceramic or plastic
18 devices that contain an interior pin that may be used to expel
19 compressed gas from a cartridge or canister; and **【(16)】** (p) tubes,
20 balloons, bags, fabrics, bottles or other containers used to
21 concentrate or hold in suspension a toxic chemical or the fumes of a
22 toxic chemical.

23 **b.** In determining whether or not an object is drug
24 paraphernalia, the trier of fact, in addition to or as part of the
25 proofs, may consider the following factors:

26 **【a.】** (1) (a) statements by an owner or by anyone in control of
27 the object concerning its use;

28 **【b.】** (b) the proximity of the object **【of】** to illegally possessed
29 controlled dangerous substances, controlled substance analogs or
30 toxic chemicals;

31 **【c.】** (c) the existence of any residue of illegally possessed
32 controlled dangerous substances, controlled substance analogs or
33 toxic chemicals on the object;

34 **【d.】** (d) direct or circumstantial evidence of the intent of an
35 owner, or of anyone in control of the object, to deliver it to persons
36 whom he knows intend to use the object to facilitate a violation of
37 this act; the innocence of an owner, or of anyone in control of the
38 object, as to a direct violation of this act shall not prevent a finding
39 that the object is intended for use as drug paraphernalia;

40 **【e.】** (e) instructions, oral or written, provided with the object
41 concerning its use;

42 **【f.】** (f) descriptive materials accompanying the object which
43 explain or depict its use;

44 **【g.】** (g) national or local advertising whose purpose the person
45 knows or should know is to promote the sale of objects intended for
46 use as drug paraphernalia;

1 **[h.]** (h) the manner in which the object is displayed for sale;

2 **[i.]** (i) the existence and scope of legitimate uses for the object
3 in the community; and

4 **[j.]** (j) expert testimony concerning its use.

5 (2) If an object appears to be for use, intended for use, or
6 designed for use with cannabis or cannabis items in accordance with
7 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
8 Marketplace Modernization Act,” P.L. , c. (C.) (pending
9 before the Legislature as this bill), the object is presumed to be a
10 lawful cannabis paraphernalia as defined in section 3 of that act
11 (C.), and does not alone constitute reasonable articulable
12 suspicion that the object is a drug paraphernalia, notwithstanding
13 that the object could also be used with marijuana, hashish, or
14 another illegal controlled substance or controlled substance analog,
15 unless the owner or any other person in proximity to or in control of
16 the object was in possession of marijuana, hashish, or another
17 illegal controlled dangerous substance or controlled substance
18 analog, or the object was in proximity of marijuana, hashish, or
19 another illegally possessed controlled dangerous substance or
20 controlled substance analog to indicate its use, intended use, or
21 design for use with that controlled dangerous substance or
22 controlled substance analog.

23 (cf: P.L.2007, c.31, s.2)]²

24

25 ¹**[55.]** ²**[56.1]** 62.² N.J.S.2C:35-16 is amended to read as
26 follows:

27 2C:35-16. a. In addition to any disposition authorized by this
28 title, the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43),
29 or any other statute indicating the dispositions that can be ordered
30 for an adjudication of delinquency, and notwithstanding the
31 provisions of subsection c. of N.J.S.2C:43-2, a person convicted of
32 or adjudicated delinquent for a violation of any offense defined in
33 this chapter or chapter 36 of this title shall forthwith forfeit his right
34 to operate a motor vehicle over the highways of this State for a
35 period to be fixed by the court at not less than six months or more
36 than two years which shall commence on the day the sentence is
37 imposed unless the court finds compelling circumstances
38 warranting an exception or except as provided in subsection e. of
39 this section. For the purposes of this section, compelling
40 circumstances warranting an exception exist if the forfeiture of the
41 person's right to operate a motor vehicle over the highways of this
42 State will result in extreme hardship and alternative means of
43 transportation are not available. In the case of a person who at the
44 time of the imposition of sentence is less than 17 years of age, the
45 period of any suspension of driving privileges authorized herein,
46 including a suspension of the privilege of operating a motorized
47 bicycle, shall commence on the day the sentence is imposed and
48 shall run for a period as fixed by the court of not less than six

1 months or more than two years after the day the person reaches the
2 age of 17 years. If the driving privilege of any person is under
3 revocation, suspension, or postponement for a violation of any
4 provision of this title or Title 39 of the Revised Statutes at the time
5 of any conviction or adjudication of delinquency for a violation of
6 any offense defined in this chapter or chapter 36 of this title, any
7 revocation, suspension, or postponement period imposed herein
8 shall commence as of the date of termination of the existing
9 revocation, suspension, or postponement.

10 b. If forfeiture or postponement of driving privileges is ordered
11 by the court pursuant to subsection a. of this section, the court shall
12 collect forthwith the New Jersey driver's license or licenses of the
13 person and forward such license or licenses to the Chief
14 Administrator of the New Jersey Motor Vehicle Commission along
15 with a report indicating the first and last day of the suspension or
16 postponement period imposed by the court pursuant to this section.
17 If the court is for any reason unable to collect the license or licenses
18 of the person, the court shall cause a report of the conviction or
19 adjudication of delinquency to be filed with the Chief
20 Administrator. That report shall include the complete name,
21 address, date of birth, eye color, and sex of the person and shall
22 indicate the first and last day of the suspension or postponement
23 period imposed by the court pursuant to this section. The court shall
24 inform the person orally and in writing that if the person is
25 convicted of personally operating a motor vehicle during the period
26 of license suspension or postponement imposed pursuant to this
27 section, the person shall, upon conviction, be subject to the
28 penalties set forth in R.S.39:3-40. A person shall be required to
29 acknowledge receipt of the written notice in writing. Failure to
30 receive a written notice or failure to acknowledge in writing the
31 receipt of a written notice shall not be a defense to a subsequent
32 charge of a violation of R.S.39:3-40. If the person is the holder of a
33 driver's license from another jurisdiction, the court shall not collect
34 the license but shall notify forthwith the Chief Administrator who
35 shall notify the appropriate officials in the licensing jurisdiction.
36 The court shall, however, in accordance with the provisions of this
37 section, revoke the person's non-resident driving privilege in this
38 State.

39 c. In addition to any other condition imposed, a court may in
40 its discretion suspend, revoke or postpone in accordance with the
41 provisions of this section the driving privileges of a person admitted
42 to supervisory treatment under N.J.S.2C:36A-1 or N.J.S.2C:43-12
43 without a plea of guilty or finding of guilt.

44 d. After sentencing and upon notice to the prosecutor, a person
45 subject to suspension or postponement of driving privileges under
46 this section may seek revocation of the remaining portion of any
47 suspension or postponement based on compelling circumstances
48 warranting an exception that were not raised at the time of

1 sentencing. The court may revoke the suspension or postponement
2 if it finds compelling circumstances.

3 e. Provided that the person was not convicted of or adjudicated
4 delinquent for a violation of any offense defined in this chapter or
5 chapter 36 of this ²[title] Title² other than those enumerated in this
6 subsection, the forfeiture or postponement of driving privileges set
7 forth in subsection a. of this section shall not apply to any person
8 convicted of or adjudicated delinquent for an offense which if
9 committed by an adult would constitute: ²[(1)]² distribution of, or
10 possessing or having under control with intent to distribute,
11 marijuana or hashish in violation of paragraph (11) of subsection b.
12 of N.J.S.2C:35-5, or a lesser amount of marijuana or hashish in
13 violation of paragraph (12) of subsection b. that section, or a
14 violation of either of those paragraphs based on an amount of
15 marijuana or hashish described herein and a violation of subsection
16 a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of
17 section 1 of P.L.1997, c.327 (C.2C:35-7.1) for distributing, or
18 possessing or having under control with intent to distribute, on or
19 within 1,000 feet of any school property, or on or within 500 feet of
20 the real property comprising a public housing facility, public park,
21 or public building;

22 ²[(2) using, being under the influence of, or failing to make
23 lawful disposition] or possession² of marijuana or hashish in
24 violation of paragraph (3) of subsection a. ²[, or subsection b. or
25 subsection c.]² of N.J.S.2C:35-10 ²[: or

26 (3) a violation involving marijuana or hashish as described in
27 paragraph (1) or (2) of this subsection and using or possessing with
28 intent to use drug paraphernalia with that marijuana or hashish in
29 violation of N.J.S.2C:36-2]².

30 (cf: P.L.2008, c.84, s.2)

31

32 ¹[56.] ²[57.¹] 63.² N.J.S.2B:12-31 is amended to read as
33 follows:

34 2B:12-31. Suspension of driving privileges.

35 a. (1) If a defendant charged with a disorderly persons offense,
36 a petty disorderly persons offense, a violation of a municipal
37 ordinance, or a violation of any other law of this State for which a
38 penalty may be imposed fails to appear at any scheduled court
39 proceeding after written notice has been given to said defendant
40 pursuant to the Rules of Court, a municipal court may order the
41 suspension of the person's driving privileges or nonresident
42 reciprocity privilege or prohibit the person from receiving or
43 obtaining driving privileges until the pending matter is adjudicated
44 or otherwise disposed of, except by dismissal for failure of
45 defendant to appear.

46 (2) If a defendant sentenced to pay a fine or costs, make
47 restitution, perform community service, serve a term of probation,

1 or do any other act as a condition of that sentence fails to do so, a
 2 municipal court may order the suspension of the person's driving
 3 privileges or nonresident reciprocity privilege or prohibit the person
 4 from receiving or obtaining driving privileges until the terms and
 5 conditions of the sentence have been performed or modified.

6 b. Prior to any action being taken pursuant to the provisions of
 7 this section, the defendant shall be given notice of the proposed
 8 action and afforded an opportunity to appear before the court to
 9 contest the validity of the proposed action.

10 c. The municipal court shall notify the **【Division of】** New
 11 Jersey Motor **【Vehicles】** Vehicle Commission of any action taken
 12 pursuant to the provisions of this section.

13 d. Any action taken by a municipal court pursuant to this
 14 section shall be in addition to any other remedies which are
 15 available to the court and in addition to any other penalties which
 16 may be imposed by the court.

17 e. (1) When a defendant whose license has been suspended
 18 pursuant to subsection a. of this section satisfies the requirements of
 19 that subsection, the municipal court shall forward to the **【Division**
 20 **of】** New Jersey Motor **【Vehicles】** Vehicle Commission a notice to
 21 restore the defendant's driving privileges.

22 (2) There shall be included in the fines and penalties imposed by
 23 a court on a defendant whose license has been suspended pursuant
 24 to subsection a. of this section, the following:

25 (a) A fee of \$3.00 which shall be transferred to the **【Division**
 26 **of】** New Jersey Motor **【Vehicles】** Vehicle Commission;

27 (b) A penalty of \$10.00 for the issuance of the failure to appear
 28 notice; and

29 (c) A penalty of \$15.00 for the order of suspension of
 30 defendant's driving privileges.

31 (cf: N.J.S.2B:12-31)

32
 33 ¹**【57.】** ²**【58.1】** 64.² (New section) Prohibition of Persons Under
 34 the Legal Age Purchasing Cannabis or Cannabis Resin.

35 Consistent with the relevant definitions set forth in section 3 of
 36 P.L. , c. (C.) (pending before the Legislature as this bill):

37 a. A cannabis establishment licensee, cannabis distributor
 38 licensee, or cannabis delivery service licensee, either directly or
 39 indirectly by an agent or employee, shall not sell, offer for sale,
 40 distribute for commercial purpose at no cost or minimal cost, or
 41 give or furnish for consumption, any cannabis items to a person
 42 under 21 years of age.

43 b. Any licensee or employee or agent of a licensee who allows
 44 a person under the age of 21 to procure cannabis items which,
 45 pursuant to section ¹**【44】** ²**【45.1】** 46.² of P.L. , c. (C.)
 46 (pending before the Legislature as this bill) are not unlawful for
 47 persons 21 years of age or older to procure for personal use, shall be

1 subject to a civil penalty of not less than \$250 for the first violation;
2 \$500 for the second violation; and \$1,000 for the third and each
3 subsequent violation; in addition, subject to a hearing, a licensee's
4 license may be revoked, suspended, or otherwise limited. The
5 penalties provided for in this subsection shall be recovered by a
6 summary proceeding pursuant to the "Penalty Enforcement Law of
7 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

8 c. The establishment of all of the following facts by a licensee,
9 employee, or agent, allowing any such person under the age of 21 to
10 procure cannabis items shall constitute a defense to any violation of
11 the provisions of subsection a. or b. of this section:

12 (1) That the purchaser of the cannabis item falsely represented
13 that the **'[person] purchaser'** was of legal age to make the
14 purchase, by producing **'[either]'** a **'[United States passport;**
15 **driver's license or non-driver identification card issued by the New**
16 **Jersey Motor Vehicle Commission; a driver's license issued**
17 **pursuant to the laws of another state; or any other] government-**
18 **issued'** identification card **'[issued by a state or the United States]**
19 **as set forth in subparagraph (a) of paragraph (6) of subsection a. of**
20 **section 18 of P.L. , c. (C.) (pending before the Legislature**
21 **as this bill)'** to determine the consumer's **'identity and'** age **'[that**
22 **bears a picture of the person, the name of the person, the person's**
23 **date of birth, and a physical description of the person]'**; and

24 (2) That the sale or distribution was made in good faith, relying
25 upon the production of the identification in paragraph (1) of this
26 subsection and in the reasonable belief that the purchaser or
27 recipient was actually of legal age to make the purchase.

28 d. It shall be unlawful for a person under the age of 21 to
29 purchase, acquire, or attempt to purchase or acquire a cannabis
30 item, even if the cannabis item may be legally purchased by persons
31 at or above the legal age for purchasing cannabis items.

32 For purposes of this subsection, purchasing a cannabis item
33 includes accepting a cannabis item, and acquiring a cannabis item
34 includes consuming a cannabis item.

35 e. It shall be unlawful for a person under the age of 21 to
36 present or offer to a cannabis establishment, distributor, or delivery
37 service, or the cannabis establishment's, distributor's, or delivery
38 service's agent or employee, any written or oral evidence of age or
39 other personal identifying information that is false, fraudulent, or
40 not actually the person's own, including the use of a driver's license
41 or other government-issued form of identification in violation of
42 section 1 of P.L.1983, c.565 (C.2C:21-2.1), N.J.S.2C:21-17, section
43 5 of P.L.2003, c.184 (C.2C:21-17.2), or section 6 of P.L.1968,
44 c.313 (C.33:1-81.7), for the purpose of:

45 (1) Purchasing, attempting to purchase, or otherwise procuring
46 or attempting to procure cannabis items; or

47 (2) Gaining access to a cannabis establishment's, distributor's,
48 or delivery service's premises.

1 f. Except as permitted by the commission by rule or regulation,
2 or as necessary on an emergency basis, a person under legal age for
3 purchasing cannabis items may not enter or attempt to enter any
4 portion of a licensed premises that is posted or otherwise identified
5 as being prohibited to the use of persons under legal age for
6 purchasing cannabis items, unless accompanied by and supervised
7 by a parent or legal guardian.

8 g. Any person under the legal age to purchase cannabis, who
9 knowingly possesses without legal authority or who knowingly
10 consumes any cannabis item, in any school, public conveyance,
11 public place, place of public assembly, or motor vehicle, shall be
12 guilty of an offense as set forth in section 1 of P.L.1979, c.264
13 (C.2C:33-15). Any person under the legal age to purchase
14 cannabis, who knowingly possesses without legal authority or who
15 knowingly consumes, any cannabis item on private property shall
16 be guilty of a municipal violation as set forth in section 1 of
17 P.L.2000, c.33 (C.40:48-1.2).

18 h. The prohibitions of this section do not apply to a person
19 under the legal age for purchasing cannabis items who is acting
20 under the direction of the commission or under the direction of
21 State or local law enforcement agencies for the purpose of
22 investigating possible violations of the laws prohibiting the sale of
23 cannabis items to persons who are under the legal age for
24 purchasing cannabis items.

25 i. The prohibitions of this section do not apply to a person
26 under the legal age for purchasing cannabis items who is acting
27 under the direction of a licensee for the purpose of investigating
28 possible violations by employees of the licensee of laws prohibiting
29 sales of cannabis items to persons who are under the legal age for
30 purchasing cannabis items.

31

32 ¹[58.] ²[59.1] 65.² Section 1 of P.L.1983, c.565 (C.2C:21-2.1)
33 is amended to read as follows:

34 1. a. A person who knowingly sells, offers or exposes for sale,
35 or otherwise transfers, or possesses with the intent to sell, offer or
36 expose for sale, or otherwise transfer, a document, printed form or
37 other writing which falsely purports to be a driver's license, birth
38 certificate or other document issued by a governmental agency and
39 which could be used as a means of verifying a person's identity or
40 age or any other personal identifying information is guilty of a
41 crime of the second degree.

42 b. A person who knowingly makes, or possesses devices or
43 materials to make, a document or other writing which falsely
44 purports to be a driver's license, birth certificate or other document
45 issued by a governmental agency and which could be used as a
46 means of verifying a person's identity or age or any other personal
47 identifying information is guilty of a crime of the second degree.

1 c. A person who knowingly exhibits, displays or utters a
2 document or other writing which falsely purports to be a driver's
3 license, birth certificate or other document issued by a
4 governmental agency and which could be used as a means of
5 verifying a person's identity or age or any other personal identifying
6 information is guilty of a crime of the third degree. A violation of
7 N.J.S.2C:28-7, constituting a disorderly persons offense, section 1
8 of P.L.1979, c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of
9 P.L.1968, c.313 (C.33:1-81.7) in a case where the person uses the
10 personal identifying information of another to illegally purchase an
11 alcoholic beverage or for using the personal identifying information
12 of another to misrepresent **[his]** the person's age for the purpose of
13 obtaining tobacco or other consumer product denied to persons
14 under **[18]** 21 years of age shall not, except as otherwise set forth
15 in this subsection, constitute an offense under this subsection if the
16 actor received only that benefit or service and did not perpetrate or
17 attempt to perpetrate any additional injury or fraud on another. If a
18 person used the personal identifying information of another to
19 misrepresent the person's age for the purpose of illegally obtaining
20 any cannabis item available for lawful consumption pursuant to the
21 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
22 Marketplace Modernization Act," P.L. , c. (C.) (pending
23 before the Legislature as this bill), the person shall be subject to a
24 civil penalty of \$50. The civil penalty provided for in this
25 subjection shall be collected pursuant to the "Penalty Enforcement
26 Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary
27 proceeding before the municipal court having jurisdiction. A civil
28 penalty recovered under the provisions of this subsection shall be
29 recovered by and in the name of the State by the local municipality.
30 The penalty shall be paid into the treasury of the municipality in
31 which the violation occurred for the general use of the municipality.

32 d. A person who knowingly possesses a document or other
33 writing which falsely purports to be a driver's license, birth
34 certificate or other document issued by a governmental agency and
35 which could be used as a means of verifying a person's identity or
36 age or any other personal identifying information is guilty of a
37 crime of the fourth degree. A violation of N.J.S.2C:28-7,
38 constituting a disorderly persons offense, section 1 of P.L.1979,
39 c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of P.L.1968, c.313
40 (C.33:1-81.7) in a case where the person uses the personal
41 identifying information of another to illegally purchase an alcoholic
42 beverage or for using the personal identifying information of
43 another to misrepresent his age for the purpose of obtaining tobacco
44 or other consumer product denied to persons under **[18]** 21 years of
45 age shall not, except as otherwise set forth in this subsection,
46 constitute an offense under this subsection if the actor received only
47 that benefit or service and did not perpetrate or attempt to perpetrate
48 any additional injury or fraud on another. If the personal

1 identifying information of another is used to obtain any cannabis
2 item available for lawful consumption pursuant to the “New Jersey
3 Cannabis Regulatory, Enforcement Assistance, and Marketplace
4 Modernization Act,” P.L. , c. (C.) (pending before the
5 Legislature as this bill), the person shall be subject to a civil penalty
6 of \$50. The penalty provided for in this subsection shall be
7 collected pursuant to the “Penalty Enforcement Law of 1999,”
8 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
9 before the municipal court having jurisdiction. A penalty recovered
10 under the provisions of this subsection shall be recovered by and in
11 the name of the State by the local municipality. The penalty shall
12 be paid into the treasury of the municipality in which the violation
13 occurred for the general use of the municipality.

14 e. In addition to any other disposition authorized by this Title,
15 the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43), or any
16 other statute indicating the dispositions that may be ordered for an
17 adjudication of delinquency, and, notwithstanding the provisions of
18 subsection c. of N.J.S.2C:43-2, every person convicted of, or
19 adjudicated delinquent or penalized for a violation of any offense
20 defined in this section shall forthwith forfeit his right to operate a
21 motor vehicle over the highways of this State for a period to be
22 fixed by the court at not less than six months or more than two
23 years which shall commence on the day the sentence is imposed. In
24 the case of any person who at the time of the imposition of the
25 sentence is less than 17 years of age, the period of the suspension of
26 driving privileges authorized herein, including a suspension of the
27 privilege of operating a motorized bicycle, shall commence on the
28 day the sentence is imposed and shall run for a period as fixed by
29 the court of not less than six months or more than two years after
30 the day the person reaches the age of 17 years. If the driving
31 privilege of any person is under revocation, suspension, or
32 postponement for a violation of any provision of this Title or Title
33 39 of the Revised Statutes at the time of any conviction or
34 adjudication of delinquency for a violation of any offense defined in
35 this chapter or chapter 36 of this Title, the revocation, suspension,
36 or postponement period imposed herein shall commence as of the
37 date of termination of the existing revocation, suspension or
38 postponement.

39 The court before whom any person is convicted of, or
40 adjudicated delinquent or penalized for a violation of any offense
41 defined in this section shall collect forthwith the New Jersey
42 driver's license or licenses of that person and forward the license or
43 licenses to the Chief Administrator of the New Jersey Motor
44 Vehicle Commission along with a report indicating the first and last
45 day of the suspension or postponement period imposed by the court
46 pursuant to this section. If the court is for any reason unable to
47 collect the license or licenses of the person, the court shall cause a
48 report of the conviction or adjudication of delinquency to be filed

1 with the director. The report shall include the complete name,
2 address, date of birth, eye color and sex of the person and shall
3 indicate the first and last day of the suspension or postponement
4 period imposed by the court pursuant to this section. The court
5 shall inform the person orally and in writing that if the person is
6 convicted of personally operating a motor vehicle during the period
7 of license suspension or postponement imposed pursuant to this
8 section, the person shall, upon conviction, be subject to the
9 penalties set forth in R.S.39:3-40. A person shall be required to
10 acknowledge receipt of the written notice in writing. Failure to
11 receive a written notice or failure to acknowledge in writing the
12 receipt of a written notice shall not be a defense to a subsequent
13 charge of a violation of R.S.39:3-40. If the person is the holder of a
14 driver's license from another jurisdiction, the court shall not collect
15 the license, but shall notify forthwith the director who shall notify
16 the appropriate officials in that licensing jurisdiction. The court
17 shall, however, in accordance with the provisions of this section,
18 revoke the person's non-resident driving privileges in this State.

19 In addition to any other condition imposed, a court, in its
20 discretion, may suspend, revoke or postpone the driving privileges
21 of a person admitted to supervisory treatment under N.J.S.2C:36A-1
22 or N.J.S.2C:43-12 without a plea of guilty or finding of guilt.
23 (cf: P.L.2005, c.224, s.1)

24

25 ¹[59.] ²[60.¹] 66.² N.J.S.2C:21-17 is amended to read as
26 follows:

27 2C:21-17. Impersonation; Theft of identity; crime.

28 a. A person is guilty of a crime if the person engages in one or
29 more of the following actions by any means including, but not
30 limited to, the use of electronic communications or an Internet
31 website:

32 (1) Impersonates another or assumes a false identity and does an
33 act in such assumed character or false identity for the purpose of
34 obtaining a benefit for himself or another or to injure or defraud
35 another;

36 (2) Pretends to be a representative of some person or
37 organization and does an act in such pretended capacity for the
38 purpose of obtaining a benefit for himself or another or to injure or
39 defraud another;

40 (3) Impersonates another, assumes a false identity or makes a
41 false or misleading statement regarding the identity of any person,
42 in an oral or written application for services, for the purpose of
43 obtaining services;

44 (4) Obtains any personal identifying information pertaining to
45 another person and uses that information, or assists another person
46 in using the information, in order to assume the identity of or
47 represent himself as another person, without that person's
48 authorization and with the purpose to fraudulently obtain or attempt

1 to obtain a benefit or services, or avoid the payment of debt or other
2 legal obligation or avoid prosecution for a crime by using the name
3 of the other person; or

4 (5) Impersonates another, assumes a false identity or makes a
5 false or misleading statement, in the course of making an oral or
6 written application for services, with the purpose of avoiding
7 payment for prior services. Purpose to avoid payment for prior
8 services may be presumed upon proof that the person has not made
9 full payment for prior services and has impersonated another,
10 assumed a false identity or made a false or misleading statement
11 regarding the identity of any person in the course of making oral or
12 written application for services.

13 As used in this section:

14 "Benefit" means, but is not limited to, any property, any
15 pecuniary amount, any services, any pecuniary amount sought to be
16 avoided or any injury or harm perpetrated on another where there is
17 no pecuniary value.

18 b. (Deleted by amendment, P.L.2005, c.224).

19 c. A person who violates subsection a. of this section is guilty
20 of a crime as follows:

21 (1) If the actor obtains a benefit or deprives another of a benefit
22 in an amount less than \$500 and the offense involves the identity of
23 one victim, the actor shall be guilty of a crime of the fourth degree
24 except that a second or subsequent conviction for such an offense
25 constitutes a crime of the third degree; or

26 (2) If the actor obtains a benefit or deprives another of a benefit
27 in an amount of at least \$500 but less than \$75,000, or the offense
28 involves the identity of at least two but less than five victims, the
29 actor shall be guilty of a crime of the third degree; or

30 (3) If the actor obtains a benefit or deprives another of a benefit
31 in the amount of \$75,000 or more, or the offense involves the
32 identity of five or more victims, the actor shall be guilty of a crime
33 of the second degree.

34 d. A violation of N.J.S.2C:28-7, constituting a disorderly
35 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
36 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
37 where the person uses the personal identifying information of
38 another to illegally purchase an alcoholic beverage or for using the
39 personal identifying information of another to misrepresent **[his]**
40 the person's age for the purpose of obtaining tobacco or other
41 consumer product denied to persons under **[19]** 21 years of age
42 shall not, except as otherwise set forth in this subsection, constitute
43 an offense under this section if the actor received only that benefit
44 or service and did not perpetrate or attempt to perpetrate any
45 additional injury or fraud on another. If a person used the personal
46 identifying information of another to misrepresent the person's age
47 for the purpose of illegally obtaining any cannabis item available for
48 lawful consumption pursuant to the "New Jersey Cannabis

1 Regulatory, Enforcement Assistance, and Marketplace Modernization
2 Act,” P.L. , c. (C.) (pending before the Legislature as this
3 bill), the person shall be subject to a civil penalty of \$50. The civil
4 penalty provided for in this subsection shall be collected pursuant to
5 the “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-
6 10 et seq.), in a summary proceeding before the municipal court
7 having jurisdiction. A civil penalty recovered under the provisions
8 of this subsection shall be recovered by and in the name of the State
9 by the local municipality. The penalty shall be paid into the
10 treasury of the municipality in which the violation occurred for the
11 general use of the municipality.

12 e. The sentencing court shall issue such orders as are necessary
13 to correct any public record or government document that contains
14 false information as a result of a theft of identity. The sentencing
15 court may provide restitution to the victim in accordance with the
16 provisions of section 4 of P.L.2002, c.85 (C.2C:21-17.1).
17 (cf: P.L.2013, c.241, s.1)

18

19 ¹~~60.~~ ²~~61.1~~ ~~67.~~² Section 5 of P.L.2003, c.184 (C.2C:21-17.2)
20 is amended to read as follows:

21 5. a. A person is guilty of a crime of the second degree if, in
22 obtaining or attempting to obtain a driver's license, birth certificate
23 or other document issued by a governmental agency which could be
24 used as a means of verifying a person's identity, age or any other
25 personal identifying information, that person knowingly exhibits,
26 displays or utters a document or other writing which falsely
27 purports to be a driver's license, birth certificate or other document
28 issued by a governmental agency or which belongs or pertains to a
29 person other than the person who possesses the document.

30 b. Notwithstanding the provisions of N.J.S.2C:1-8 or any other
31 law, a conviction under this section shall not merge with a
32 conviction of any other criminal offense, nor shall such other
33 conviction merge with a conviction under this section, and the court
34 shall impose separate sentences upon each violation of this section
35 and any other criminal offense.

36 c. A violation of N.J.S.2C:28-7, constituting a disorderly
37 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
38 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
39 where the person uses the personal identifying information of
40 another to illegally purchase an alcoholic beverage or for using the
41 personal identifying information of another to misrepresent his age
42 for the purpose of obtaining tobacco or other consumer product
43 denied to persons under ~~18~~ 21 years of age shall not, except as
44 otherwise set forth in this subsection, constitute an offense under
45 this section if the actor received only that benefit or service and did
46 not perpetrate or attempt to perpetrate any additional injury or fraud
47 on another. If the personal identifying information of another is
48 used to obtain any cannabis item available for lawful consumption

1 pursuant to the “New Jersey Cannabis Regulatory, Enforcement
 2 Assistance, and Marketplace Modernization Act,” P.L. _____,
 3 c. (C. _____) (pending before the Legislature as this bill), the person
 4 shall be subject to a civil penalty of \$50. The civil penalty provided
 5 for in this subsection shall be collected pursuant to the “Penalty
 6 Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10 et seq.),
 7 in a summary proceeding before the municipal court having
 8 jurisdiction. A civil penalty recovered under the provisions of this
 9 subsection shall be recovered by and in the name of the State by the
 10 local municipality. The penalty shall be paid into the treasury of
 11 the municipality in which the violation occurred for the general use
 12 of the municipality.

13 (cf: P.L.2005, c.224, s.4)

14

15 ¹~~61.~~ ²~~62.1~~ 68.² The title of P.L.1968, c.313 is amended to
 16 read as follows:

17 **AN ACT** relating to the establishing of proof of age for purposes of
 18 purchasing alcoholic beverages or cannabis items in certain
 19 cases.

20 (cf: P.L.1968, c.313, title)

21

22 ¹~~62.~~ ²~~63.1~~ 69.² Section 6 of P.L.1968, c.313 (C.33:1-81.7)
 23 is amended to read as follows:

24 6. It shall be unlawful for the owner of an identification card,
 25 as defined by this act, to transfer said card to any other person for
 26 the purpose of aiding such person to secure alcoholic beverages or
 27 cannabis items available for lawful consumption pursuant to the
 28 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
 29 Marketplace Modernization Act,” P.L. _____, c. (C. _____) (pending
 30 before the Legislature as this bill). Any person who shall transfer
 31 such identification card for the purpose of aiding such transferee to
 32 obtain alcoholic beverages shall be guilty of a **【misdemeanor】**
 33 disorderly persons offense and, upon conviction thereof, shall be
 34 sentenced to pay a fine of not more than \$300.00, or undergo
 35 imprisonment for not more than 60 days. Any person not entitled
 36 thereto who shall have unlawfully procured or have issued or
 37 transferred to him, as aforesaid, identification card or any person
 38 who shall make any false statement on any card required by
 39 subsection (c) hereof to be signed by him shall be guilty of a
 40 **【misdemeanor】** disorderly persons offense and, upon conviction
 41 thereof, shall be sentenced to pay a fine of not more than \$300.00,
 42 or undergo imprisonment for not more than 60 days.

43 (cf: P.L.1968, c.313, s.6)

44

45 ¹~~63.~~ ²~~64.1~~ 70.² The title of P.L.1991, c.169 is amended to
 46 read as follows:

1 AN ACT concerning the retail sale of alcoholic beverages or
 2 cannabis items, amending R.S.33:1-81 and P.L.1979, c.264 and
 3 supplementing chapter 1 of Title 33 of the Revised Statutes.
 4 (cf: P.L.1991, c.169, title)

5
 6 ¹[64.] ²[65.1] 71.² Section 3 of P.L.1991, c.169 (C.33:1-81.1a)
 7 is amended to read as follows:

8 3. A parent, guardian or other person having legal custody of a
 9 person under 18 years of age found in violation of R.S.33:1-81 or
 10 section 1 of P.L.1979, c.264 (C.2C:33-15) with respect to
 11 purchasing, possessing, or consuming any alcoholic beverage or
 12 cannabis item available for lawful consumption pursuant to the
 13 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
 14 Marketplace Modernization Act,” P.L. , c. (C.) (pending
 15 before the Legislature as this bill) shall be notified of the violation
 16 in writing. The parent, guardian or other person having legal
 17 custody of a person under 18 years of age shall be subject to a fine
 18 in the amount of \$500.00 upon any subsequent violation of
 19 R.S.33:1-81 or section 1 of P.L.1979, c.264 (C.2C:33-15) on the
 20 part of such person if it is shown that the parent, guardian or other
 21 person having legal custody failed or neglected to exercise
 22 reasonable supervision or control over the conduct of the person
 23 under 18 years of age.

24 (cf: P.L.1991, c.169, s.3)

25
 26 ¹[65.] ²[66.1] 72.² The title of P.L.1979, c.264 is amended to
 27 read as follows:

28 AN ACT concerning certain alcoholic beverage and cannabis item
 29 offenses by persons under the legal age to purchase alcoholic
 30 beverages and cannabis items, and supplementing chapter 33 of
 31 Title 2C of the New Jersey Statutes.

32 (cf: P.L.1979, c.264, title)

33
 34 ¹[66.] ²[67.1] 73.² Section 1 of P.L.1979, c.264 (C.2C:33-15)
 35 is amended to read as follows:

36 1. a. (1) Any person under the legal age to purchase alcoholic
 37 beverages who knowingly possesses without legal authority or who
 38 knowingly consumes any alcoholic beverage in any school, public
 39 conveyance, public place, or place of public assembly, or motor
 40 vehicle, is guilty of a petty disorderly persons offense, and shall ¹,
 41 in the case of an adult under the legal age to purchase alcoholic
 42 beverages,¹ be fined not less than ~~【\$500】~~ \$250.

43 (2) (a) Any person under the legal age to purchase cannabis
 44 items who knowingly possesses without legal authority any
 45 cannabis item, the amount of which may be lawfully possessed by a
 46 person of the legal age to purchase cannabis items pursuant to
 47 section ¹[44] ²[451] 46.² of P.L. , c. (C.) (pending before
 48 the Legislature as this bill), in any school, public conveyance,

1 public place, or place of public assembly, or motor vehicle, is guilty
2 of a petty disorderly persons offense, and shall ¹, in the case of an
3 adult under the legal age to purchase cannabis items,¹ be fined not
4 less than \$250.

5 (b) Any person under the legal age to purchase cannabis items
6 who knowingly possesses without legal authority any cannabis
7 item, the amount of which exceeds what may be lawfully possessed
8 by a person of the legal age to purchase cannabis items pursuant to
9 section ¹[44] ²[45¹] 46² of P.L. , c. (C.) (pending before
10 the Legislature as this bill), or who knowingly consumes any
11 cannabis item in any school, public conveyance, public place, or
12 place of public assembly, or motor vehicle, is guilty of a disorderly
13 persons offense, and shall ¹, in the case of an adult under the legal
14 age to purchase cannabis items,¹ be fined not less than \$500.

15 b. Whenever this offense is committed in a motor vehicle, the
16 court shall, in addition to the sentence authorized for the offense,
17 suspend or postpone for six months the driving privilege of the
18 defendant. Upon the conviction of any person under this section,
19 the court shall forward a report to the New Jersey Motor Vehicle
20 Commission stating the first and last day of the suspension or
21 postponement period imposed by the court pursuant to this section.
22 If a person at the time of the imposition of a sentence is less than 17
23 years of age, the period of license postponement, including a
24 suspension or postponement of the privilege of operating a
25 motorized bicycle, shall commence on the day the sentence is
26 imposed and shall run for a period of six months after the person
27 reaches the age of 17 years.

28 If a person at the time of the imposition of a sentence has a valid
29 driver's license issued by this State, the court shall immediately
30 collect the license and forward it to the commission along with the
31 report. If for any reason the license cannot be collected, the court
32 shall include in the report the complete name, address, date of birth,
33 eye color, and sex of the person as well as the first and last date of
34 the license suspension period imposed by the court.

35 The court shall inform the person orally and in writing that if the
36 person is convicted of operating a motor vehicle during the period
37 of license suspension or postponement, the person shall be subject
38 to the penalties set forth in R.S.39:3-40. A person shall be required
39 to acknowledge receipt of the written notice in writing. Failure to
40 receive a written notice or failure to acknowledge in writing the
41 receipt of a written notice shall not be a defense to a subsequent
42 charge of a violation of R.S.39:3-40.

43 If the person convicted under this section is not a New Jersey
44 resident, the court shall suspend or postpone, as appropriate, the
45 non-resident driving privilege of the person based on the age of the
46 person and submit to the commission the required report. The court
47 shall not collect the license of a non-resident convicted under this
48 section. Upon receipt of a report by the court, the commission shall

1 notify the appropriate officials in the licensing jurisdiction of the
2 suspension or postponement.

3 c. In addition to the general penalty prescribed for a disorderly
4 persons offense, the court may require any person who violates this
5 act to participate in an alcohol or drug abuse education or treatment
6 program, authorized by the Division of Mental Health and
7 Addiction Services in the Department of Human Services, for a
8 period not to exceed the maximum period of confinement
9 prescribed by law for the offense for which the individual has been
10 convicted.

11 d. Nothing in this act shall apply to possession of alcoholic
12 beverages by any such person while actually engaged in the
13 performance of employment pursuant to an employment permit
14 issued by the Director of the Division of Alcoholic Beverage
15 Control, or for a bona fide hotel or restaurant, in accordance with
16 the provisions of R.S.33:1-26, or while actively engaged in the
17 preparation of food while enrolled in a culinary arts or hotel
18 management program at a county vocational school or **[post**
19 **secondary]** post-secondary educational institution; and nothing in
20 this section shall apply to possession of cannabis items by any such
21 person while actually engaged in the performance of employment
22 by a cannabis establishment, distributor, or delivery service as
23 permitted pursuant to the “New Jersey Cannabis Regulatory,
24 Enforcement Assistance, and Marketplace Modernization Act,”
25 P.L. , c. (C.) (pending before the Legislature as this bill).

26 e. The provisions of section 3 of P.L.1991, c.169 (C.33:1-
27 81.1a) shall apply to a parent, guardian or other person with legal
28 custody of a person under 18 years of age who is found to be in
29 violation of this section.

30 f. An underage person and one or two other persons shall be
31 immune from prosecution under this section if:

32 (1) one of the underage persons called 9-1-1 and reported that
33 another underage person was in need of medical assistance due to
34 alcohol consumption or the consumption of a cannabis item;

35 (2) the underage person who called 9-1-1 and, if applicable, one
36 or two other persons acting in concert with the underage person
37 who called 9-1-1 provided each of their names to the 9-1-1
38 operator;

39 (3) the underage person was the first person to make the 9-1-1
40 report; and

41 (4) the underage person and, if applicable, one or two other
42 persons acting in concert with the underage person who made the 9-
43 1-1 call remained on the scene with the person under the legal age
44 in need of medical assistance until assistance arrived and
45 cooperated with medical assistance and law enforcement personnel
46 on the scene.

47 The underage person who received medical assistance also shall
48 be immune from prosecution under this section.

1 g. For purposes of this section, an alcoholic beverage includes
2 powdered alcohol as defined by R.S.33:1-1, and a cannabis item
3 includes any item available for lawful consumption pursuant to the
4 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
5 Marketplace Modernization Act,” P.L. , c. (C.) (pending
6 before the Legislature as this bill).
7 (cf: P.L.2015, c.137, s.3)

8
9 ¹[67.] ²[68.¹] ²74.² The title of P.L.1981, c.197 is amended to
10 read as follows:

11 **AN ACT** concerning the unauthorized bringing of alcoholic
12 beverages or cannabis items onto school premises, and
13 supplementing chapter 33 of Title 2C of the New Jersey Statutes.
14 (cf: P.L.1981, c.197, title)

15
16 ¹[68.] ²[69.¹] ²75.² Section 1 of P.L.1981, c.197 (C.2C:33-16) is
17 amended to read as follows:

18 1. Any person of legal age to purchase alcoholic beverages or
19 cannabis items, who, in the case of alcoholic beverages, knowingly
20 and without the express written permission of the school board, its
21 delegated authority, or any school principal, brings or possesses any
22 alcoholic beverages, or in the case of cannabis items, brings,
23 possesses, or consumes, including by smoking, vaping, or
24 aerosolizing, any cannabis items, on any property used for school
25 purposes which is owned by any school or school board, is guilty
26 of a disorderly persons offense. For purposes of this section, an
27 alcoholic beverage includes powdered alcohol as defined by
28 R.S.33:1-1, and a cannabis item includes any item available for
29 lawful consumption pursuant to the “New Jersey Cannabis
30 Regulatory, Enforcement Assistance, and Marketplace Modernization
31 Act,” P.L. , c. (C.) (pending before the Legislature as this
32 bill).

33 (cf: P.L.1981, c.197, s.1)

34
35 ¹[69.] ²[70.¹] ²76.² R.S.40:48-1 is amended to read as follows:

36 40:48-1. Ordinances; general purpose. The governing body of
37 every municipality may make, amend, repeal and enforce
38 ordinances to:

39 Finances and property. 1. Manage, regulate and control the
40 finances and property, real and personal, of the municipality;

41 Contracts and contractor's bonds. 2. Prescribe the form and
42 manner of execution and approval of all contracts to be executed by
43 the municipality and of all bonds to be given to it;

44 Officers and employees; duties, terms and salaries. 3. Prescribe
45 and define, except as otherwise provided by law, the duties and
46 terms of office or employment, of all officers and employees; and to
47 provide for the employment and compensation of such officials and
48 employees, in addition to those provided for by statute, as may be

1 deemed necessary for the efficient conduct of the affairs of the
2 municipality;

3 Fees. 4. Fix the fees of any officer or employee of the
4 municipality for any service rendered in connection with his office
5 or position, for which no specific fee or compensation is provided.
6 In the case of salaried officers or employees, such fee shall be paid
7 into the municipal treasury;

8 Salaries instead of fees; disposition of fees. 5. Provide that any
9 officer or employee receiving compensation for his services, in
10 whole or in part by fees, whether paid by the municipality or
11 otherwise, shall be paid a salary to be fixed in the ordinance, and
12 thereafter all fees received by such officer or employee shall be
13 paid into the municipal treasury;

14 Maintain order. 6. Prevent vice, drunkenness and immorality; to
15 preserve the public peace and order; to prevent and quell riots,
16 disturbances and disorderly assemblages; to prohibit the
17 consumption of alcoholic beverages or cannabis items by underage
18 persons on private property pursuant to section 1 of P.L.2000, c.33
19 (C.40:48-1.2);

20 Punish beggars; prevention of loitering. 7. Restrain and punish
21 drunkards, vagrants, mendicants and street beggars; to prevent
22 loitering, lounging or sleeping in the streets, parks or public places;

23 Auctions and noises. 8. Regulate the ringing of bells and the
24 crying of goods and other commodities for sale at auction or
25 otherwise, and to prevent disturbing noises;

26 Swimming; bathing costume; prohibition of public nudity. 9.
27 Regulate or prohibit swimming or bathing in the waters of, in, or
28 bounding the municipality, and to regulate or prohibit persons from
29 appearing upon the public streets, parks and places clad in bathing
30 costumes or robes, or costumes of a similar character; regulate or
31 prohibit persons from appearing in a state of nudity upon all lands
32 within its borders which are under the jurisdiction of the State
33 including, without limitation, all lands owned by, controlled by,
34 managed by or leased by the State;

35 Prohibit annoyance of persons or animals. 10. Regulate or
36 prohibit any practice tending to frighten animals, or to annoy or
37 injure persons in the public streets;

38 Animals; pounds; establishment and regulation. 11. Establish
39 and regulate one or more pounds, and to prohibit or regulate the
40 running at large of horses, cattle, dogs, swine, goats and other
41 animals, and to authorize their impounding and sale for the penalty
42 incurred, and the costs of impounding, keeping and sale; to regulate
43 or prohibit the keeping of cattle, goats or swine in any part of the
44 municipality; to authorize the destruction of dogs running at large
45 therein;

46 Hucksters. 12. Prescribe and regulate the place of vending or
47 exposing for sale articles of merchandise from vehicles;

1 Building regulations; wooden structures. 13. Regulate and
2 control the construction, erection, alteration and repair of buildings
3 and structures of every kind within the municipality; and to
4 prohibit, within certain limits, the construction, erection or
5 alteration of buildings or structures of wood or other combustible
6 material;

7 Inflammable materials; inspect docks and buildings. 14.
8 Regulate the use, storage, sale and disposal of inflammable or
9 combustible materials, and to provide for the protection of life and
10 property from fire, explosions and other dangers; to provide for
11 inspections of buildings, docks, wharves, warehouses and other
12 places, and of goods and materials contained therein, to secure the
13 proper enforcement of such ordinance;

14 Dangerous structures; removal or destruction; procedure. 15.
15 Provide for the removal or destruction of any building, wall or
16 structure which is or may become dangerous to life or health, or
17 might tend to extend a conflagration; and to assess the cost thereof
18 as a municipal lien against the premises;

19 Chimneys and boilers. 16. Regulate the construction and setting
20 up of chimneys, furnaces, stoves, boilers, ovens and other
21 contrivances in which fire is used;

22 Explosives. 17. Regulate, in conformity with the statutes of this
23 State, the manufacture, storage, sale, keeping or conveying of
24 gunpowder, nitroglycerine, dynamite and other explosives;

25 Firearms and fireworks. 18. Regulate and prohibit the sale and
26 use of guns, pistols, firearms, and fireworks of all descriptions;

27 Soft coal. 19. Regulate the use of soft coal in locomotives,
28 factories, power houses and other places;

29 Theaters, schools, churches and public places. 20. Regulate the
30 use of theaters, cinema houses, public halls, schools, churches, and
31 other places where numbers of people assemble, and the exits
32 therefrom, so that escape therefrom may be easily and safely made
33 in case of fire or panic; and to regulate any machinery, scenery,
34 lights, wires and other apparatus, equipment or appliances used in
35 all places of public amusement;

36 Excavations. 21. Regulate excavations below the established
37 grade or curb line of any street, not greater than eight feet, which
38 the owner of any land may make, in the erection of any building
39 upon his own property; and to provide for the giving of notice, in
40 writing, of such intended excavation to any adjoining owner or
41 owners, and that they will be required to protect and care for their
42 several foundation walls that may be endangered by such
43 excavation; and to provide that in case of the neglect or refusal, for
44 10 days, of such adjoining owner or owners to take proper action to
45 secure and protect the foundations of any adjacent building or other
46 structure, that the party or parties giving such notice, or their
47 agents, contractors or employees, may enter into and upon such
48 adjoining property and do all necessary work to make such

1 foundations secure, and may recover the cost of such work and
2 labor in so protecting such adjacent property; and to make such
3 further and other provisions in relation to the proper conduct and
4 performance of said work as the governing body or board of the
5 municipality may deem necessary and proper;

6 Sample medicines. 22. Regulate and prohibit the distribution,
7 depositing or leaving on the public streets or highways, public
8 places or private property, or at any private place or places within
9 any such municipality, any medicine, medicinal preparation or
10 preparations represented to cure ailments or diseases of the body or
11 mind, or any samples thereof, or any advertisements or circulars
12 relating thereto, but no ordinance shall prohibit a delivery of any
13 such article to any person above the age of 12 years willing to
14 receive the same;

15 Boating. 23. Regulate the use of motor and other boats upon
16 waters within or bounding the municipality;

17 Fire escapes. 24. Provide for the erection of fire escapes on
18 buildings in the municipality, and to provide rules and regulations
19 concerning the construction and maintenance of the same, and for
20 the prevention of any obstruction thereof or thereon;

21 Care of injured employees. 25. Provide for the payment of
22 compensation and for medical attendance to any officer or
23 employee of the municipality injured in the performance of his
24 duty;

25 Bulkheads and other structures. 26. Fix and determine the lines
26 of bulkheads or other works or structures to be erected, constructed
27 or maintained by the owners of lands facing upon any navigable
28 water in front of their lands, and in front of or along any highway or
29 public lands of said municipality, and to designate the materials to
30 be used, and the type, height and dimensions thereof;

31 Lifeguard. 27. Establish, maintain, regulate and control a
32 lifeguard upon any beach within or bordering on the municipality;

33 Appropriation for life-saving apparatus. 28. Appropriate
34 moneys to safeguard people from drowning within its borders, by
35 location of apparatus or conduct of educational work in harmony
36 with the plans of the United States volunteer life-saving corps in
37 this State;

38 Fences. 29. Regulate the size, height and dimensions of any
39 fences between the lands of adjoining owners, whether built or
40 erected as division or partition fences between such lands, and
41 whether the same exist or be erected entirely or only partly upon the
42 lands of any such adjoining owners, or along or immediately
43 adjacent to any division or partition line of such lands. To provide,
44 in such ordinance, the manner of securing, fastening or shoring such
45 fences, and for surveying the land when required by statute, and to
46 prohibit in any such ordinance the use at a height of under 10 feet
47 from the ground, of any device, such as wire or cable, that would be
48 dangerous to pedestrians, equestrians, bicyclists, or drivers of off-

1 the-road vehicles, unless that device is clearly visible to pedestrians,
2 equestrians, bicyclists or drivers of off-the-road vehicles. In the
3 case of fences thereafter erected contrary to the provisions thereof,
4 the governing body may provide for a penalty for the violation of
5 such ordinance, and in the case of such fence or fences erected or
6 existing at the time of the passage of any such ordinance, may
7 provide therein for the removal, change or alteration thereof, so as
8 to make such fence or fences comply with the provisions of any
9 such ordinance;

10 Advertise municipality. 30. Appropriate funds for advertising
11 the advantages of the municipality;

12 Government Energy Aggregation Programs. 31. Establish
13 programs and procedures pursuant to which the municipality may
14 act as a government aggregator pursuant to sections 40 through 43
15 of P.L.1999, c.23 (C.48:3-89 through C.48:3-92), section 45 of
16 P.L.1999, c.23 (C.48:3-94), and sections 1, 2 and 6 of P.L.2003,
17 c.24 (C.48:3-93.1 through C.48:3-93.3). Notwithstanding the
18 provisions of any other law, rule or regulation to the contrary, a
19 municipality acting as a government aggregator pursuant to
20 P.L.1999, c.23 (C.48:3-49 et al.) shall not be deemed to be a public
21 utility pursuant to R.S.40:62-24 or R.S.48:1-1 et seq. or be deemed
22 to be operating any form of public utility service pursuant to
23 R.S.40:62-1 et seq., to the extent such municipality is solely
24 engaged in the provision of such aggregation service and not
25 otherwise owning or operating any plant or facility for the
26 production or distribution of gas, electricity, steam or other product
27 as provided in R.S.40:62-12;

28 Joint municipal action on consent for the provision of cable
29 television service. 32. Establish programs and procedures pursuant
30 to which a municipality may act together with one or more
31 municipalities in granting municipal consent for the provision of
32 cable television service pursuant to the provisions of the "Cable
33 Television Act," P.L.1972, c.186 (C.48:5A-1 et seq.) as amended
34 and supplemented. Notwithstanding the provisions of any other
35 law, rule or regulation to the contrary, two or more municipalities
36 acting jointly pursuant to the provisions of P.L.1972, c.186
37 (C.48:5A-1 et seq.) shall not be deemed a public utility pursuant to
38 R.S.48:1-1 et seq., to the extent those municipalities are solely
39 engaged in granting municipal consent jointly and are not otherwise
40 owning or operating any facility for the provision of cable
41 television service as provided in P.L.1972, c.186 (C.48:5A-1 et
42 seq.);

43 Private cable television service aggregation programs. 33.
44 Establish programs and procedures pursuant to which a
45 municipality may employ the services of a private aggregator for
46 the purpose of facilitating the joint action of two or more
47 municipalities in granting municipal consent for the provision of
48 cable television service provided that any such municipality shall

1 adhere to the provisions of the "Cable Television Act," P.L.1972,
 2 c.186 (C.48:5A-1 et seq.) as amended and supplemented, and to the
 3 provisions of the "Local Public Contracts Law," P.L.1971, c.198
 4 (C.40A:11-1 et seq.) as amended and supplemented.
 5 Notwithstanding the provisions of any other law, rule or regulation
 6 to the contrary, a municipality that employs the services of a private
 7 aggregator pursuant to the provisions of P.L.1972, c.186 (C.48:5A-
 8 1 et seq.) shall not be deemed a public utility pursuant to R.S.48:1-
 9 1 et seq., to the extent that the municipality is solely engaged in
 10 employing the services of a private aggregator for the purpose of
 11 facilitating the joint action of two or more municipalities in
 12 granting municipal consent and is not otherwise owning or
 13 operating any facility for the provision of cable television service as
 14 provided in P.L.1972, c.186 (C.48:5A-1 et seq.);

15 Protective Custody. 34. Provide protective custody to persons
 16 arrested for operating a motor vehicle under the influence of
 17 alcoholic beverages, cannabis items as defined in section 3 of
 18 P.L. , c. (C.) (pending before the Legislature as this bill),
 19 any chemical substance, or any controlled dangerous substance in
 20 violation of R.S.39:4-50 as provided in section 1 of P.L.2003, c.164
 21 (C.40:48-1.3);

22 Private Outdoor Video Surveillance Camera Registry. 35.
 23 Establish a private outdoor video surveillance camera registry and
 24 allow voluntary registration of private outdoor video surveillance
 25 cameras as provided in P.L.2015, c.142 (C.40:48-1.6 et al.).
 26 (cf: P.L.2015, c.142, s.3)

27
 28 ¹[70.] ²[71.¹] 77.² (New section) A municipality may enact an
 29 ordinance making it unlawful for any person who is of legal age to
 30 consume, other than by smoking, vaping, or aerosolizing, a cannabis
 31 item available for lawful consumption pursuant to the "New Jersey
 32 Cannabis Regulatory, Enforcement Assistance, and Marketplace
 33 Modernization Act," P.L. , c. (C.) (pending before the
 34 Legislature as this bill), in any public place as defined in section 3
 35 of that act (C.), other than school property described in section 1
 36 of P.L.1981, c.197 (C.2C:33-16) for which unlawful consumption is
 37 a disorderly persons offense, or when not prohibited by the owner or
 38 person responsible for the operation of that public place. A person
 39 may be subject to a civil penalty of up to \$200, which shall be
 40 recovered in a civil action by a summary proceeding in the name of
 41 the municipality pursuant to the "Penalty Enforcement Law of
 42 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). The municipal court
 43 and the Superior Court shall have jurisdiction of proceedings for the
 44 enforcement of the penalty provided by this section.

45
 46 ¹[71.] ²[72.¹] 78.² The title of P.L.2000, c.33 is amended to
 47 read as follows:

1 AN ACT concerning possession and consumption of alcoholic
 2 beverages or cannabis items by underaged persons,
 3 supplementing Title 40 of the Revised Statutes and amending
 4 R.S.40:48-1.

5 (cf: P.L.2000, c.33, title)

6
 7 ¹~~[72.]~~ ²~~[73.1]~~ ²79.2 Section 1 of P.L.2000, c.33 (C.40:48-1.2) is
 8 amended to read as follows:

9 1. a. A municipality may enact an ordinance making it
 10 unlawful for any person under the legal age who, without legal
 11 authority, knowingly possesses or knowingly consumes an alcoholic
 12 beverage or a cannabis item, other than by smoking, vaping, or
 13 aerosolizing, on private property.

14 (1) The ordinance shall provide that a violation involving
 15 alcoholic beverage activity shall ¹, in the case of an adult under the
 16 legal age to purchase an alcoholic beverage,¹ be punished by a fine
 17 of \$250 for a first offense and \$350 for any subsequent offense.

18 (2) The ordinance shall provide that a violation involving
 19 cannabis activity ¹, in the case of an adult under the legal age to
 20 purchase cannabis items,¹ shall be punished as follows:

21 (a) If the cannabis item possessed is an amount which may be
 22 lawfully possessed by a person of the legal age to purchase cannabis
 23 items pursuant to section ¹~~[44]~~ ²~~[45¹]~~ ²46² of P.L. , c. (C.)
 24 (pending before the Legislature as this bill): for a first offense, a
 25 civil penalty of \$100; for a second offense, a civil penalty of \$200;
 26 and for a third or subsequent offense, a fine of \$350. The civil
 27 penalties provided for in this subparagraph shall be collected
 28 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999,
 29 c.274 (C.2A:58-10 et seq.), in a summary proceeding before the
 30 municipal court having jurisdiction. A penalty recovered under the
 31 provisions of this subparagraph shall be recovered by and in the
 32 name of the municipality.

33 (b) If the cannabis item possessed is an amount that exceeds
 34 what may be lawfully possessed by a person of the legal age to
 35 purchase cannabis items pursuant to section ¹~~[44]~~ ²~~[45¹]~~ ²46² of
 36 P.L. , c. (C.) (pending before the Legislature as this bill), or
 37 if any cannabis item is consumed: for a first offense, a fine of \$250;
 38 and for a second or subsequent offense, a fine of \$350.

39 b. The ordinance shall provide that the court may, in addition
 40 to the fine authorized for this offense, suspend or postpone for six
 41 months the driving privilege of the defendant. Upon the conviction
 42 of any person and the suspension or postponement of that person's
 43 driver's license, the court shall forward a report to the **[Division of]**
 44 New Jersey Motor **[Vehicles]** Vehicle Commission stating the first
 45 and last day of the suspension or postponement period imposed by
 46 the court pursuant to this section. If a person at the time of the
 47 imposition of a sentence is less than 17 years of age, the period of

1 license postponement, including a suspension or postponement of
2 the privilege of operating a motorized bicycle, shall commence on
3 the day the sentence is imposed and shall run for a period of six
4 months after the person reaches the age of 17 years.

5 If a person at the time of the imposition of a sentence has a valid
6 driver's license issued by this State, the court shall immediately
7 collect the license and forward it to the **[division]** commission
8 along with the report. If for any reason the license cannot be
9 collected, the court shall include in the report the complete name,
10 address, date of birth, eye color, and sex of the person, as well as
11 the first and last date of the license suspension period imposed by
12 the court.

13 The court shall inform the person orally and in writing that if the
14 person is convicted of operating a motor vehicle during the period
15 of license suspension or postponement, the person shall be subject
16 to the penalties set forth in R.S.39:3-40. A person shall be required
17 to acknowledge receipt of the written notice in writing. Failure to
18 receive a written notice or failure to acknowledge in writing the
19 receipt of a written notice shall not be a defense to a subsequent
20 charge of a violation of R.S.39:3-40.

21 If the person convicted under such an ordinance is not a New
22 Jersey resident, the court shall suspend or postpone, as appropriate,
23 the non-resident driving privilege of the person based on the age of
24 the person and submit to the **[division]** commission the required
25 report. The court shall not collect the license of a non-resident
26 convicted under this section. Upon receipt of a report by the court,
27 the **[division]** commission shall notify the appropriate officials in
28 the licensing jurisdiction of the suspension or postponement.

29 c. (1) No ordinance shall prohibit an underaged person from
30 consuming or possessing an alcoholic beverage in connection with a
31 religious observance, ceremony, or rite or consuming or possessing
32 an alcoholic beverage in the presence of and with the permission of
33 a parent, guardian or relative who has attained the legal age to
34 purchase and consume alcoholic beverages.

35 (2) As used in this section:

36 “Alcoholic beverage” includes powdered alcohol as defined by
37 R.S.33:1-1.

38 “Guardian” means a person who has qualified as a guardian of
39 the underaged person pursuant to testamentary or court
40 appointment.

41 “Cannabis items” includes any item available for lawful
42 consumption pursuant to the “New Jersey Cannabis Regulatory,
43 Enforcement Assistance, and Marketplace Modernization Act,”
44 P.L. , c. (C.) (pending before the Legislature as this bill).

45 “Relative” means the underaged person's grandparent, aunt or
46 uncle, sibling, or any other person related by blood or affinity.

47 d. No ordinance shall prohibit possession of alcoholic
48 beverages by any such person while actually engaged in the

1 performance of employment by a person who is licensed under Title
2 33 of the Revised Statutes, or while actively engaged in the
3 preparation of food while enrolled in a culinary arts or hotel
4 management program at a county vocational school or **post**
5 **secondary** post-secondary educational institution, and no
6 ordinance shall prohibit possession of cannabis items by any such
7 person while actually engaged in the performance of employment
8 by a cannabis establishment, distributor, or delivery service as
9 permitted pursuant to the “New Jersey Cannabis Regulatory,
10 Enforcement Assistance, and Marketplace Modernization Act,”
11 P.L. , c. (C.) (pending before the Legislature as this bill);
12 however, no ordinance enacted pursuant to this section shall be
13 construed to preclude the imposition of a penalty under this section,
14 R.S.33:1-81, or any other section of law against a person who is
15 convicted of unlawful alcoholic beverage activity or unlawful
16 cannabis activity on or at premises licensed for the sale of alcoholic
17 beverages or cannabis items.
18 (cf: P.L.2000, c.33, s.1)

19

20 ¹**[73.]** ²**[74.1]** ²**80.**² The title of P.L.2009, c.133 is amended to
21 read as follows:

22 **AN ACT** concerning persons under the legal age to possess and
23 consume alcoholic beverages or cannabis items, amending
24 P.L.1979, c.264, and supplementing P.L.2000, c.33 (C.40:48-1.2
25 et al.).

26 (cf: P.L.2009, c.133, title)

27

28 ¹**[74.]** ²**[75.1]** ²**81.**² Section 2 of P.L.2009, c.133 (C.40:48-1.2a)
29 is amended to read as follows:

30 2. a. An underage person and one or two other persons shall be
31 immune from prosecution under an ordinance authorized by section
32 1 of P.L.2000, c.33 (C.40:48-1.2) prohibiting any person under the
33 legal age who, without legal authority, knowingly possesses or
34 knowingly consumes an alcoholic beverage or cannabis item on
35 private property if:

36 (1) one of the underage persons called 9-1-1 and reported that
37 another underage person was in need of medical assistance due to
38 alcohol consumption or the consumption of a cannabis item;

39 (2) the underage person who called 9-1-1 and, if applicable, one
40 or two other persons acting in concert with the underage person
41 who called 9-1-1 provided each of their names to the 9-1-1
42 operator;

43 (3) the underage person was the first person to make the 9-1-1
44 report; and

45 (4) the underage person and, if applicable, one or two other
46 persons acting in concert with the underage person who made the 9-
47 1-1 call remained on the scene with the person under the legal age
48 in need of medical assistance until assistance arrived and

1 cooperated with medical assistance and law enforcement personnel
2 on the scene.

3 b. The underage person who received medical assistance as
4 provided in subsection a. of this section also shall be immune from
5 prosecution under an ordinance authorized by section 1 of P.L.2000,
6 c.33 (C.40:48-1.2).
7 (cf: P.L.2009, c.133, s.2)

8
9 ¹~~75.~~ ²~~76.~~ ¹ ~~82.~~ ² Section 2 of P.L.1981, c.512 (C.39:4-50.4a)
10 is amended to read as follows:

11 2. a. The municipal court shall order any person who, after
12 being arrested for a violation of R.S.39:4-50 or section 1 of
13 P.L.1992, c.189 (C.39:4-50.14), refuses to submit, upon request, to
14 a test provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2):

15 (1) if the refusal was in connection with a first offense under this
16 section, to forfeit the right to operate a motor vehicle over the
17 highways of this State until the person installs an ignition interlock
18 device in one motor vehicle owned, leased, or principally operated
19 by the person, whichever the person most often operates, for the
20 purpose of complying with the provisions of P.L.1999, c.417
21 (C.39:4-50.16 et al.);

22 (2) if the refusal was in connection with a second offense under
23 this section, to forfeit the right to operate a motor vehicle over the
24 highways of this State for a period of not less than one year or more
25 than two years following the installation of an ignition interlock
26 device in one motor vehicle owned, leased, or principally operated
27 by the person, whichever the person most often operates, for the
28 purpose of complying with the provisions of P.L.1999, c.417
29 (C.39:4-50.16 et al.);

30 (3) if the refusal was in connection with a third or subsequent
31 offense under this section, to forfeit the right to operate a motor
32 vehicle over the highways of this State for a period of eight years
33 following the installation of an ignition interlock device in one
34 motor vehicle owned, leased, or principally operated by the person,
35 whichever the person most often operates, for the purpose of
36 complying with the provisions of P.L.1999, c.417 (C.39:4-50.16 et
37 al.). A conviction or administrative determination of a violation of
38 a law of a substantially similar nature in another jurisdiction,
39 regardless of whether that jurisdiction is a signatory to the Interstate
40 Driver License Compact pursuant to P.L.1966, c.73 (C.39:5D-1 et
41 seq.), shall constitute a prior conviction under this section.

42 The municipal court shall determine by a preponderance of the
43 evidence whether the arresting officer had probable cause to believe
44 that the person had been driving or was in actual physical control of
45 a motor vehicle on the public highways or quasi-public areas of this
46 State while the person was under the influence of intoxicating
47 liquor or a narcotic, hallucinogenic, or habit-producing drug, or
48 marijuana or cannabis item as defined in section 3 of P.L. _____.

1 c. (C. _____) (pending before the Legislature as this bill); whether
2 the person was placed under arrest, if appropriate, and whether he
3 refused to submit to the test upon request of the officer; and if these
4 elements of the violation are not established, no conviction shall
5 issue. In addition to any other requirements provided by law, a
6 person whose operator's license is revoked for refusing to submit to
7 a test shall be referred to an Intoxicated Driver Resource Center
8 established by subsection (f) of R.S.39:4-50 and shall satisfy the
9 same requirements of the center for refusal to submit to a test as
10 provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2) in
11 connection with a first, second, third or subsequent offense under
12 this section that must be satisfied by a person convicted of a
13 commensurate violation of this section, or be subject to the same
14 penalties as such a person for failure to do so. For a first offense,
15 the revocation may be concurrent with or consecutive to any
16 revocation imposed for a conviction under the provisions of
17 R.S.39:4-50 arising out of the same incident. For a second or
18 subsequent offense, the revocation shall be consecutive to any
19 revocation imposed for a conviction under the provisions of
20 R.S.39:4-50. In addition to issuing a revocation, the municipal
21 court shall fine a person convicted under this section, a fine of not
22 less than \$300 or more than \$500 for a first offense; a fine of not
23 less than \$500 or more than \$1,000 for a second offense; and a fine
24 of \$1,000 for a third or subsequent offense.

25 b. (Deleted by amendment, P.L.2019, c.248)
26 (cf: P.L.2019, c.248, s.3)
27

28 ¹[76.] ²[77.1] ³83.2 Section 1 of P.L.1983, c.307 (C.39:4-51a) is
29 amended to read as follows:

30 1. a. A person shall not consume an alcoholic beverage or
31 cannabis item as defined in section 3 of P.L. _____, c. _____
32 (pending before the Legislature as this bill) while operating a motor
33 vehicle. A passenger in a motor vehicle shall not consume an
34 alcoholic beverage, and shall not consume by means of smoking,
35 vaping, or aerosolizing a cannabis item, while the motor vehicle is
36 being operated. This subsection shall not apply, with respect to the
37 consumption of an alcoholic beverage, to a passenger of a charter or
38 special bus operated as defined under R.S.48:4-1 or a limousine
39 service.

40 b. A person shall be presumed to have consumed an alcoholic
41 beverage in violation of this section if an unsealed container of an
42 alcoholic beverage is located in the passenger compartment of the
43 motor vehicle, the contents of the alcoholic beverage have been
44 partially consumed and the physical appearance or conduct of the
45 operator of the motor vehicle or a passenger may be associated with
46 the consumption of an alcoholic beverage. For the purposes of this
47 section, the term "unsealed" shall mean a container with its original
48 seal broken, or a container such as a glass or cup.

1 c. For the first offense, a person convicted of violating this
2 section shall be fined ~~【\$200.00】~~ \$200 and shall be informed by the
3 court of the penalties for a second or subsequent violation of this
4 section. For a second or subsequent offense, a person convicted of
5 violating this section shall be fined ~~【\$250.00】~~ \$250 or shall be
6 ordered by the court to perform community service for a period of
7 10 days in such form and on such terms as the court shall deem
8 appropriate under the circumstances.

9 (cf: P.L.1999, c.356, s.20)

10
11 ¹~~【77.】~~ ²~~【78.1】~~ 84.² Section 6 of P.L.2000, c.83 (C.39:4-51b) is
12 amended to read as follows:

13 6. a. All occupants of a motor vehicle located on a public
14 highway, or the right-of-way of a public highway, shall be
15 prohibited from possessing any open or unsealed alcoholic beverage
16 container or unsealed cannabis item as defined in section 3 of
17 P.L. , c. (C.) (pending before the Legislature as this bill)
18 that is intended to be consumed by means of smoking, vaping, or
19 aerosolizing. This subsection shall not apply, with respect to the
20 possession of an alcoholic beverage, to a passenger of a charter or
21 special bus operated as defined under R.S.48:4-1 or a limousine
22 service.

23 b. A person shall not be deemed to be in possession of an
24 opened or unsealed alcoholic beverage container or unsealed
25 cannabis item pursuant to this section if such container or unsealed
26 cannabis item is located in the trunk of a motor vehicle, behind the
27 last upright seat in a trunkless vehicle, or in the living quarters of a
28 motor home or house trailer. For the purposes of this section, the
29 term "open or unsealed" shall mean **【a】** an alcoholic beverage
30 container with its original seal broken, or a container or package
31 that is not the original container or package such as a glass **【or】** ,
32 cup, box, bag, or wrapping.

33 c. For a first offense, a person convicted of violating this
34 section shall be fined \$200 and shall be informed by the court of the
35 penalties for a second or subsequent violation of this section. For a
36 second or subsequent offense, a person convicted of violating this
37 section shall be fined \$250 or shall be ordered by the court to
38 perform community service for a period of 10 days in such form
39 and on such terms as the court shall deem appropriate under the
40 circumstances.

41 (cf: P.L.2000, c.83, s.6)

42
43 ²~~【179.】~~ 85.² Section 6 of P.L.1961, c.56 (C.52:17B-71) is
44 amended to read as follows:

45 6. The commission is vested with the power, responsibility and
46 duty:

47 a. To prescribe standards for the approval and continuation of
48 approval of schools at which police training courses authorized by

1 this act and in-service police training courses shall be conducted,
2 including but not limited to currently existing regional, county,
3 municipal, and police chief association police training schools or at
4 which basic training courses and in-service training courses shall be
5 conducted for State and county juvenile and adult correctional
6 police officers and juvenile detention officers;

7 b. To approve and issue certificates of approval to these
8 schools, to inspect the schools from time to time, and to revoke any
9 approval or certificate issued to the schools;

10 c. To prescribe the curriculum, the minimum courses of study,
11 attendance requirements, equipment and facilities, and standards of
12 operation for these schools. Courses of study in crime prevention
13 may be recommended to the Police Training Commission by the
14 Crime Prevention Advisory Committee, established by section 2 of
15 P.L.1985, c.1 (C.52:17B-77.1). The Police Training Commission
16 may prescribe psychological and psychiatric examinations for
17 police recruits while in the schools;

18 d. To prescribe minimum qualifications for instructors at these
19 schools and to certify, as qualified, instructors for approved police
20 training schools and to issue appropriate certificates to the
21 instructors;

22 e. To certify police officers, correctional police officers,
23 juvenile correctional police officers, and juvenile detention officers
24 who have satisfactorily completed training programs and to issue
25 appropriate certificates to the police officers, correctional police
26 officers, juvenile correctional police officers, and juvenile detention
27 officers;

28 f. To advise and consent in the appointment of an
29 administrator of police services by the Attorney General pursuant to
30 section 8 of P.L.1961, c.56 (C.52:17B-73);

31 g. (Deleted by amendment, P.L.1985, c.491 **[.]**)

32 h. To make rules and regulations as may be reasonably
33 necessary or appropriate to accomplish the purposes and objectives
34 of this act;

35 i. To make a continuous study of police training methods and
36 training methods for correctional police officers, juvenile
37 correctional police officers, and juvenile detention officers and to
38 consult and accept the cooperation of any recognized federal or
39 State law enforcement agency or educational institution;

40 j. To consult and cooperate with universities, colleges, and
41 institutes in the State for the development of specialized courses of
42 study for police officers in police science and police administration;

43 k. To consult and cooperate with other departments and
44 agencies of the State concerned with police training or the training
45 of correctional police officers, juvenile correctional police officers,
46 and juvenile detention officers;

47 l. To participate in unified programs and projects relating to
48 police training and the training of correctional police officers,

1 juvenile correctional police officers, and juvenile detention officers
2 sponsored by any federal, State, or other public or private agency;

3 m. To perform other acts as may be necessary or appropriate to
4 carry out its functions and duties as set forth in this act;

5 n. To extend the time limit for satisfactory completion of police
6 training programs or programs for the training of correctional police
7 officers, juvenile correctional police officers, and juvenile detention
8 officers upon a finding that health, extraordinary workload, or other
9 factors have, singly or in combination, effected a delay in the
10 satisfactory completion of the training program;

11 o. (1) To furnish approved schools, for inclusion in their
12 regular police training courses and curriculum, with information
13 concerning the advisability of high speed chases, the risk caused by
14 them, and the benefits resulting from them;

15 (2) To review and approve new standards and course curricula
16 for police training courses or programs to be offered by approved
17 schools for the training of police officers to be certified as a Drug
18 Recognition Expert for detecting, identifying, and apprehending
19 drug-impaired motor vehicle operators. The commission shall
20 consult with the Cannabis Regulatory Commission established by
21 31 of P.L.2019, c.153 (C.24:6I-24) with respect to any aspects of
22 the course curricula that focus on impairment from the use of
23 cannabis items as defined by section 3 of P.L. , c. (C.)
24 (pending before the Legislature as this bill) or marijuana. Any
25 police officer certified and recognized by the commission as a Drug
26 Recognition Expert prior to the effective date of this section, as
27 amended by the “New Jersey Cannabis Regulatory, Enforcement
28 Assistance, and Marketplace Modernization Act,” P.L. ,
29 c. (C.) (pending before the Legislature as this bill), shall
30 continue to be recognized as certified until that certification has
31 expired or is no longer considered valid as determined by the
32 commission, or the certification is replaced by the police officer
33 with a new certification in accordance with the new standards and
34 course curricula for certification described in this paragraph.

35 p. To review and approve new standards and course curricula
36 developed by the Department of Corrections for both basic and in-
37 service training of State and county correctional police officers and
38 juvenile detention officers. These courses for the State correctional
39 police officers and juvenile detention officers shall be centrally
40 provided at the Corrections Officers' Training Academy of the
41 Department of Corrections. Courses for the county correctional
42 police officers and juvenile detention officers shall also be centrally
43 provided at the Corrections Officers' Training Academy unless an
44 off-grounds training program is established by the county. A
45 county may elect to establish and conduct a basic training program
46 for correctional police officers and juvenile detention officers
47 seeking permanent appointment in that county. The Corrections

1 Officers' Training Academy shall develop the curriculum of the
2 basic training program to be conducted by a county;

3 q. To administer and distribute the monies in the Law
4 Enforcement Officers Training and Equipment Fund established by
5 section 9 of P.L.1996, c.115 (C.2C:43-3.3) and make rules and
6 regulations for the administration and distribution of the monies as
7 may be necessary or appropriate to accomplish the purpose for
8 which the fund was established.¹

9 (cf: P.L.2019, c.219, s.9)

10

11 ²86. (New section) Severability.

12 If any part, section, clause, paragraph, sentence, or provision,
13 section of P.L. , c. (C.) (pending before the Legislature as
14 this bill) shall be adjudged by any court of competent jurisdiction to
15 be unconstitutional or otherwise invalid, that judgment shall not
16 affect, impair, or invalidate the remainder thereof, but shall be
17 confined in its operation to the section, clause, paragraph, sentence,
18 or provision thereof directly involved in the controversy in which
19 the judgment shall have been rendered.²

20

21 ¹[78.] ²[80.] ¹87.² This act shall take effect as follows:

22 a. (1) Sections 1 through 18, 31 and 32, 38 through ¹[43]
23 ²[45] ¹46², ¹[51] ²[52] ¹53² through ¹[56] ²[57] ¹63², ¹[and
24 69] ²[70] ¹76² through ¹[74] ²[75] ¹81², and ²[section 79]
25 sections 85 and 86² shall take effect immediately; and

26 (2) Sections 19 through 30, 33 through 37, ¹[44] ²[46] ¹47²
27 through ¹[50] ²[51] ¹52², ¹[57] ²[58] ¹64² through ¹[68] ²[69] ¹
28 75², and ¹[75] ²[76] ¹82² through ¹[77] ²[78] ¹84² shall take
29 effect immediately, but shall only become operative upon adoption
30 of the commission's initial rules and regulations pursuant to
31 subparagraph (a) of paragraph (1) of subsection d. of section 6 of
32 P.L. , c. (C.) (pending before the Legislature as this bill).

33 b. The Attorney General, State Treasurer, Commissioner of
34 Health, Commissioner of Banking and Insurance, and the
35 Administrative Director of the Courts, and once constituted and
36 organized, the Cannabis Regulatory Commission, may take such
37 anticipatory administrative action as may be necessary to effectuate
38 the provisions of P.L. , c. (C.) (pending before the
39 Legislature as this bill).

40

41

42

43

44 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
45 Marketplace Modernization Act"; legalizes personal use cannabis
46 for certain adults, subject to State regulation; decriminalizes small

A21 [2R]
240

- 1 amount marijuana and hashish possession; removes marijuana as
- 2 Schedule I drug.

ASSEMBLY, No. 21

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 5, 2020

Sponsored by:

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

Assemblyman JAMEL C. HOLLEY

District 20 (Union)

Assemblywoman BRITNEE N. TIMBERLAKE

District 34 (Essex and Passaic)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman JOE DANIELSEN

District 17 (Middlesex and Somerset)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Co-Sponsored by:

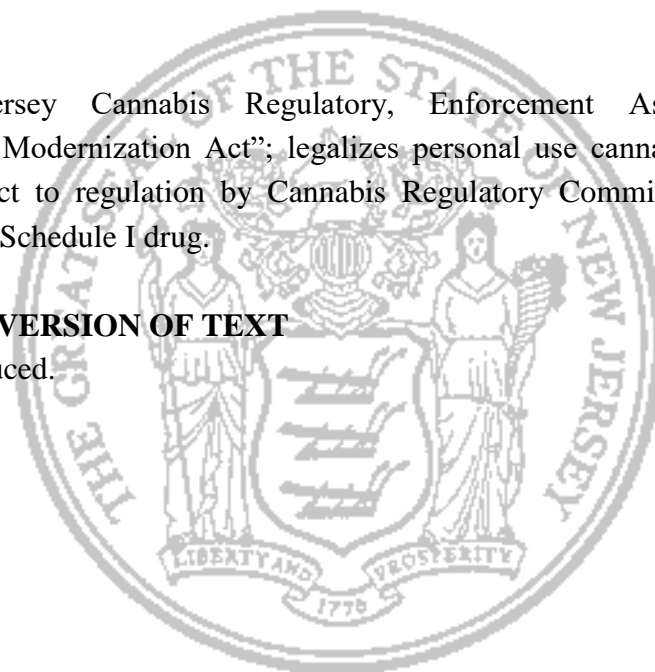
Assemblywoman Jasey

SYNOPSIS

“New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act”; legalizes personal use cannabis for certain adults, subject to regulation by Cannabis Regulatory Commission; removes marijuana as Schedule I drug.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/16/2020)

1 AN ACT concerning the regulation and use of cannabis, and
2 amending and supplementing various parts of the statutory law.

3

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

6

7 1. (New section) This act shall be known and may be cited as
8 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
9 Marketplace Modernization Act.”

10

11 2. (New section) The Legislature finds and declares that:

12 a. It is the intent of the people of New Jersey to adopt a new
13 approach to our marijuana policies by controlling and legalizing a
14 marijuana product, to be referred to as cannabis, in a similar fashion
15 to the regulation of alcohol for adults;

16 b. It is the intent of the people of New Jersey that the
17 provisions of this act will prevent the sale or distribution of
18 cannabis to persons under 21 years of age;

19 c. This act is designed to eliminate the problems caused by the
20 unregulated manufacture, distribution, and use of illegal marijuana
21 within New Jersey;

22 d. This act will divert funds from marijuana sales from going to
23 illegal enterprises, gangs, and cartels;

24 e. Black New Jerseyans are nearly three times more likely to be
25 arrested for marijuana possession than white New Jerseyans, despite
26 similar usage rates;

27 f. New Jersey spends approximately \$127 million per year on
28 marijuana possession enforcement costs;

29 g. Controlling and legalizing cannabis for adults like alcohol
30 will free up precious resources to allow our criminal justice system
31 to focus on serious crime and public safety issues;

32 h. Controlling and legalizing cannabis for adults like alcohol
33 will strike a blow at the illegal enterprises that profit from New
34 Jersey’s current, unregulated illegal marijuana market;

35 i. New Jersey must strengthen our support for evidence-based,
36 drug prevention programs that work to educate New Jerseyans,
37 particularly young New Jerseyans, about the harms of drug abuse;

38 j. New Jersey must enhance State-supported programming that
39 provides appropriate, evidence-based treatment for those who suffer
40 from the illness of drug addiction;

41 k. Controlling and regulating the manufacture, distribution, and
42 sale of cannabis will strengthen our ability to keep it and illegal
43 marijuana away from minors;

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

Matter underlined thus is new matter.

- 1 l. A controlled system of cannabis manufacturing, distribution,
2 and sale must be designed in a way that enhances public health and
3 minimizes harms to New Jersey communities and families;
- 4 m. The regulated cannabis system in New Jersey must be
5 regulated so as to prevent persons younger than 21 years of age
6 from accessing or purchasing cannabis;
- 7 n. A marijuana arrest in New Jersey can have a debilitating
8 impact on a person’s future, including consequences for one’s job
9 prospects, housing access, financial health, familial integrity,
10 immigration status, and educational opportunities; and
- 11 o. New Jersey cannot afford to sacrifice public safety and civil
12 rights by continuing its ineffective and wasteful past marijuana
13 enforcement policies.

14

15 3. (New section) Definitions.

16 As used in P.L. , c. (C.) (pending before the Legislature
17 as this bill) regarding the personal use of cannabis, unless the
18 context otherwise requires:

19 “Alternative treatment center” means an organization issued a
20 permit pursuant to the “Jake Honig Compassionate Use Medical
21 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) to operate as a
22 medical cannabis cultivator, medical cannabis manufacturer, medical
23 cannabis dispensary, or clinical registrant, as well as any alternative
24 treatment center deemed pursuant to section 7 of that act (C.24:6I-7) to
25 concurrently hold a medical cannabis cultivator permit, a medical
26 cannabis manufacturer permit, and a medical cannabis dispensary
27 permit.

28 “Cannabis” means all parts of the plant *Cannabis sativa* L.,
29 whether growing or not, the seeds thereof, and every compound,
30 manufacture, salt, derivative, mixture, or preparation of the plant or
31 its seeds, except those containing resin extracted from the plant,
32 which are cultivated and, when applicable, processed in accordance
33 with P.L. , c. (C.) (pending before the Legislature as this
34 bill) for use in cannabis items as set forth in this act, but shall not
35 include the weight of any other ingredient combined with cannabis
36 to prepare topical or oral administrations, food, drink, or other
37 product. “Cannabis” does not include: medical cannabis dispensed
38 to registered qualifying patients pursuant to the “Jake Honig
39 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
40 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);
41 marijuana as defined in N.J.S.2C:35-2 and applied to any offense or
42 civil violation set forth in chapters 35, 35A, and 36 of Title 2C of
43 the New Jersey Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.),
44 or marihuana as defined in section 2 of P.L.1970, c.226 (C.24:21-2)
45 and applied to any offense set forth in the “New Jersey Controlled
46 Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.); or
47 hemp or a hemp product cultivated, handled, processed, transported, or

1 sold pursuant to the “New Jersey Hemp Farming Act,” P.L.2019,
2 c.238 (C.4:28-6 et al.).

3 “Cannabis consumption area” means, as further described in
4 section 28 of P.L.2019, c.153 (C.24:6I-21), a designated location
5 operated by a licensed cannabis retailer or permit holder for
6 dispensing medical cannabis, for which both a State and local
7 endorsement has been obtained, that is either: (1) an indoor,
8 structurally enclosed area of the cannabis retailer or permit holder
9 that is separate from the area in which retail sales of cannabis items
10 or the dispensing of medical cannabis occurs; or (2) an exterior
11 structure on the same premises as the cannabis retailer or permit
12 holder, either separate from or connected to the cannabis retailer or
13 permit holder, at which cannabis items or medical cannabis either
14 obtained from the retailer or permit holder, or brought by a person
15 to the consumption area, may be consumed.

16 “Cannabis delivery service” means any licensed person or entity
17 that provides courier services for a cannabis retailer in order to
18 make deliveries of cannabis items and related supplies to a
19 consumer. This person or entity shall hold a Class 6 Cannabis
20 Delivery license.

21 “Cannabis distributor” means any licensed person or entity that
22 transports cannabis items in bulk intrastate, from one licensed
23 cannabis establishment to another licensed cannabis establishment,
24 and may engage in the temporary storage of cannabis items as
25 necessary to carry out transportation activities. This person or
26 entity shall hold a Class 4 Cannabis Distributor license.

27 “Cannabis establishment” means a cannabis grower, also referred
28 to as a cannabis cultivation facility, a cannabis processor, also
29 referred to as a cannabis product manufacturing facility, a cannabis
30 wholesaler, or a cannabis retailer.

31 “Cannabis extract” means a substance obtained by separating
32 resins from cannabis by: (1) a chemical extraction process using a
33 hydrocarbon-based solvent, such as butane, hexane, or propane; (2)
34 a chemical extraction process using the hydrocarbon-based solvent
35 carbon dioxide, if the process uses high heat or pressure; or (3) any
36 other process identified by the Cannabis Regulatory Commission by
37 rule.

38 “Cannabis flower” means the flower of the plant *Cannabis sativa*
39 L. within the plant family Cannabaceae.

40 “Cannabis grower” means any licensed person or entity that
41 grows, cultivates, or produces cannabis in this State, and sells, and
42 may transport, this cannabis to other cannabis growers, cannabis
43 processors, cannabis wholesalers, or cannabis retailers, but not to
44 consumers. This person or entity shall hold a Class 1 Cannabis
45 Grower license. A cannabis grower may also be referred to as a
46 "cannabis cultivation facility."

47 “Cannabis item” means any cannabis, cannabis resin, cannabis
48 product, and cannabis extract. “Cannabis item” does not include:

1 any form of medical cannabis dispensed to registered qualifying
2 patients pursuant to the “Jake Honig Compassionate Use Medical
3 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
4 c.158 (C.18A:40-12.22 et al.); or hemp or a hemp product cultivated,
5 handled, processed, transported, or sold pursuant to the “New Jersey
6 Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

7 “Cannabis leaf” means the leaf of the plant *Cannabis sativa* L.
8 within the plant family Cannabaceae.

9 “Cannabis paraphernalia” means any equipment, products, or
10 materials of any kind which are used, intended for use, or designed
11 for use in planting, propagating, cultivating, growing, harvesting,
12 composting, manufacturing, compounding, converting, producing,
13 processing, preparing, testing, analyzing, packaging, repackaging,
14 storing, vaporizing, or containing cannabis, or for ingesting,
15 inhaling, or otherwise introducing a cannabis item into the human
16 body. “Cannabis paraphernalia” does not include drug
17 paraphernalia as defined in N.J.S.2C:36-1 and which is used or
18 intended for use to commit a violation of chapter 35 of Title 2C of
19 the New Jersey Statutes.

20 “Cannabis processor” means any licensed person or entity that
21 processes cannabis items in this State by purchasing or otherwise
22 obtaining cannabis, manufacturing, preparing, and packaging
23 cannabis items, and selling, and optionally transporting, these items
24 to other cannabis processors, cannabis wholesalers, or cannabis
25 retailers, but not to consumers. This person or entity shall hold a
26 Class 2 Cannabis Processor license. A cannabis processor may also
27 be referred to as a “cannabis product manufacturing facility.”

28 “Cannabis product” means a product containing cannabis or
29 cannabis extracts and other ingredients intended for human
30 consumption or use, including a product intended to be applied to the
31 skin or hair, edible products, ointments, and tinctures. Cannabis
32 products do not include: (1) cannabis by itself; or (2) cannabis extract
33 by itself.

34 “Cannabis resin” means the resin extracted from any part of the
35 plant *Cannabis sativa* L. and any compound, manufacture, salt,
36 derivative, mixture, or preparation of such resin, processed and used in
37 accordance with P.L. , c. (C.) (pending before the Legislature
38 as this bill). “Cannabis resin” does not include: any form of medical
39 cannabis dispensed to registered qualifying patients pursuant to the
40 “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009,
41 c.307 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);
42 hashish as defined in N.J.S.2C:35-2 and applied to any offense or civil
43 violation set forth in chapters 35, 35A, and 36 of Title 2C of the New
44 Jersey Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.), or as defined
45 in section 2 of P.L.1970, c.226 (C.24:21-2) and applied to any offense
46 of the “New Jersey Controlled Dangerous Substances Act,” P.L.1970,
47 c.226 (C.24:21-1 et al.); or hemp or a hemp product cultivated,

1 handled, processed, transported, or sold pursuant to the “New Jersey
2 Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

3 “Cannabis retailer” means any licensed person or entity that
4 purchases or otherwise obtains cannabis from cannabis growers and
5 cannabis items from cannabis processors or cannabis wholesalers,
6 and sells these to consumers from a retail store, and may use a
7 cannabis delivery service or a certified cannabis handler for the off-
8 premises delivery of cannabis items and related supplies to
9 consumers. This person or entity shall hold a Class 5 Cannabis
10 Retailer license.

11 “Cannabis testing facility” means an independent, third-party entity
12 meeting accreditation requirements established by the Cannabis
13 Regulatory Commission that is licensed to analyze and certify
14 cannabis items and medical cannabis for compliance with applicable
15 health, safety, and potency standards.

16 “Cannabis wholesaler” means any licensed person or entity that
17 purchases or otherwise obtains, stores, sells or otherwise transfers, and
18 may transport, cannabis items for the purpose of resale or other
19 transfer to either to another cannabis wholesaler or to a cannabis
20 retailer, but not to consumers. This person or entity shall hold a Class
21 3 Cannabis Wholesaler license.

22 “Commission” means the Cannabis Regulatory Commission
23 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

24 “Conditional license” means a temporary license designated as
25 either a Class 1 Cannabis Grower license, a Class 2 Cannabis
26 Processor license, a Class 3 Cannabis Wholesaler license, a Class 4
27 Cannabis Distributor license, a Class 5 Cannabis Retailer license, or a
28 Class 6 Cannabis Delivery license that allows the holder to lawfully
29 act as a cannabis grower, cannabis processor, cannabis wholesaler,
30 cannabis distributor, cannabis retailer, or cannabis delivery service as
31 the case may be, which is issued pursuant to an abbreviated application
32 process, after which the conditional license holder shall have a limited
33 period of time in which to become fully licensed by satisfying all of
34 the remaining conditions for licensure which were not required for the
35 issuance of the conditional license.

36 “Consumer” means a person 21 years of age or older who
37 purchases, acquires, owns, holds, or uses cannabis items for personal
38 use by a person 21 years of age or older, but not for resale to others.

39 “Consumption” means the act of ingesting, inhaling, or otherwise
40 introducing cannabis items into the human body.

41 “Delivery” means the transportation of cannabis items and
42 related supplies to a consumer. “Delivery” also includes the use by
43 a licensed cannabis retailer of any third party technology platform
44 to receive, process, and fulfill orders by consumers, provided that
45 any physical acts in connection with filling the order and delivery
46 shall be accomplished by a certified cannabis handler performing
47 work for or on behalf of the licensed cannabis retailer.

48 “Department” means the Department of Health.

1 “Director” means the Director of the Office of Minority,
2 Disabled Veterans, and Women Cannabis Business Development in
3 the Cannabis Regulatory Commission.

4 “Executive director” means the executive director of the
5 Cannabis Regulatory Commission.

6 “Financial consideration” means value that is given or received
7 either directly or indirectly through sales, barter, trade, fees,
8 charges, dues, contributions, or donations.

9 “Immature cannabis plant” means a cannabis plant that is not
10 flowering.

11 “Impact zone” means any municipality, based on past criminal
12 marijuana enterprises contributing to higher concentrations of law
13 enforcement activity, unemployment, and poverty within parts of or
14 throughout the municipality, that:

15 (1) has a population of 120,000 or more according to the most
16 recently compiled federal decennial census as of the effective date
17 of P.L. , c. (C.) (pending before the Legislature as this bill);
18 or

19 (2) ranks in the top 40 percent of municipalities in the State for
20 marijuana- or hashish-related arrests for violation of paragraph (4)
21 of subsection a. of N.J.S.2C:35-10 in the calendar year next
22 preceding the effective date of P.L. , c. (C.) (pending before
23 the Legislature as this bill); has a crime index total of 825 or higher
24 based upon the indexes listed in the most recently issued annual
25 Uniform Crime Report by the Division of State Police as of that
26 effective date; and has a local average annual unemployment rate
27 that ranks in the top 15 percent of all municipalities for the calendar
28 year next preceding that effective date, based upon average annual
29 unemployment rates estimated for the relevant calendar year by the
30 Office of Research and Information in the Department of Labor and
31 Workforce Development.

32 “License” means a license issued under P.L. , c. (C.)
33 (pending before the Legislature as this bill), including a license that is
34 designated as either a Class 1 Cannabis Grower license, a Class 2
35 Cannabis Processor license, a Class 3 Cannabis Wholesaler license, a
36 Class 4 Cannabis Distributor license, a Class 5 Cannabis Retailer
37 license, or a Class 6 Cannabis Delivery license. The term includes a
38 conditional license for a designated class, except when the context
39 of the provisions of P.L. , c. (C.) (pending before the
40 Legislature as this bill) otherwise intend to only apply to a license
41 and not a conditional license.

42 “Licensee” means a person or entity that holds a license issued
43 under P.L. , c. (C.) (pending before the Legislature as this
44 bill), including a license that is designated as either a Class 1
45 Cannabis Grower license, a Class 2 Cannabis Processor license, a
46 Class 3 Cannabis Wholesaler license, a Class 4 Cannabis
47 Distributor license, a Class 5 Cannabis Retailer license, or a Class 6
48 Cannabis Delivery license, and includes a person or entity that holds

1 a conditional license for a designated class, except when the context
2 of the provisions of P.L. , c. (C.) (pending before the
3 Legislature as this bill) otherwise intend to only apply to a person
4 or entity that holds a license and not a conditional license.

5 “Licensee representative” means an owner, director, officer,
6 manager, employee, agent, or other representative of a licensee, to
7 the extent that the person acts in a representative capacity.

8 “Mature cannabis plant” means a cannabis plant that is not an
9 immature cannabis plant.

10 “Medical cannabis” means cannabis dispensed to registered
11 qualifying patients pursuant to the “Jake Honig Compassionate Use
12 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and
13 P.L.2015, c.158 (C.18A:40-12.22 et al.). “Medical cannabis” does
14 not include any cannabis item which is cultivated, produced,
15 processed, and consumed in accordance with P.L. , c. (C.)
16 (pending before the Legislature as this bill).

17 “Microbusiness” means a person or entity licensed by the
18 Cannabis Regulatory Commission as a cannabis grower, cannabis
19 processor, cannabis wholesaler, cannabis distributor, cannabis
20 retailer, or cannabis delivery service that may only, with respect to
21 its business operations, and capacity and quantity of product: (1)
22 employ no more than 10 employees; (2) operate a cannabis
23 establishment occupying an area of no more than 2,500 square feet,
24 and in the case of a cannabis grower, grow cannabis on an area no
25 more than 2,500 square feet measured on a horizontal plane and
26 grow above that plane not higher than 24 feet; (3) possess no more
27 than 1,000 cannabis plants each month, except that a cannabis
28 distributor’s possession of cannabis plants for transportation shall
29 not be subject to this limit; (4) acquire and process each month, in
30 the case of a cannabis processor, no more than 1,000 pounds of
31 cannabis in dried form; (5) acquire for resale each month, in the
32 case of a cannabis wholesaler, no more than 1,000 pounds of
33 cannabis in dried form, or the equivalent amount in any other form,
34 or any combination thereof; and (6) acquire for retail sale each
35 month, in the case of a cannabis retailer, no more than 1,000 pounds
36 of cannabis in dried form, or the equivalent amount in any other
37 form, or any combination thereof.

38 “Noncommercial” means not dependent or conditioned upon the
39 provision or receipt of financial consideration.

40 “Premises” or “licensed premises” includes the following areas
41 of a location licensed under P.L. , c. (C.) (pending before
42 the Legislature as this bill): all public and private enclosed areas at
43 the location that are used in the business operated at the location,
44 including offices, kitchens, rest rooms, and storerooms; all areas
45 outside a building that the Cannabis Regulatory Commission has
46 specifically licensed for the production, processing, wholesaling,
47 distributing, retail sale, or delivery of cannabis items; and, for a
48 location that the commission has specifically licensed for the

1 production of cannabis outside a building, the entire lot or parcel
2 that the licensee owns, leases, or has a right to occupy.

3 “Process” means the processing, compounding, or conversion of
4 cannabis into cannabis products or cannabis extracts. “Process”
5 does not include packaging or labeling.

6 “Produce” means the manufacture, planting, cultivation, growing
7 or harvesting of cannabis. “Produce” does not include the drying of
8 cannabis by a cannabis processor, if the cannabis processor is not
9 otherwise producing cannabis; or the cultivation and growing of an
10 immature cannabis plant by a cannabis processor, cannabis
11 wholesaler, or cannabis retailer if the cannabis processor, cannabis
12 wholesaler, or cannabis retailer purchased or otherwise received the
13 plant from a licensed cannabis grower.

14 “Public place” means any place to which the public has access
15 that is not privately owned; or any place to which the public has
16 access where alcohol consumption is not allowed, including, but not
17 limited to, a public street, road, thoroughfare, sidewalk, bridge,
18 alley, plaza, park, playground, swimming pool, shopping area,
19 public transportation facility, vehicle used for public transportation,
20 parking lot, public library, or any other public building, structure, or
21 area.

22 “Radio” means a system for transmitting sound without visual
23 images, and includes broadcast, cable, on-demand, satellite, or
24 Internet programming. “Radio” includes any audio programming
25 downloaded or streamed via the Internet.

26 “Significantly involved person” means a person or entity who
27 holds at least a five percent investment interest in a proposed or
28 licensed cannabis grower, cannabis processor, cannabis wholesaler,
29 cannabis distributor, or cannabis retailer, or who is a decision
30 making member of a group that holds at least a 20 percent
31 investment interest in a proposed or licensed cannabis grower,
32 cannabis processor, cannabis wholesaler, cannabis distributor, or
33 cannabis retailer in which no member of that group holds more than
34 a five percent interest in the total group investment interest, and the
35 person or entity makes controlling decisions regarding the proposed
36 or licensed cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, or cannabis retailer operations.

38 “Television” means a system for transmitting visual images and
39 sound that are reproduced on screens, and includes broadcast, cable,
40 on-demand, satellite, or Internet programming. “Television”
41 includes any video programming downloaded or streamed via the
42 Internet.

43 “THC” means delta-9-tetrahydrocannabinol, the main
44 psychoactive chemical contained in the cannabis plant.

45

46 4. Section 3 of P.L.2009, c.307 (C.24:6I-3) is amended to read
47 as follows:

1 3. As used in P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
2 c.158 (C.18A:40-12.22 et al.):

3 "Academic medical center" means

4 (1) an entity located in New Jersey that, on the effective date of
5 P.L.2019, c.153 (C.24:6I-5.1 et al.), has an addiction medicine
6 faculty practice or is in the same health care system as another
7 facility located in New Jersey that offers outpatient medical
8 detoxification services or inpatient treatment services for substance
9 use disorder; has a pain management faculty practice or a facility-
10 based pain management service located in New Jersey; has graduate
11 medical training programs accredited, or pending accreditation, by
12 the Accreditation Council for Graduate Medical Education or the
13 American Osteopathic Association in primary care and medical
14 specialties; is the principal teaching affiliate of a medical school
15 based in the State; and has the ability to conduct research related to
16 medical cannabis **[. If]** , and if the entity is part of a system of
17 health care facilities, the entity shall not qualify as an academic
18 medical center unless the health care system is principally located
19 within the State; or

20 (2) an accredited school of medicine or osteopathic medicine that
21 is located in a state that shares a common border with this State; has
22 an articulation agreement or similar memorandum of understanding
23 with any State college or university with a college of nursing or
24 nursing degree program accredited by the Commission on
25 Collegiate Nursing Education; and has an institutional review board
26 that has, on the effective date of P.L. , c. (C.) (pending
27 before the Legislature as this bill), previously approved a clinical
28 research study involving medical cannabis; and has the ability and
29 will conduct all research and development in this State.

30 "Adverse employment action" means refusing to hire or employ
31 an individual, barring or discharging an individual from
32 employment, requiring an individual to retire from employment, or
33 discriminating against an individual in compensation or in any
34 terms, conditions, or privileges of employment.

35 "Cannabis" has the meaning given to "marihuana" in section 2 of
36 the "New Jersey Controlled Dangerous Substances Act," P.L.1970,
37 c.226 (C.24:21-2).

38 "Clinical registrant" means an entity that has a written
39 contractual relationship with an academic medical center in the
40 region in which it has its principal place of business, which includes
41 provisions whereby the parties will engage in clinical research
42 related to the use of medical cannabis and the academic medical
43 center or its affiliate will provide advice to the entity regarding
44 patient health and safety, medical applications, and dispensing and
45 managing controlled dangerous substances, among other areas.

46 "Commission" means the Cannabis Regulatory Commission
47 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

48 "Commissioner" means the Commissioner of Health.

1 "Common ownership or control" means:

2 (1) between two for-profit entities, the same individuals or
3 entities own and control more than 50 percent of both entities;

4 (2) between a nonprofit entity and a for-profit entity, a majority
5 of the directors, trustees, or members of the governing body of the
6 nonprofit entity directly or indirectly own and control more than 50
7 percent of the for-profit entity; and

8 (3) between two nonprofit entities, the same directors, trustees,
9 or governing body members comprise a majority of the voting
10 directors, trustees, or governing body members of both nonprofits.

11 "Department" means the Department of Health.

12 "Designated caregiver" means a resident of the State who:

13 (1) is at least 18 years old;

14 (2) has agreed to assist with a registered qualifying patient's
15 medical use of cannabis, is not currently serving as designated
16 caregiver for more than one other qualifying patient, and is not the
17 qualifying patient's health care practitioner;

18 (3) subject to the provisions of paragraph (2) of subsection c. of
19 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
20 of possession or sale of a controlled dangerous substance, unless
21 such conviction occurred after the effective date of P.L.2009, c.307
22 (C.24:6I-1 et al.) and was for a violation of federal law related to
23 possession or sale of cannabis that is authorized under P.L.2009,
24 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);

25 (4) has registered with the commission pursuant to section 4 of
26 P.L.2009, c.307 (C.24:6I-4), and, except in the case of a designated
27 caregiver who is an immediate family member of the patient, has
28 satisfied the criminal history record background check requirement
29 of section 4 of P.L.2009, c.307 (C.24:6I-4); and

30 (5) has been designated as designated caregiver by the patient
31 when registering or renewing a registration with the commission or
32 in other written notification to the commission.

33 "Dispense" means the furnishing of medical cannabis to a
34 registered qualifying patient, designated caregiver, or institutional
35 caregiver by a medical cannabis dispensary or clinical registrant
36 pursuant to written instructions issued by a health care practitioner
37 pursuant to the requirements of P.L.2009, c.307 (C.24:6I-1 et al.).
38 The term shall include the act of furnishing medical cannabis to a
39 medical cannabis handler for delivery to a registered qualifying
40 patient, designated caregiver, or institutional caregiver, consistent
41 with the requirements of subsection i. of section 27 of P.L.2019,
42 c.153 (C.24:6I-20).

43 "Health care facility" means a general acute care hospital,
44 nursing home, long term care facility, hospice care facility, group
45 home, facility that provides services to persons with developmental
46 disabilities, behavioral health care facility, or rehabilitation center.

1 "Health care practitioner" means a physician, advanced practice
2 nurse, or physician assistant licensed or certified pursuant to Title
3 45 of the Revised Statutes who:

4 (1) possesses active registrations to prescribe controlled
5 dangerous substances issued by the United States Drug
6 Enforcement Administration and the Division of Consumer Affairs
7 in the Department of Law and Public Safety;

8 (2) is the health care practitioner responsible for the ongoing
9 treatment of a patient's qualifying medical condition, the symptoms
10 of that condition, or the symptoms associated with the treatment of
11 that condition, provided, however, that the ongoing treatment shall
12 not be limited to the provision of authorization for a patient to use
13 medical cannabis or consultation solely for that purpose; and

14 (3) if the patient is a minor, is a pediatric specialist.

15 "Immediate family" means the spouse, domestic partner, civil
16 union partner, child, sibling, or parent of an individual, and shall
17 include the siblings, parents, and children of the individual's spouse,
18 domestic partner, or civil union partner, and the parents, spouses,
19 domestic partners, or civil union partners of the individual's parents,
20 siblings, and children.

21 "Institutional caregiver" means a resident of the State who:

22 (1) is at least 18 years old;

23 (2) is an employee of a health care facility;

24 (3) is authorized, within the scope of the individual's
25 professional duties, to possess and administer controlled dangerous
26 substances in connection with the care and treatment of patients and
27 residents pursuant to applicable State and federal laws;

28 (4) is authorized by the health care facility employing the person
29 to assist registered qualifying patients who are patients or residents
30 of the facility with the medical use of cannabis, including, but not
31 limited to, obtaining medical cannabis for registered qualifying
32 patients and assisting registered qualifying patients with the
33 administration of medical cannabis;

34 (5) subject to the provisions of paragraph (2) of subsection c. of
35 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
36 of possession or sale of a controlled dangerous substance, unless
37 such conviction occurred after the effective date of P.L.2009, c.307
38 (C.24:6I-1 et al.) and was for a violation of federal law related to
39 possession or sale of cannabis that is authorized under P.L.2009,
40 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);
41 and

42 (6) has registered with the commission pursuant to section 4 of
43 P.L.2009, c.307 (C.24:6I-4).

44 "Integrated curriculum" means an academic, clinical, or research
45 program at an institution of higher education that is coordinated
46 with a medical cannabis cultivator, medical cannabis manufacturer,
47 or medical cannabis dispensary to apply theoretical principles,
48 practical experience, or both involving the cultivation,

1 manufacturing, dispensing, delivery, or medical use of cannabis to a
2 specific area of study, including, but not limited to, agriculture,
3 biology, business, chemistry, culinary studies, ecology,
4 environmental studies, health care, horticulture, technology, or any
5 other appropriate area of study or combined areas of study.
6 Integrated curricula shall be subject to approval by the commission
7 and the Office of the Secretary of Higher Education.

8 "Integrated curriculum permit" or "IC permit" means a permit
9 issued to a medical cannabis cultivator, medical cannabis
10 manufacturer, or medical cannabis dispensary that includes an
11 integrated curriculum approved by the commission and the Office
12 of the Secretary of Higher Education.

13 "Medical cannabis alternative treatment center" or "alternative
14 treatment center" means an organization issued a permit, including
15 a conditional permit, by the commission to operate as a medical
16 cannabis cultivator, medical cannabis manufacturer, medical
17 cannabis dispensary, or clinical registrant. This term shall include
18 the organization's officers, directors, board members, and
19 employees.

20 "Medical cannabis cultivator" means an organization holding a
21 permit issued by the commission that authorizes the organization to:
22 possess and cultivate cannabis and deliver, transfer, transport,
23 distribute, supply, and sell medical cannabis and related supplies to
24 other medical cannabis cultivators and to medical cannabis
25 manufacturers, clinical registrants, and medical cannabis
26 dispensaries, as well as to plant, cultivate, grow, and harvest
27 medical cannabis for research purposes. A medical cannabis
28 cultivator permit shall not authorize the permit holder to
29 manufacture, produce, or otherwise create medical cannabis
30 products, or to deliver, transfer, transport, distribute, supply, sell, or
31 dispense medical cannabis, medical cannabis products,
32 paraphernalia, or related supplies to qualifying patients, designated
33 caregivers, or institutional caregivers.

34 "Medical cannabis dispensary" means an organization issued a
35 permit by the commission that authorizes the organization to:
36 purchase or obtain medical cannabis and related supplies from
37 medical cannabis cultivators; purchase or obtain medical cannabis
38 products and related supplies from medical cannabis manufacturers;
39 purchase or obtain medical cannabis, medical cannabis products,
40 and related supplies and paraphernalia from other medical cannabis
41 dispensaries and from clinical registrants; deliver, transfer,
42 transport, distribute, supply, and sell medical cannabis and medical
43 cannabis products to other medical cannabis dispensaries; furnish
44 medical cannabis, including medical cannabis products, to a
45 medical cannabis handler for delivery to a registered qualifying
46 patient, designated caregiver, or institutional caregiver consistent
47 with the requirements of subsection i. of section 27 of P.L.2019,
48 c.153 (C.24:6I-20); and possess, display, deliver, transfer, transport,

1 distribute, supply, sell, and dispense medical cannabis, medical
2 cannabis products, paraphernalia, and related supplies to qualifying
3 patients, designated caregivers, and institutional caregivers. A
4 medical cannabis dispensary permit shall not authorize the permit
5 holder to cultivate medical cannabis, to produce, manufacture, or
6 otherwise create medical cannabis products.

7 "Medical cannabis manufacturer" means an organization issued a
8 permit by the commission that authorizes the organization to:
9 purchase or obtain medical cannabis and related supplies from a
10 medical cannabis cultivator or a clinical registrant; purchase or
11 obtain medical cannabis products from another medical cannabis
12 manufacturer or a clinical registrant; produce, manufacture, or
13 otherwise create medical cannabis products; and possess, deliver,
14 transfer, transport, distribute, supply, and sell medical cannabis
15 products and related supplies to other medical cannabis
16 manufacturers and to medical cannabis dispensaries and clinical
17 registrants. A medical cannabis manufacturer permit shall not
18 authorize the permit holder to cultivate medical cannabis or to
19 deliver, transfer, transport, distribute, supply, sell, or dispense
20 medical cannabis, medical cannabis products, paraphernalia, or
21 related supplies to registered qualifying patients, designated
22 caregivers, or institutional caregivers.

23 "Medical use of cannabis" means the acquisition, possession,
24 transport, or use of cannabis or paraphernalia by a registered
25 qualifying patient as authorized by P.L.2009, c.307 (C.24:6I-1 et
26 al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.).

27 "Minor" means a person who is under 18 years of age and who
28 has not been married or previously declared by a court or an
29 administrative agency to be emancipated.

30 "Paraphernalia" has the meaning given in N.J.S.2C:36-1.

31 "Pediatric specialist" means a physician who is a board-certified
32 pediatrician or pediatric specialist, or an advanced practice nurse or
33 physician assistant who is certified as a pediatric specialist by an
34 appropriate professional certification or licensing entity.

35 "Primary care" means the practice of family medicine, general
36 internal medicine, general pediatrics, general obstetrics, or
37 gynecology.

38 "Qualifying medical condition" means seizure disorder,
39 including epilepsy; intractable skeletal muscular spasticity; post-
40 traumatic stress disorder; glaucoma; positive status for human
41 immunodeficiency virus; acquired immune deficiency syndrome;
42 cancer; amyotrophic lateral sclerosis; multiple sclerosis; muscular
43 dystrophy; inflammatory bowel disease, including Crohn's disease;
44 terminal illness, if the patient has a prognosis of less than 12
45 months of life; anxiety; migraine; Tourette's syndrome;
46 dysmenorrhea; chronic pain; opioid use disorder; or any other
47 medical condition or its treatment that is approved by the
48 commission.

1 "Qualifying patient" or "patient" means a resident of the State
2 who has been authorized for the medical use of cannabis by a health
3 care practitioner.

4 "Registration with the commission" means a person has met the
5 qualification requirements for, and has been registered by the
6 commission as, a registered qualifying patient, designated
7 caregiver, or institutional caregiver. The commission shall establish
8 appropriate means for health care practitioners, health care
9 facilities, medical cannabis dispensaries, law enforcement, schools,
10 facilities providing behavioral health services or services for
11 persons with developmental disabilities, and other appropriate
12 entities to verify an individual's status as a registrant with the
13 commission.

14 "Significantly involved person" means a person or entity who
15 holds at least a five percent investment interest in an entity issued,
16 or applying for a permit to operate as, a medical cannabis cultivator,
17 medical cannabis manufacturer, medical cannabis dispensary, or
18 clinical registrant, or who is a decision making member of a group
19 that holds at least a 20 percent investment interest in an entity
20 issued, or applying for a permit to operate as, a medical cannabis
21 cultivator, medical cannabis manufacturer, medical cannabis
22 dispensary, or clinical registrant, in which no member of that group
23 holds more than a five percent interest in the total group investment
24 interest, and the person or entity makes controlling decisions
25 regarding the operations of the entity issued, or applying for a
26 permit to operate as, a medical cannabis cultivator, medical
27 cannabis manufacturer, medical cannabis dispensary, or clinical
28 registrant.

29 "Terminally ill" means having an illness or condition with a
30 prognosis of less than 12 months of life.

31 "Usable cannabis" means the dried leaves and flowers of
32 cannabis, and any mixture or preparation thereof, and does not
33 include the seeds, stems, stalks, or roots of the plant.

34 (cf: P.L.2019, c.153, s.3)

35

36 5. Section 31 of P.L.2019, c.153 (C.24:6I-24) is amended to
37 read as follows:

38 31. a. The Cannabis Regulatory Commission is hereby created in,
39 but not of, the Department of the Treasury, to :

40 (1) assume all powers, duties, and responsibilities with regard to
41 the regulation and oversight of activities authorized pursuant to
42 P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of Health for
43 the further development, expansion, regulation, and enforcement of
44 activities associated with the medical use of cannabis pursuant to
45 P.L.2009, c.307 (C.24:6I-1 et al.). All powers, duties, and
46 responsibilities with regard to the regulation and oversight of activities
47 authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) shall be
48 transferred from the Department of Health to the Cannabis Regulatory

1 Commission at such time as the members of the commission are
2 appointed as provided in subsection b. of this section and the
3 commission first organizes. Thereafter, any reference to the
4 Department of Health or the Commissioner of Health in any statute or
5 regulation pertaining to the provisions of P.L.2009, c.307 (C.24:6I-1 et
6 al.) shall be deemed to refer to the Cannabis Regulatory Commission.
7 The provisions of this **[subsection]** paragraph shall be carried out in
8 accordance with the "State Agency Transfer Act," P.L.1971, c.375
9 (C.52:14D-1 et seq.); and

10 (2) oversee the development, regulation, and enforcement of
11 activities associated with the personal use of cannabis pursuant to
12 P.L. , c. (C.) (pending before the Legislature as this bill).

13 b. (1) The commission shall consist of five members, one of
14 whom shall be designated by the Governor as the chair, and one of
15 whom shall be designated the vice-chair in accordance with the
16 appointment process set forth in paragraph (7) of this subsection.

17 (2) The members of the commission shall be appointed by the
18 Governor as follows:

19 (a) One member shall be appointed upon recommendation of the
20 Senate President;

21 (b) One member shall be appointed upon recommendation of the
22 Speaker of the General Assembly;

23 (c) Three members, including the chair, shall be appointed without
24 any needed recommendation.

25 (3) Initial appointments of commission members pursuant to
26 paragraph (2) of this subsection shall not require the advice and
27 consent of the Senate. Subsequent appointments made pursuant to
28 subparagraph (c) of paragraph (2) of this subsection, including
29 reappointments of members initially appointed, shall be made with the
30 advice and consent of the Senate. Subsequent appointments made
31 pursuant to subparagraphs (a) and (b) of paragraph (2) of this
32 subsection shall be made in the same manner as the original
33 appointment.

34 (4) All five members shall be residents of this State. At least one
35 member shall be a State representative of a national organization or
36 State branch of a national organization with a stated mission of
37 studying, advocating, or adjudicating against minority historical
38 oppression, past and present discrimination, unemployment, poverty
39 and income inequality, and other forms of social injustice or
40 inequality, and all five members shall possess education, training, or
41 experience with legal, policy, or criminal justice issues, corporate or
42 industry management, finance, securities, or production or distribution,
43 medicine or pharmacology, or public health, mental health, or
44 substance use disorders.

45 (5) The chair and the other members shall serve for terms of five
46 years; provided that, for the two other members initially appointed by
47 the Governor without any needed recommendation, one shall be
48 appointed for a term of four years, and one shall be appointed for a

1 term of three years. The chair and the other members shall serve in
2 their respective capacities throughout their entire term and until their
3 successors shall have been duly appointed and qualified. Any vacancy
4 in the commission occurring for any reason other than the expiration
5 of a term, including a vacancy occurring during the term of the initial
6 chair or another initial member, shall be filled in accordance with the
7 requirements for subsequent appointments set forth in paragraph (3) of
8 this subsection for the remainder of the unexpired term only.

9 (6) The chair and other members of the commission shall devote
10 full time to their respective duties of office and shall not pursue or
11 engage in any other business, occupation, or gainful employment.
12 Each member shall receive an annual salary to be fixed and established
13 by the Governor, which for the chair shall not exceed \$141,000, and
14 for the other members shall not exceed \$125,000.

15 (7) The members of the commission, at the commission's first
16 meeting when called by the chair, shall elect, by a majority of the total
17 authorized membership of the commission, one of the members who is
18 appointed based upon the recommendation of the Senate President or
19 Speaker of the General Assembly as set forth in paragraph (2) of this
20 subsection to serve as vice-chair during that member's term. A new
21 vice-chair shall be elected upon the expiration of the current vice-
22 chair's term, even if that member remains on the commission until that
23 member's successor is duly appointed and qualified. The vice-chair
24 shall be empowered to carry out all of the responsibilities of the chair
25 during the chair's absence, disqualification, or inability to serve.

26 (8) A majority of the total authorized membership of the
27 commission shall be required to establish a quorum, and a majority of
28 the total authorized membership of the commission shall be required to
29 exercise its powers at any meeting thereof. However, only if all five
30 commissioners have been duly appointed in accordance with the
31 appointment process set forth in paragraph (2) of this subsection, and
32 five appointed commissioners are present at a meeting, may a majority
33 of the total authorized membership act to assume the powers, duties,
34 and responsibilities with regard to the regulation and oversight of
35 activities authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.)
36 from the Department of Health; and similarly, only if all five
37 appointed commissioners are present at a meeting, may a majority of
38 the total authorized membership act to adopt the commission's initial
39 rules and regulations concerning personal use cannabis pursuant to
40 subparagraph (a) of paragraph (1) of subsection d. of section 6 of
41 P.L. , c. (C.) (pending before the Legislature as this bill), by
42 which the licensing of cannabis establishments, and the lawfully
43 permitted licensing activities of those establishments, may begin.

44 (9) The commission shall adopt annually a schedule of regular
45 meetings, and special meetings may be held at the call of the chair.

46 (10) Any member of the commission may be removed from office
47 by the Governor, for cause, upon notice and opportunity to be heard at

1 a public hearing. Any member of the commission shall automatically
2 forfeit the member's office upon conviction for any crime.

3 c. (1) The commission **【may】** shall establish, and from time to
4 time alter, a plan of organization, and employ personnel as it deems
5 necessary under the direct supervision of a full-time executive director
6 for the commission. The plan of organization shall include the Office
7 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
8 Business Development established by section 32 of P.L.2019, c.153
9 (C.24:6I-25).

10 (a) The initial executive director shall be appointed by the
11 Governor, and thereafter every subsequent executive director shall be
12 appointed by the Governor with the advice and consent of the Senate.
13 The executive director shall serve at the pleasure of the appointing
14 Governor during the Governor's term of office and until a successor
15 has been duly appointed and qualified. Any vacancy in the office
16 occurring for any reason other than the expiration of a term, including
17 a vacancy occurring during the term of the initial executive director,
18 shall be filled for the unexpired term only in the same manner as the
19 appointment of any subsequent executive director as set forth herein.
20 The executive director shall receive an annual salary to be fixed and
21 established by the Governor, which shall not exceed \$141,000.

22 (b) (i) All employees of the commission under the direct
23 supervision of the executive director, except for secretarial and clerical
24 personnel, shall be in the State's unclassified service. All employees
25 shall be deemed confidential employees for the purposes of the "New
26 Jersey Employer-Employee Relations Act," P.L.1941, c.100
27 (C.34:13A-1 et seq.).

28 (ii) If, as a result of transferring powers, duties, and responsibilities
29 with regard to the regulation and oversight of activities authorized
30 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of
31 Health to the commission pursuant to subsection a. of this section, the
32 commission needs to employ an individual to fill a position,
33 employees of the department who performed the duties of the position
34 to be filled shall be given a one-time right of first refusal offer of
35 employment with the commission, and such employees may be
36 removed by the commission for cause or if deemed unqualified to hold
37 the position, notwithstanding any other provision of law to the
38 contrary. A department employee who becomes employed by the
39 commission shall retain as an employee of the commission the
40 seniority, and all rights related to seniority, that the employee had with
41 the department as of the last day of employment with the department;
42 provided, however, that such seniority and seniority rights shall be
43 retained only by an employee who was transferred from employment
44 with the department to employment with the commission, and shall not
45 be retained by an employee who was removed from employment with
46 the department due to layoff procedures or who resigned from a
47 position with the department prior to being hired by the commission.

1 (2) The commission may sue and be sued in any court, employ
2 legal counsel to represent the commission in any proceeding to which
3 it is a party and render legal advice to the commission upon its request,
4 as well as contract for the services of other professional, technical, and
5 operational personnel and consultants as may be necessary to the
6 performance of its responsibilities.

7 (3) The commission may incur additional expenses within the
8 limits of funds available to it in order to carry out its duties, functions,
9 and powers under P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. _____,
10 c. (C. _____) (pending before the Legislature as this bill).

11 d. With respect to the activities of the commission, neither the
12 President of the Senate or the Speaker of the General Assembly shall
13 be permitted to appear or practice or act in any capacity whatsoever
14 before the commission regarding any matter whatsoever, nor shall any
15 member of the immediate family of the Governor, President of the
16 Senate, or Speaker of the General Assembly be permitted to so
17 practice or appear in any capacity whatsoever before the commission
18 regarding any matter whatsoever. As used in this subsection,
19 "immediate family" means the spouse, domestic partner, or civil union
20 partner, and any dependent child or stepchild, recognized by blood or
21 by law, of the Governor, President of the Senate, or Speaker of the
22 General Assembly, or of the spouse, domestic partner, or civil union
23 partner residing in the same household as the Governor, President of
24 the Senate, or Speaker of the General Assembly.

25 e. The commission may designate its powers and authority as it
26 deems necessary and appropriate to carry out its duties and implement
27 the provisions of P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. _____,
28 c. (C. _____) (pending before the Legislature as this bill).

29 f. The commission shall, no later than three years after the date it
30 first organizes, contract with a public research university, as defined in
31 section 3 of P.L.1994, c.48 (C.18A:3B-3), to conduct an independent
32 study to review:

33 (1) the commission's organization;

34 (2) the commission's regulation and enforcement activities;

35 (3) the overall effectiveness of the commission as a full time
36 entity; and

37 (4) whether the regulation and oversight of medical cannabis or
38 personal use cannabis could be more effectively and efficiently
39 managed through a reorganization of the commission, consolidation of
40 the commission within the Department of Health or another Executive
41 Branch department, conversion to a part-time commission, or the
42 transfer of some or all of the commission's operations elsewhere
43 within the Executive Branch.

44 The commission shall submit the findings of the independent
45 study, along with the commission's recommendations for appropriate
46 executive, administrative, or legislative action, to the Governor and,

1 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
2 Legislature.

3 (cf:P.L.2019, c.153, s.31)

4

5 6. (New section) Commission Activities Associated with the
6 Personal Use of Cannabis:

7 a. The Cannabis Regulatory Commission shall have all powers
8 necessary or proper to enable it to carry out the commission's
9 duties, functions, and powers under P.L. , c. (C.) (pending
10 before the Legislature as this bill). The jurisdiction, supervision,
11 duties, functions, and powers of the commission extend to any
12 person who buys, sells, produces, processes, transports, or delivers
13 any cannabis items within this State.

14 b. The duties, functions and powers of the commission shall
15 include the following:

16 (1) To regulate the purchase, sale, production, processing,
17 transportation, and delivery of cannabis items in accordance with
18 the provisions of P.L. , c. (C.) (pending before the Legislature as
19 this bill);

20 (2) To grant, refuse, suspend, revoke, cancel, or take actions
21 otherwise limiting licenses or conditional licenses for the sale,
22 processing, or production of cannabis items, or other licenses in
23 regard to cannabis items, and to permit, in the commission's
24 discretion, the transfer of a license between persons;

25 (3) To investigate and aid in the prosecution of every violation
26 of the statutory laws of this State relating to cannabis items and to
27 cooperate in the prosecution of offenders before any State court of
28 competent jurisdiction;

29 (4) To adopt, amend, or repeal regulations as necessary to carry
30 out the intent and provisions of P.L. , c. (C.) (pending before
31 the Legislature as this bill);

32 (5) To exercise all powers incidental, convenient, or necessary
33 to enable the commission to administer or carry out the provisions
34 of P.L. , c. (C.) (pending before the Legislature as this bill), or
35 any other law of this State that charges the commission with a duty,
36 function, or power related to personal use cannabis. Powers
37 described in this paragraph include, but are not limited to:

38 (a) Issuing subpoenas;

39 (b) Compelling attendance of witnesses;

40 (c) Administering oaths;

41 (d) Certifying official acts;

42 (e) Taking depositions as provided by law;

43 (f) Compelling the production of books, payrolls, accounts,
44 papers, records, documents, and testimony; and

45 (g) Establishing fees in addition to the application, licensing,
46 and renewal fees, provided that any fee established by the
47 commission is reasonably calculated not to exceed the cost of the
48 activity for which the fee is charged;

1 (6) To adopt rules regulating and prohibiting the advertising of
2 cannabis items in a manner that is appealing to minors; that
3 promotes excessive use; that promotes illegal activity; or that
4 otherwise presents a significant risk to public health and safety; and

5 (7) To regulate the use of cannabis items for scientific,
6 pharmaceutical, manufacturing, mechanical, industrial, and other
7 purposes.

8 c. The powers of the commission further include the power to
9 purchase, seize, possess, and dispose of cannabis items. The
10 commission may purchase, possess, seize, or dispose of cannabis
11 items as is necessary to ensure compliance with and enforcement of
12 the provisions of P.L. , c. (C.) (pending before the Legislature
13 as this bill), and any rule adopted pursuant thereto. Any State
14 officer, board, commission, corporation, institution, department, or
15 other State body, and any local officer, board, commission,
16 institution, department, or other local government body, that is
17 permitted by the statutory laws of this State to perform a duty,
18 function, or power with respect to a cannabis item, may purchase,
19 possess, seize, or dispose of the cannabis item as the State officer,
20 board, commission, corporation, institution, department or other
21 State body, or the local officer, board, commission, institution,
22 department, or other local government body, considers necessary to
23 ensure compliance with and enforce the applicable statutory law or
24 any rule adopted under the applicable statutory law.

25 d. (1) (a) Within 180 days after the effective date of this
26 section, which takes effect immediately upon enactment of P.L. ,
27 c. (C.) (pending before the Legislature as this bill), or within
28 45 days of all five members of the commission being duly
29 appointed in accordance with the appointment process set forth in
30 paragraph (2) of subsection b. of section 31 of P.L.2019, c.153
31 (C.24:6I-24), whichever date is later, and notwithstanding the
32 provisions of the “Administrative Procedure Act,” P.L.1968, c.410
33 (C.52:14B-1 et seq.), to the contrary, the commission, after
34 consultation with the Attorney General, State Treasurer,
35 Commissioner of Health, and Commissioner of Banking and
36 Insurance, shall, immediately upon filing proper notice with the
37 Office of Administrative Law, adopt rules and regulations prepared
38 by the commission necessary or proper to enable it to carry out the
39 commission’s duties, functions, and powers with respect to
40 overseeing the development, regulation, and enforcement of
41 activities associated with the personal use of cannabis pursuant to
42 P.L. , c. (C.).

43 (b) The initial rules and regulations adopted pursuant to
44 subparagraph (a) of this paragraph shall be in effect for a period not
45 to exceed one year after the date of filing with the Office of
46 Administrative Law. These rules and regulations shall thereafter be
47 adopted, amended, or readopted, and any subsequent rules and
48 regulations adopted, amended, or readopted, by the commission in

1 accordance with the requirements of the “Administrative Procedure
2 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), after consultation with
3 other department heads, as the commission deems appropriate.

4 (2) On the date of adoption of the initial rules and regulations
5 pursuant to subparagraph (a) of paragraph (1) of this subsection, the
6 provisions of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall become operative, other than those provisions
8 which were operative immediately upon enactment. Subsequent to
9 the date of adoption of the initial rules and regulations, the
10 commission shall determine the first date thereafter on which
11 cannabis retailers issued licenses and conditional licenses may
12 begin retail sales of personal use cannabis items, which latter date
13 shall not be more than 180 days after the commission’s adoption of
14 its initial rules and regulations. The commission shall provide
15 every person or entity issued licenses or conditional licenses by the
16 commission with at least 30 days’ notice of this date, and shall also
17 provide the 30-day notice to every alternative treatment center
18 deemed to be licensed for personal use cannabis activities pursuant
19 to section 7 of P.L.2009, c.307 (C.24:6I-7), as amended by P.L. ,
20 c. (C.) (pending before the Legislature as this bill), whether or
21 not already engaged in retail sales of personal use cannabis items as
22 permitted prior to the retail sales date established pursuant to this
23 paragraph, as set forth in paragraph (3) of subsection a. of section
24 33 of P.L. , c. (C.) (pending before the Legislature as this
25 bill).

26

27 7. Section 14 of P.L.2009, c.307 (C.24:6I-12) is amended to read
28 as follows:

29 14. a. The commissioner, or after the effective **[date]** dates of
30 P.L.2019, c.153 (C.24:6I-5.1 et al.) and P.L. , c. (C.)
31 (pending before the Legislature as this bill), the commission, shall
32 report to the Governor, and to the Legislature pursuant to section 2
33 of P.L.1991, c.164 (C.52:14-19.1):

34 (1) no later than one year after the effective date of P.L.2009,
35 c.307 (C.24:6I-1 et al.), on the actions taken to implement the
36 provisions of P.L.2009, c.307 (C.24:6I-1 et al.); and

37 (2) annually thereafter on the number of applications for
38 registration with the commission, the number of qualifying patients
39 registered, the number of designated and institutional caregivers
40 registered, the nature of the qualifying medical conditions of the
41 patients, the number of registrations revoked, the number of
42 medical cannabis cultivator, medical cannabis manufacturer, and
43 medical cannabis dispensary permits issued and revoked, the
44 number and type of integrated curricula approved, established, and
45 maintained in connection with an IC permit, the number of testing
46 laboratories licensed, the number of clinical registrant permits
47 issued and the nature of the clinical research conducted by each

1 clinical registrant, any incidents of diversion of medical cannabis,
2 information concerning racial, ethnic, disabled veteran, and gender
3 diversity in the individuals issued and currently holding permits
4 issued by the commission, the number of permit applications
5 received from businesses owned by minorities, disabled veterans,
6 and women and the number of such applications that were
7 approved, the business development initiatives undertaken by the
8 Office of Minority, Disabled Veterans, and Women **【Medical】**
9 Cannabis Business Development pursuant to section 32 of
10 P.L.2019, c.153 (C.24:6I-25) and the outcomes or effects of those
11 initiatives, statistics concerning arrests for drug offenses throughout
12 the State and in areas where medical cannabis dispensaries are
13 located, including information concerning racial disparities in arrest
14 rates for drug offenses generally and cannabis offenses in particular,
15 the number of motor vehicle stops by law enforcement involving
16 violations of R.S.39:4-50, or section 5 of P.L.1990, c.103 (C.39:3-
17 10.13) concerning operators of commercial motor vehicles, for
18 driving under the influence of medical cannabis, or suspicion
19 thereof, cataloged by the jurisdictions in which the stop occurred,
20 and the race, ethnicity, gender, and age of the vehicle driver and
21 any other vehicle occupants, the number of deliveries of medical
22 cannabis performed and the percentage of total medical cannabis
23 dispensations that were completed by delivery, and the number of
24 health care practitioners authorizing patients for the medical use of
25 cannabis, including the types of license or certification held by
26 those practitioners; and

27 (3) beginning no later than one year after the effective date of
28 P.L. , c. (C.) (pending before the Legislature as this bill), and
29 annually thereafter in the same report concerning information on
30 medical cannabis activities or a separate report, information on:

31 (a) the number of civil penalty citations or arrests or charges for
32 manufacturing, distributing, or possessing or having under control
33 with the intent to distribute marijuana or hashish in violation of
34 paragraph (12) of subsection b. of N.J.S.2C:35-5, or for obtaining
35 or possessing marijuana or hashish in violation of paragraph (4) of
36 subsection a. of N.J.S.2C:35-10, cataloged by the jurisdictions in
37 which the acts resulting in the citations, arrests, or charges occurred,
38 and the race, ethnicity, gender, and age of the persons cited, arrested,
39 or charged;

40 (b) the number of motor vehicle stops by law enforcement
41 involving violations of R.S.39:4-50, or section 5 of P.L.1990, c.103
42 (C.39:3-10.13) concerning operators of commercial motor vehicles,
43 for driving under the influence of personal use cannabis or
44 marijuana, or suspicion thereof, cataloged by the jurisdictions in
45 which the stop occurred, and the race, ethnicity, gender, and age of
46 the vehicle driver and any other vehicle occupants;

1 (c) the total number of personal use cannabis licenses issued
2 since the distribution of the previous report to the Governor and
3 Legislature, as well as the number for each class of license issued,
4 and the total number and type of applicants that submitted
5 applications for licenses and whether they were approved,
6 reapproved, or denied; and

7 (d) the data compiled by the Office of Minority, Disabled
8 Veterans, and Women Cannabis Business Development pursuant to
9 section 32 of P.L.2019, c.153 (C.24:6I-25) about participation in the
10 lawful operation of cannabis establishments by persons from
11 socially and economically disadvantaged communities, including
12 minority, disabled veterans', and women's business licensing and
13 business development in the personal use cannabis marketplace, and
14 the data shall include the office's analysis of the total number of
15 licenses applied for and issued since the distribution of the previous
16 report to the Governor and Legislature compared with the total
17 number of minority businesses and women's businesses, as these
18 terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18),
19 and disabled veterans' businesses, as defined in section 2 of P.L.2015,
20 c.116 (C.52:32-31.2), that submitted applications for licenses and
21 whether they were approved, reapproved, or denied.

22 b. The reports shall not contain any identifying information of
23 patients, caregivers, or health care practitioners.

24 c. (1) Within two years after the effective date of P.L.2009,
25 c.307 (C.24:6I-1 et al.) and every two years thereafter, the
26 commissioner or, after the effective date of P.L.2019, c.153
27 (C.24:6I-5.1 et al.), the commission, shall: evaluate whether there
28 are sufficient numbers of medical cannabis cultivators, medical
29 cannabis manufacturers, medical cannabis dispensaries, and clinical
30 registrants to meet the needs of registered qualifying patients
31 throughout the State; evaluate whether the maximum amount of
32 medical cannabis allowed pursuant to P.L.2009, c.307 (C.24:6I-1 et
33 al.) is sufficient to meet the medical needs of qualifying patients;
34 and determine whether any medical cannabis cultivator, medical
35 cannabis manufacturer, medical cannabis dispensary, or clinical
36 registrant has charged excessive prices in connection with medical
37 cannabis.

38 The commissioner or, after the effective date of P.L.2019, c.153
39 (C.24:6I-5.1 et al.), the commission, shall report all such findings
40 no later than two years after the effective date of P.L.2009, c.307
41 (C.24:6I-1 et al.), and every two years thereafter, to the Governor,
42 and to the Legislature pursuant to section 2 of P.L.1991, c.164
43 (C.52:14-19.1).

44 (2) The commission, beginning no later than one year after the
45 effective date of P.L. _____, c. _____ (C. _____) (pending before the
46 Legislature as this bill), may also include in its reports information
47 concerning its periodic evaluation of whether the existing numbers

1 of cannabis growers, cannabis processors, cannabis wholesalers,
2 cannabis distributors, cannabis retailers, and cannabis delivery
3 services are sufficient to meet the personal use cannabis market
4 demands of the State, and actions the commission may take to issue
5 additional cannabis licenses as authorized by paragraph (1) of
6 subsection a. of section 18 of P.L. , c. (C.) (pending before
7 the Legislature as this bill), or if there is an oversupply of licenses,
8 as well as information about any increase in the rates of use of
9 marijuana and cannabis by persons under 21 years of age.
10 (cf: P.L.2019, c.153, s.20)

11

12 8. Section 33 of P.L.2019, c.153 (C.24:6I-26) is amended to read
13 as follows:

14 33. a. No person shall be appointed to or employed by the
15 commission if, during the period commencing three years prior to
16 appointment or employment, the person held any direct or indirect
17 interest in, or any employment by, any holder of, or applicant for, a
18 medical cannabis cultivator, medical cannabis manufacturer,
19 medical cannabis dispensary, or clinical registrant permit pursuant
20 to P.L.2009, c.307 (C.24:6I-1 et al.) or otherwise employs any
21 certified medical cannabis handler to perform transfers or deliveries
22 of medical cannabis , or a cannabis grower, cannabis processor,
23 cannabis wholesaler, cannabis distributor, cannabis retailer, or
24 cannabis delivery service, or an entity that employs or uses a
25 certified personal use cannabis handler to perform work for or on
26 behalf of a licensed cannabis establishment, distributor, or delivery
27 service; provided, however, that notwithstanding any other
28 provision of law to the contrary, any such person may be appointed
29 to or employed by the commission if the person's prior interest in
30 any such permit holder, license holder, entity, or applicant would
31 not, in the opinion of the commission, interfere with the objective
32 discharge of the person's obligations of appointment or
33 employment, but in no instance shall any person be appointed to or
34 employed by the commission if the person's prior interest in such
35 permit holder, license holder, entity, or applicant constituted a
36 controlling interest in that permit holder, license holder, entity, or
37 applicant; and provided further, however, that notwithstanding any
38 other provision of law to the contrary, any such person may be
39 employed by the commission in a secretarial or clerical position if,
40 in the opinion of the commission, the person's previous
41 employment by, or interest in, any permit holder, license holder,
42 entity, or applicant would not interfere with the objective discharge
43 of the person's employment obligations.

44 b. Prior to appointment or employment, each member of the
45 commission and each employee of the commission shall swear or
46 affirm that the member or employee, as applicable, possesses no

1 interest in any business or organization issued a medical cannabis
2 cultivator, medical cannabis manufacturer, medical cannabis
3 dispensary, or clinical registrant permit, or cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service license by the
6 commission, or in any entity that employs or uses a certified
7 personal use cannabis handler to perform work for or on behalf of a
8 licensed cannabis establishment, distributor, or delivery service.

9 c. (1) Each member of the commission shall file with the State
10 Ethics Commission a financial disclosure statement listing all assets
11 and liabilities, property and business interests, and sources of
12 income of the member and the member's spouse, domestic partner,
13 or partner in a civil union couple, as the case may be, and shall also
14 provide to the State Ethics Commission in the same financial
15 disclosure statement a list of all assets and liabilities, property and
16 business interests, and sources of income of each dependent child or
17 stepchild, recognized by blood or by law, of the member, or of the
18 spouse, domestic partner, or partner in a civil union couple residing
19 in the same household as the member. Each statement shall be
20 under oath and shall be filed at the time of appointment and
21 annually thereafter.

22 (2) Each employee of the commission, except for secretarial and
23 clerical personnel, shall file with the State Ethics Commission a
24 financial disclosure statement listing all assets and liabilities,
25 property and business interests, and sources of income of the
26 employee and the employee's spouse, domestic partner, or partner in
27 a civil union couple, as the case may be. Such statement shall be
28 under oath and shall be filed at the time of employment and
29 annually thereafter. Notwithstanding the provisions of subsection
30 (n) of section 10 of P.L.1971, c.182 (C.52:13D-21), only financial
31 disclosure statements filed by a commission employee who is in a
32 policy-making management position shall be posted on the Internet
33 website of the State Ethics Commission.

34 (cf: P.L.2019, c.153, s.33)

35

36 9. Section 34 of P.L.2019, c.153 (C.24:6I-27) is amended to read
37 as follows:

38 34. a. The "New Jersey Conflicts of Interest Law," P.L.1971,
39 c.182 (C.52:13D-12 et seq.) shall apply to members of the
40 commission and to all employees of the commission, except as
41 herein specifically provided.

42 b. (1) The commission shall promulgate and maintain a Code
43 of Ethics that is modeled upon the Code of Judicial Conduct of the
44 American Bar Association, as amended and adopted by the Supreme
45 Court of New Jersey.

1 (2) The Code of Ethics promulgated and maintained by the
2 commission shall not be in conflict with the laws of this State,
3 except, however, that the Code of Ethics may be more restrictive
4 than any law of this State.

5 c. The Code of Ethics promulgated and maintained by the
6 commission, and any amendments or restatements thereof, shall be
7 submitted to the State Ethics Commission for approval. The
8 **[Codes]** Code of Ethics shall include, but not be limited to,
9 provisions that:

10 (1) No commission member or employee shall be permitted to
11 enter and engage in any activities, nor have any interest, directly or
12 indirectly, in any medical cannabis cultivator, medical cannabis
13 manufacturer, medical cannabis dispensary, or clinical registrant
14 issued a permit by the commission in accordance with P.L.2009,
15 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
16 medical cannabis handler to perform transfers or deliveries of
17 medical cannabis, or any cannabis grower, cannabis processor,
18 cannabis wholesaler, cannabis distributor, cannabis retailer, or
19 cannabis delivery service issued a license by the commission in
20 accordance with P.L. , c. (C.) (pending before the
21 Legislature as this bill) or any entity that employs or uses a certified
22 personal use cannabis handler to perform work for or on behalf of a
23 licensed cannabis establishment, distributor, or delivery service,
24 except in the course of the member's or employee's duties;
25 provided that nothing in this paragraph shall be construed to
26 prohibit a member or employee who is a registered qualifying
27 patient, or who is serving as a designated caregiver or institutional
28 caregiver for a registered qualifying patient, from being dispensed
29 medical cannabis consistent with the requirements of P.L.2009,
30 c.307 (C.24:6I-1 et al.).

31 (2) No commission member or employee shall solicit or accept
32 employment from any holder of, or applicant for, a medical
33 cannabis cultivator, medical cannabis manufacturer, medical
34 cannabis dispensary, or clinical registrant permit or any entity that
35 employs any certified medical cannabis handler to perform transfers
36 or deliveries of medical cannabis, or any cannabis grower, cannabis
37 processor, cannabis wholesaler, cannabis distributor, cannabis
38 retailer, or cannabis delivery service issued a license by the
39 commission in accordance with P.L. , c. (C.) (pending
40 before the Legislature as this bill) or any entity that employs or uses
41 a certified personal use cannabis handler to perform work for or on
42 behalf of a licensed cannabis establishment, distributor, or delivery
43 service, for a period of two years after termination of service with
44 the commission, except as otherwise provided in section 35 of
45 P.L.2019, c.153 (C.24:6I-28).

1 (3) No commission member or employee shall act in the
2 member's or employee's official capacity in any matter wherein the
3 member, employee, or the member's or employee's spouse,
4 domestic partner, or partner in a civil union couple, or child, parent,
5 or sibling has a direct or indirect personal financial interest that
6 might reasonably be expected to impair the member's or
7 employee's objectivity or independence of judgment.

8 (4) No commission member or employee shall act in the
9 member's or employee's official capacity in a matter concerning
10 any holder of, or applicant for, a medical cannabis cultivator,
11 medical cannabis manufacturer, medical cannabis dispensary, or
12 clinical registrant permit or any entity that employs any certified
13 medical cannabis handler to perform transfers or deliveries of
14 medical cannabis, or a cannabis grower, cannabis processor,
15 cannabis wholesaler, cannabis distributor, cannabis retailer license,
16 or cannabis delivery service or any entity that employs or uses a
17 certified personal use cannabis handler to perform work for or on
18 behalf of a licensed cannabis establishment, distributor, or delivery
19 service, who is the employer of a spouse, domestic partner, or
20 partner in a civil union couple, or child, parent, or sibling of the
21 commission member or employee when the fact of the employment
22 of the spouse, domestic partner, or partner in a civil union couple,
23 or child, parent, or sibling might reasonably be expected to impair
24 the objectivity and independence of judgment of the commission
25 member or employee.

26 (5) No spouse, domestic partner, or partner in a civil union
27 couple, or child, parent, or sibling of a commission member shall be
28 employed in any capacity by any holder of, or applicant for, a
29 medical cannabis cultivator, medical cannabis manufacturer,
30 medical cannabis dispensary, or clinical registrant permit, or any
31 entity that employs any certified medical cannabis handler to
32 perform transfers or deliveries of medical cannabis, or a cannabis
33 grower, cannabis processor, cannabis wholesaler, cannabis
34 distributor, cannabis retailer, or cannabis delivery service license or
35 any entity that employs or uses a certified personal use cannabis
36 handler to perform work for or on behalf of a licensed cannabis
37 establishment, distributor, or delivery service, nor by any holding,
38 intermediary, or subsidiary company thereof.

39 (6) No commission member shall meet with any person, except
40 for any other member of the commission or employee of the
41 commission, or discuss any issues involving any pending or
42 proposed application or any matter whatsoever which may
43 reasonably be expected to come before the commission, or any
44 member thereof, for determination unless the meeting or discussion
45 takes place on the business premises of the commission, provided,
46 however, that commission members may meet to consider matters

1 requiring the physical inspection of equipment or premises at the
2 location of the equipment or premises. All meetings or discussions
3 subject to this paragraph shall be noted in a log maintained for this
4 purpose and available for inspection pursuant to the provisions of
5 P.L.1963, c.73 (C.47:1A-1 et seq.).

6 d. No commission member or employee shall have any interest,
7 direct or indirect, in any holder of, or applicant for, a medical
8 cannabis cultivator, medical cannabis manufacturer, medical
9 cannabis dispensary, or clinical registrant permit or **[in]** any entity
10 that employs any certified medical cannabis handler to perform
11 transfers or deliveries of medical cannabis, or a cannabis grower,
12 cannabis processor, cannabis wholesaler, cannabis distributor,
13 cannabis retailer, or cannabis delivery service license or any entity
14 that employs or uses a certified personal use cannabis handler to
15 perform work for or on behalf of a licensed cannabis establishment,
16 distributor, or delivery service, during the member's term of office
17 or employee's term of employment.

18 e. Each commission member and employee shall devote the
19 member's or employee's entire time and attention to the member's
20 or employee's duties, as applicable, and shall not pursue any other
21 business or occupation or other gainful employment; provided,
22 however, that secretarial and clerical personnel may engage in such
23 other gainful employment as shall not interfere with their duties to
24 the commission, unless otherwise directed; and provided further,
25 however, that other employees of the commission may engage in
26 such other gainful employment as shall not interfere or be in
27 conflict with their duties to the commission **[or division,]** upon
28 approval by the commission **[, as the case may be].**

29 f. (1) A member of the commission and the executive director
30 or any other employee of the commission holding a supervisory or
31 policy-making management position shall not make any
32 contribution as that term is defined in "The New Jersey Campaign
33 Contributions and Expenditures Reporting Act," P.L.1973, c.83
34 (C.19:44A-1 et seq.).

35 (2) A member or employee of the commission shall not:

36 (a) use the member's or employee's official authority or
37 influence for the purpose of interfering with or affecting the result
38 of an election or a nomination for office;

39 (b) directly or indirectly coerce, attempt to coerce, command, or
40 advise any person to pay, lend, or contribute anything of value to a
41 party, committee, organization, agency, or person for political
42 purposes; or

43 (c) take any active part in political campaigns or the
44 management thereof; provided, however, that nothing herein shall
45 prohibit a member or employee from voting as the member or

1 employee chooses or from expressing personal opinions on political
2 subjects and candidates.

3 g. For the purpose of applying the provisions of the “New
4 Jersey Conflicts of Interest Law,” any consultant or other person
5 under contract for services to the commission shall be deemed to be
6 a special State employee, except that the restrictions of section 4 of
7 P.L.1981, c.142 (C.52:13D-17.2) shall not apply to such person.
8 Such person and any corporation, firm, or partnership in which the
9 person has an interest or by which the person is employed shall not
10 represent any person or party other than the commission.

11 (cf: P.L.2019, c.153, s.34)

12

13 10. Section 35 of P.L.2019, c.153 (C.24:6I-28) is amended to read
14 as follows:

15 35. a. No member of the commission shall hold any direct or
16 indirect interest in, or be employed by, any holder of, or applicant
17 for, a medical cannabis cultivator, medical cannabis manufacturer,
18 medical cannabis dispensary, or clinical registrant permit issued
19 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or **[in]** any entity that
20 employs any certified medical cannabis handler to perform transfers
21 or deliveries of medical cannabis, or a cannabis grower, cannabis
22 processor, cannabis wholesaler, cannabis distributor, cannabis
23 retailer, or cannabis delivery service license issued pursuant to
24 P.L. , c. (C.) (pending before the Legislature as this bill) or
25 any entity that employs or uses a certified personal use cannabis
26 handler to perform work for or on behalf of a licensed cannabis
27 establishment, distributor, or delivery service, for a period of two
28 years commencing on the date that membership on the commission
29 terminates.

30 b. (1) No employee of the commission may acquire any direct
31 or indirect interest in, or accept employment with, any holder of, or
32 applicant for, a medical cannabis cultivator, medical cannabis
33 manufacturer, medical cannabis dispensary, or clinical registrant
34 permit or **[in]** any entity that employs any certified medical
35 cannabis handler to perform transfers or deliveries of medical
36 cannabis, or a cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, cannabis retailer, or cannabis
38 delivery service license or any entity that employs or uses a
39 certified personal use cannabis handler to perform work for or on
40 behalf of a licensed cannabis establishment, distributor, or delivery
41 service, for a period of two years commencing at the termination of
42 employment with the commission, except that a secretarial or
43 clerical employee of the commission may accept such employment
44 at any time after the termination of employment with the
45 commission. At the end of two years and for a period of two years
46 thereafter, a former employee who held a policy-making

1 management position at any time during the five years prior to
2 termination of employment may acquire an interest in, or accept
3 employment with, any holder of, or applicant for, a medical
4 cannabis cultivator, medical cannabis manufacturer, medical
5 cannabis dispensary, or clinical registrant permit or **[in]** any entity
6 that employs any certified medical cannabis handler to perform
7 transfers or deliveries of medical cannabis, or a cannabis grower,
8 cannabis processor, cannabis wholesaler, cannabis distributor,
9 cannabis retailer, or cannabis delivery service license or any entity
10 that employs or uses a certified personal use cannabis handler to
11 perform work for or on behalf of a licensed cannabis establishment,
12 distributor, or delivery service, upon application to, and the
13 approval of, the commission, upon a finding that the interest to be
14 acquired or the employment will not create the appearance of a
15 conflict of interest and does not evidence a conflict of interest in
16 fact.

17 (2) Notwithstanding the provisions of this subsection, if the
18 employment of a commission employee, other than an employee
19 who held a policy-making management position at any time during
20 the five years prior to termination of employment, is terminated as a
21 result of a reduction in the workforce at the commission, the
22 employee may, at any time prior to the end of the two-year period,
23 accept employment with any holder of, or applicant for, a medical
24 cannabis cultivator, medical cannabis manufacturer, medical
25 cannabis dispensary, or clinical registrant permit or any entity that
26 employs any certified medical cannabis handler to perform transfers
27 or deliveries of medical cannabis, or a cannabis grower, cannabis
28 processor, cannabis wholesaler, or cannabis retailer license or any
29 entity that employs or uses a certified personal use cannabis handler
30 to perform work for or on behalf of a licensed cannabis
31 establishment, upon application to, and the approval of, the
32 commission, upon a finding that the employment will not create the
33 appearance of a conflict of interest and does not evidence a conflict
34 of interest in fact. The commission shall take action on an
35 application within 30 days of receipt and an application may be
36 submitted to the commission prior to or after the commencement of
37 the employment.

38 c. No commission member or employee shall represent any
39 person or party other than the State before or against the
40 commission for a period of two years from the termination of office
41 or employment with the commission.

42 d. No partnership, firm, or corporation in which a former
43 commission member or employee has an interest, nor any partner,
44 officer, or employee of any such partnership, firm, or corporation

1 shall make any appearance or representation which is prohibited to
2 the former member or employee.

3 (cf: P.L.2019, c.153, s.35)

4

5 11. Section 36 of P.L.2019, c.153 (C.24:6I-29) is amended to read
6 as follows:

7 36. a. (1) No holder of, or applicant for, a medical cannabis
8 cultivator, medical cannabis manufacturer, medical cannabis
9 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
10 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
11 medical cannabis handler to perform transfers or deliveries of
12 medical cannabis, or a cannabis grower, cannabis processor,
13 cannabis wholesaler, cannabis distributor, cannabis retailer, or
14 cannabis delivery service license issued pursuant to P.L. _____,
15 c. (C. _____) (pending before the Legislature as this bill) or any
16 entity that employs or uses a certified personal use cannabis handler
17 to perform work for or on behalf of a licensed cannabis
18 establishment, distributor, or delivery service, shall employ or offer
19 to employ, or provide, transfer, or sell, or offer to provide, transfer,
20 or sell any interest, direct or indirect, in any medical cannabis
21 cultivator, medical cannabis manufacturer, medical cannabis
22 dispensary, or clinical registrant permit holder, or any cannabis
23 grower, cannabis processor, cannabis wholesaler, cannabis
24 distributor, cannabis retailer, or cannabis delivery service license
25 holder, to any person restricted from such transactions by the
26 provisions of sections 33 through 35 of P.L.2019, c.153 (C.24:6I-26
27 through C.24:6I-28).

28 (2) In addition to any civil penalty imposed pursuant to
29 subsection c. of this section, the commission may deny an
30 application, or revoke or suspend a permit holder's permit or
31 license holder's license, for committing a violation of this
32 subsection.

33 b. (1) A member or employee of the commission who makes
34 or causes to be made a political contribution prohibited under
35 subsection f. of section 34 of P.L.2019, c.153 (C.24:6I-27) is guilty
36 of a crime of the fourth degree, but notwithstanding the provisions
37 of subsection b. of N.J.S.2C:43-3, a fine not to exceed \$200,000
38 may be imposed.

39 (2) A member or employee of the commission who willfully
40 violates any other provisions in sections 33 through 35 of P.L.2019,
41 c.153 (C.24:6I-26 through C.24:6I-28) is guilty of a disorderly
42 persons offense.

43 c. The State Ethics Commission, established pursuant to the
44 "New Jersey Conflicts of Interest Law," P.L.1971, c.182
45 (C.52:13D-12 et seq.), shall enforce the provisions of sections 33
46 through 36 of P.L.2019, c.153 (C.24:6I-26 through C.24:6I-29), and

1 upon a finding of a violation, impose a civil penalty of not less than
2 \$500 nor more than \$10,000, which penalty may be collected in a
3 summary proceeding pursuant to the "Penalty Enforcement Law of
4 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). If a violation also
5 represents a crime or disorderly persons offense as set forth in
6 subsection b. of this section, the State Ethics Commission shall also
7 refer the matter to the Attorney General or appropriate county
8 prosecutor for further investigation and prosecution.

9 (cf: P.L.2019, c.153, s.36)

10
11 12. Section 2 of P.L.1971, c.182 (C.52:13D-13) is amended to
12 read as follows:

13 2. As used in this act, and unless a different meaning clearly
14 appears from the context, the following terms shall have the
15 following meanings:

16 a. "State agency" means any of the principal departments in the
17 Executive Branch of the State Government, and any division, board,
18 bureau, office, commission, or other instrumentality within or
19 created by such department, the Legislature of the State, and any
20 office, board, bureau, or commission within or created by the
21 Legislative Branch, and, to the extent consistent with law, any
22 interstate agency to which New Jersey is a party and any
23 independent State authority, commission, instrumentality, or
24 agency. A county or municipality shall not be deemed an agency or
25 instrumentality of the State.

26 b. "State officer or employee" means any person, other than a
27 special State officer or employee: (1) holding an office or
28 employment in a State agency, excluding an interstate agency, other
29 than a member of the Legislature; or (2) appointed as a New Jersey
30 member to an interstate agency.

31 c. "Member of the Legislature" means any person elected to
32 serve in the General Assembly or the Senate.

33 d. "Head of a State agency" means: (1) in the case of the
34 Executive Branch of government, except with respect to interstate
35 agencies, the department head or, if the agency is not assigned to a
36 department, the Governor; and (2) in the case of the Legislative
37 Branch, the chief presiding officer of each House of the Legislature.

38 e. "Special State officer or employee" means: (1) any person
39 holding an office or employment in a State agency, excluding an
40 interstate agency, for which office or employment no compensation
41 is authorized or provided by law, or no compensation other than a
42 sum in reimbursement of expenses, whether payable per diem or per
43 annum, is authorized or provided by law; (2) any person, not a
44 member of the Legislature, holding a part-time elective or
45 appointive office or employment in a State agency, excluding an
46 interstate agency; or (3) any person appointed as a New Jersey

1 member to an interstate agency the duties of which membership are
2 not full-time.

3 f. "Person" means any natural person, association or
4 corporation.

5 g. "Interest" means: (1) the ownership or control of more than
6 10 percent of the profits or assets of a firm, association, or
7 partnership, or more than 10 percent of the stock in a corporation
8 for profit other than a professional service corporation organized
9 under the "Professional Service Corporation Act," P.L.1969, c.232
10 (C.14A:17-1 et seq.); or (2) the ownership or control of more than
11 one percent of the profits of a firm, association, or partnership, or
12 more than one percent of the stock in any corporation, (a) which is
13 the holder of, or an applicant for, a casino license or in any holding
14 or intermediary company with respect thereto, as defined by the
15 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), **[or]** (b)
16 which is the holder of, or an applicant for, a medical cannabis
17 cultivator, medical cannabis manufacturer, medical cannabis
18 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
19 c.307 (C.24:6I-1 et al.), or any holding or intermediary company
20 with respect thereto, or (c) which is the holder of, or an applicant for,
21 a cannabis grower, cannabis processor, cannabis wholesaler, cannabis
22 distributor, cannabis retailer, or cannabis delivery service license
23 issued pursuant to P.L. , c. (C.) (pending before the Legislature
24 as this bill), or which is an entity that employs or uses a certified
25 personal use cannabis handler to perform work for or on behalf of a
26 licensed cannabis establishment, distributor, or delivery service, or any
27 holding or intermediary company with respect to thereto. The
28 provisions of this act governing the conduct of individuals are
29 applicable to shareholders, associates or professional employees of
30 a professional service corporation regardless of the extent or
31 amount of their shareholder interest in such a corporation.

32 h. "Cause, proceeding, application or other matter" means a
33 specific cause, proceeding or matter and does not mean or include
34 determinations of general applicability or the preparation or review
35 of legislation which is no longer pending before the Legislature or
36 the Governor.

37 i. "Member of the immediate family" of any person means the
38 person's spouse, domestic partner, civil union partner, child, parent,
39 or sibling residing in the same household.
40 (cf: P.L.2019, c.153, s.37)

41
42 13. The title of P.L.1981, c.142 is amended to read as follows:
43 **AN ACT concerning casino activity, and personal use and medical**
44 **cannabis activities,** and the conduct of certain elected and appointed
45 public officers and employees as it relates thereto, amending and
46 supplementing P.L.1971, c.182, amending P.L.1977, c.110,

1 P.L.1980, c.28 and P.L.1980, c.69 , and repealing section 2 of
2 P.L.1980, c.79.

3 (cf: P.L.1981, c.142, title)

4

5 14. Section 4 of P.L.1981, c.142 (C.52:13D-17.2) is amended to
6 read as follows:

7 4. a. As used in this section "person" means:

8 (1) (a) with respect to casino activity **[and]** , activity related to
9 medical cannabis authorized pursuant to P.L.2009, c.307 (C.24:6I-1
10 et al.), and activity related to personal use cannabis authorized
11 pursuant to P.L. , c. (C.) (pending before the Legislature as
12 this bill); the Governor; the President of the Senate; the Speaker of
13 the General Assembly; any full-time member of the Judiciary; any
14 full-time professional employee of the Office of the Governor; the
15 head of a principal department; the assistant or deputy heads of a
16 principal department, including all assistant and deputy
17 commissioners; the head of any division of a principal department;

18 (b) with respect to casino activity **[,]** ; any State officer or
19 employee subject to financial disclosure by law or executive order
20 and any other State officer or employee with responsibility for
21 matters affecting casino activity; any special State officer or
22 employee with responsibility for matters affecting casino activity;
23 any member of the Legislature; any full-time professional employee
24 of the Legislature; members of the Casino Reinvestment
25 Development Authority; or

26 (c) with respect to activity related to medical cannabis
27 authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) **[,]** and
28 activity related to personal use cannabis authorized pursuant to
29 P.L. , c. (C.) (pending before the Legislature as this bill):
30 any State officer or employee subject to financial disclosure by law
31 or executive order and any other State officer or employee with
32 responsibility for matters affecting medical cannabis activity or
33 personal use cannabis activity; any special State officer or
34 employee with responsibility for matters affecting medical cannabis
35 activity or personal use cannabis activity; members of the Cannabis
36 Regulatory Commission; or

37 (2) (a) any member of the governing body, or the municipal
38 judge or the municipal attorney of a municipality wherein a casino
39 is located; any member of or attorney for the planning board or
40 zoning board of adjustment of a municipality wherein a casino is
41 located, or any professional planner, or consultant regularly
42 employed or retained by such planning board or zoning board of
43 adjustment; or

44 (b) any member of the governing body or the municipal judge of
45 a municipality, any member of the planning board or zoning board
46 of adjustment, or any professional planner, or consultant regularly

1 employed or retained by such planning board or zoning board of
2 adjustment, of a municipality wherein a medical cannabis
3 cultivator, medical cannabis manufacturer, medical cannabis
4 dispensary, or clinical registrant issued a permit pursuant to
5 P.L.2009, c.307 (C.24:6I-1 et al.), or wherein a cannabis grower,
6 cannabis processor, cannabis wholesaler, cannabis distributor,
7 cannabis retailer, cannabis delivery service issued a license
8 pursuant to P.L. , c. (C.) (pending before the Legislature as
9 this bill), is located.

10 b. (1) No State officer or employee, nor any person, nor any
11 member of the immediate family of any State officer or employee,
12 or person, nor any partnership, firm, or corporation with which any
13 such State officer or employee or person is associated or in which
14 he has an interest, nor any partner, officer, director, or employee
15 while he is associated with such partnership, firm, or corporation,
16 shall hold, directly or indirectly, an interest in, or hold employment
17 with, or represent, appear for, or negotiate on behalf of, any holder
18 of, or applicant for, a casino license, or any holding or intermediary
19 company with respect thereto, in connection with any cause,
20 application, or matter, except as provided in section 3 of P.L.2009,
21 c.26 (C.52:13D-17.3), and except that (a) a State officer or
22 employee other than a State officer or employee included in the
23 definition of person, and (b) a member of the immediate family of
24 a State officer or employee, or of a person, may hold employment
25 with the holder of, or applicant for, a casino license if, in the
26 judgment of the State Ethics Commission, the Joint Legislative
27 Committee on Ethical Standards, or the Supreme Court, as
28 appropriate, such employment will not interfere with the
29 responsibilities of the State officer or employee, or person, and will
30 not create a conflict of interest, or reasonable risk of the public
31 perception of a conflict of interest, on the part of the State officer or
32 employee, or person. No special State officer or employee without
33 responsibility for matters affecting casino activity, excluding those
34 serving in the Departments of Education, Health, and Human
35 Services and the Office of the Secretary of Higher Education, shall
36 hold, directly or indirectly, an interest in, or represent, appear for,
37 or negotiate on behalf of, any holder of, or applicant for, a casino
38 license, or any holding or intermediary company with respect
39 thereto, in connection with any cause, application, or matter.
40 However, a special State officer or employee without responsibility
41 for matters affecting casino activity may hold employment directly
42 with any holder of or applicant for a casino license or any holding
43 or intermediary company thereof and if so employed may hold,
44 directly or indirectly, an interest in, or represent, appear for, or
45 negotiate on behalf of, that employer, except as otherwise
46 prohibited by law.

1 (2) No State officer or employee, nor any person, nor any
2 member of the immediate family of any State officer or employee,
3 or person, nor any partnership, firm, or corporation with which any
4 such State officer or employee or person is associated or in which
5 he has an interest, nor any partner, officer, director, or employee
6 while he is associated with such partnership, firm, or corporation,
7 shall hold, directly or indirectly, an interest in, or hold employment
8 with, or represent, appear for, or negotiate on behalf of, or derive
9 any remuneration, payment, benefit, or any other thing of value for
10 any services, including but not limited to consulting or similar
11 services, from any holder of, or applicant for, a license, permit, or
12 other approval to conduct Internet gaming, or any holding or
13 intermediary company with respect thereto, or any Internet gaming
14 affiliate of any holder of, or applicant for, a casino license, or any
15 holding or intermediary company with respect thereto, or any
16 business, association, enterprise, or other entity that is organized, in
17 whole or in part, for the purpose of promoting, advocating for, or
18 advancing the interests of the Internet gaming industry generally or
19 any Internet gaming-related business or businesses in connection
20 with any cause, application, or matter, except as provided in section
21 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (a) a State
22 officer or employee other than a State officer or employee included
23 in the definition of person, and (b) a member of the immediate
24 family of a State officer or employee, or of a person, may hold
25 employment with the holder of, or applicant for, a license, permit,
26 or other approval to conduct Internet gaming, or any holding or
27 intermediary company with respect thereto, or any Internet gaming
28 affiliate of any holder of, or applicant for, a casino license, or any
29 holding or intermediary company with respect thereto if, in the
30 judgment of the State Ethics Commission, the Joint Legislative
31 Committee on Ethical Standards, or the Supreme Court, as
32 appropriate, such employment will not interfere with the
33 responsibilities of the State officer or employee, or person, and will
34 not create a conflict of interest, or reasonable risk of the public
35 perception of a conflict of interest, on the part of the State officer or
36 employee, or person.

37 (3) No State officer or employee, nor any person, nor any
38 member of the immediate family of any State officer or employee,
39 or person, nor any partnership, firm, or corporation with which any
40 such State officer or employee or person is associated or in which
41 he has an interest, nor any partner, officer, director, or employee
42 while he is associated with such partnership, firm, or corporation,
43 shall hold, directly or indirectly, an interest in, or hold employment
44 with, or represent, appear for, or negotiate on behalf of, any holder
45 of, or applicant for, a medical cannabis cultivator, medical cannabis
46 manufacturer, medical cannabis dispensary, or clinical registrant

1 permit issued pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or [in]
2 any entity that employs any certified medical cannabis handler to
3 perform transfers or deliveries of medical cannabis, or any holding
4 or intermediary company with respect thereto, or a cannabis grower,
5 cannabis processor, cannabis wholesaler, cannabis distributor,
6 cannabis retailer, or cannabis delivery service license issued pursuant
7 to P.L. , c. (C.) (pending before the Legislature as this bill), or
8 which is an entity that employs or uses a certified personal use
9 cannabis handler to perform work for or on behalf of a licensed
10 cannabis establishment, distributor, or delivery service or any holding
11 or intermediary company with respect thereto, in connection with any
12 cause, application, or matter, except as provided in section 3 of
13 P.L.2009, c.26 (C.52:13D-17.3), and except that (a) a State officer
14 or employee other than a State officer or employee included in the
15 definition of person, and (b) a member of the immediate family of a
16 State officer or employee, or of a person, may hold employment
17 with the holder of, or applicant for, a medical cannabis cultivator,
18 medical cannabis manufacturer, medical cannabis dispensary, or
19 clinical registrant permit or any entity that employs any certified
20 medical cannabis handler to perform transfers or deliveries of
21 medical cannabis, or a cannabis grower, cannabis processor, cannabis
22 wholesaler, cannabis distributor, cannabis retailer, cannabis delivery
23 service license or any entity that employs or uses a certified personal
24 use cannabis handler to perform work for or on behalf of a licensed
25 cannabis establishment, distributor, or delivery service, if, in the
26 judgment of the State Ethics Commission, the Joint Legislative
27 Committee on Ethical Standards, or the Supreme Court, as
28 appropriate, such employment will not interfere with the
29 responsibilities of the State officer or employee, or person, and will
30 not create a conflict of interest, or reasonable risk of the public
31 perception of a conflict of interest, on the part of the State officer or
32 employee, or person. No special State officer or employee without
33 responsibility for matters affecting medical cannabis activity or
34 personal use cannabis activity, excluding those serving in the
35 Departments of Education, Health, and Human Services and the
36 Office of the Secretary of Higher Education, shall hold, directly or
37 indirectly, an interest in, or represent, appear for, or negotiate on
38 behalf of, any holder of, or applicant for, a medical cannabis
39 cultivator, medical cannabis manufacturer, medical cannabis
40 dispensary, or clinical registrant permit or any entity that employs
41 any certified medical cannabis handler to perform transfers or
42 deliveries of medical cannabis, or any holding or intermediary
43 company with respect thereto, or a cannabis grower, cannabis
44 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
45 or cannabis delivery service license or any entity that employs or uses
46 a certified personal use cannabis handler to perform work for or on

1 behalf of a licensed cannabis establishment, distributor, or delivery
2 service or any holding or intermediary company with respect thereto,
3 in connection with any cause, application, or matter. However, a
4 special State officer or employee without responsibility for matters
5 affecting medical cannabis activity or personal use cannabis activity
6 may hold employment directly with any holder of or applicant for a
7 medical cannabis cultivator, medical cannabis manufacturer,
8 medical cannabis dispensary, or clinical registrant permit, or any
9 entity that employs any certified medical cannabis handler to
10 perform transfers or deliveries of medical cannabis, or any holding
11 or intermediary company thereof, or a cannabis grower, cannabis
12 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
13 or cannabis delivery service license or any entity that employs or uses
14 a certified personal use cannabis handler to perform work for or on
15 behalf of a licensed cannabis establishment, distributor, or delivery
16 service or any holding or intermediary company with respect to
17 thereto, and if so employed may hold, directly or indirectly, an
18 interest in, or represent, appear for, or negotiate on behalf of, that
19 employer, except as otherwise prohibited by law.

20 c. (1) No person or any member of his immediate family, nor
21 any partnership, firm, or corporation with which such person is
22 associated or in which he has an interest, nor any partner, officer,
23 director, or employee while he is associated with such partnership,
24 firm or corporation, shall, within two years next subsequent to the
25 termination of the office or employment of such person, hold,
26 directly or indirectly, an interest in, or hold employment with, or
27 represent, appear for, or negotiate on behalf of, any holder of, or
28 applicant for, a casino license in connection with any cause,
29 application or matter, or any holding or intermediary company with
30 respect to such holder of, or applicant for, a casino license in
31 connection with any phase of casino development, permitting,
32 licensure, or any other matter whatsoever related to casino activity,
33 except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3),
34 and except that:

35 (a) a member of the immediate family of a person may hold
36 employment with the holder of, or applicant for, a casino license if,
37 in the judgment of the State Ethics Commission, the Joint
38 Legislative Committee on Ethical Standards, or the Supreme Court,
39 as appropriate, such employment will not interfere with the
40 responsibilities of the person and will not create a conflict of
41 interest, or reasonable risk of the public perception of a conflict of
42 interest, on the part of the person;

43 (b) an employee who is terminated as a result of a reduction in
44 the workforce at the agency where employed, other than an
45 employee who held a policy-making management position at any
46 time during the five years prior to termination of employment, may,

1 at any time prior to the end of the two-year period, accept
2 employment with the holder of, or applicant for, a casino license if,
3 in the judgment of the State Ethics Commission, the Joint
4 Legislative Committee on Ethical Standards, or the Supreme Court,
5 as appropriate, such employment will not create a conflict of
6 interest, or reasonable risk of the public perception of a conflict of
7 interest, on the part of the employee. In no case shall the restrictions
8 of this subsection apply to a secretarial or clerical employee.

9 Nothing herein contained shall alter or amend the post-
10 employment restrictions applicable to members and employees of
11 the Casino Control Commission and employees and agents of the
12 Division of Gaming Enforcement pursuant to paragraph (2) of
13 subsection e. of section 59 and to section 60 of P.L.1977, c.110
14 (C.5:12-59 and C.5:12-60); and

15 (c) any partnership, firm, or corporation engaged in the practice
16 of law or in providing any other professional services with which
17 any person included in subparagraphs (a) and (b) of paragraph (1)
18 of subsection a. of this section, or a member of the immediate
19 family of that person, is associated, and any partner, officer,
20 director, or employee thereof, other than that person, or immediate
21 family member, may represent, appear for or negotiate on behalf of
22 any holder of, or applicant for, a casino license in connection with
23 any cause, application or matter or any holding company or
24 intermediary company with respect to such holder of, or applicant
25 for, a casino license in connection with any phase of casino
26 development, permitting, licensure or any other matter whatsoever
27 related to casino activity, and that person or immediate family
28 member shall not be barred from association with such partnership,
29 firm or corporation, if for a period of two years next subsequent to
30 the termination of the person's office or employment, the person or
31 immediate family member (i) is screened from personal
32 participation in any such representation, appearance or negotiation;
33 and (ii) is associated with the partnership, firm or corporation in a
34 position which does not entail any equity interest in the partnership,
35 firm or corporation. The exception provided in this **[paragraph]**
36 subparagraph shall not apply to a former Governor, Lieutenant
37 Governor, Attorney General, member of the Legislature, person
38 included in subparagraph (a) of paragraph (2) of subsection a. of
39 this section, or to the members of their immediate families.

40 (2) No person or any member of the person's immediate family,
41 nor any partnership, firm, or corporation with which such person is
42 associated or in which the person has an interest, nor any partner,
43 officer, director, or employee while the person is associated with
44 such partnership, firm, or corporation, shall, within two years next
45 subsequent to the termination of the office or employment of such
46 person, hold, directly or indirectly, an interest in, or hold

1 employment with, or represent, appear for, or negotiate on behalf
2 of, any holder of, or applicant for, a medical cannabis cultivator,
3 medical cannabis manufacturer, medical cannabis dispensary, or
4 clinical registrant permit issued pursuant to P.L.2009, c.307
5 (C.24:6I-1 et al.) or **[in]** any entity that employs any certified
6 medical cannabis handler to perform transfers or deliveries of
7 medical cannabis **[**, or any holding or intermediary company with
8 respect thereto**]** , or a cannabis grower, cannabis processor,
9 cannabis wholesaler, cannabis distributor, cannabis retailer, or
10 cannabis delivery service license issued pursuant to P.L. _____,
11 c. (C. _____) (pending before the Legislature as this bill) or any
12 entity that employs or uses a certified personal use cannabis handler to
13 perform work for or on behalf of a licensed cannabis establishment,
14 distributor, or delivery service in connection with any cause,
15 application, or matter, or any holding or intermediary company with
16 respect to such holder of, or applicant for, a medical cannabis
17 cultivator, medical cannabis manufacturer, medical cannabis
18 dispensary, or clinical registrant permit or entity that employs any
19 certified medical cannabis handler to perform transfers or deliveries
20 of medical cannabis, or a cannabis grower, cannabis processor,
21 cannabis wholesaler, cannabis distributor, cannabis retailer, or
22 cannabis delivery service license or any entity that employs or uses a
23 certified personal use cannabis handler to perform work for or on
24 behalf of a licensed cannabis establishment, distributor, or delivery
25 service in connection with any phase of development, permitting,
26 licensure, or any other matter whatsoever related to medical
27 cannabis activity or personal use cannabis activity, except as
28 provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except
29 that:

30 (a) a member of the immediate family of a person may hold
31 employment with the holder of, or applicant for, a medical cannabis
32 cultivator, medical cannabis manufacturer, medical cannabis
33 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
34 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
35 medical cannabis handler to perform transfers or deliveries of
36 medical cannabis, or a cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery
38 service license issued pursuant to P.L. _____, c. (C. _____) (pending before
39 the Legislature as this bill) or any entity that employs or uses a
40 certified personal use cannabis handler to perform work for or on
41 behalf of a licensed cannabis establishment, distributor, or delivery
42 service if, in the judgment of the State Ethics Commission, the Joint
43 Legislative Committee on Ethical Standards, or the Supreme Court,
44 as appropriate, such employment will not interfere with the
45 responsibilities of the person and will not create a conflict of

1 interest, or reasonable risk of the public perception of a conflict of
2 interest, on the part of the person;

3 (b) an employee who is terminated as a result of a reduction in
4 the workforce at the agency where employed, other than an
5 employee who held a policy-making management position at any
6 time during the five years prior to termination of employment, may,
7 at any time prior to the end of the two-year period, accept
8 employment with the holder of, or applicant for, a medical cannabis
9 cultivator, medical cannabis manufacturer, medical cannabis
10 dispensary, or clinical registrant permit or any entity that employs
11 any certified medical cannabis handler to perform transfers or
12 deliveries of medical cannabis, or a cannabis grower, cannabis
13 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
14 or cannabis delivery service license or any entity that employs or uses
15 a certified personal use cannabis handler to perform work for or on
16 behalf of a licensed cannabis establishment, distributor, or delivery
17 service if, in the judgment of the State Ethics Commission, the Joint
18 Legislative Committee on Ethical Standards, or the Supreme Court,
19 as appropriate, such employment will not create a conflict of
20 interest, or reasonable risk of the public perception of a conflict of
21 interest, on the part of the employee. In no case shall the
22 restrictions of this subsection apply to a secretarial or clerical
23 employee. Nothing herein contained shall alter or amend the post-
24 service or post-employment restrictions applicable to members and
25 employees of the Cannabis Regulatory Commission pursuant to
26 paragraph (2) of subsection c. of section 34 and section 35 of
27 P.L.2019, c.153 (C.24:6I-27 and C.24:6I-28); and

28 (c) any partnership, firm, or corporation engaged in the practice
29 of law or in providing any other professional services with which
30 any person included in subparagraphs (a) and (c) of paragraph (1) of
31 subsection a. of this section, or a member of the immediate family
32 of that person, is associated, and any partner, officer, director, or
33 employee thereof, other than that person, or immediate family
34 member, may represent, appear for, or negotiate on behalf of any
35 holder of, or applicant for, a medical cannabis cultivator, medical
36 cannabis manufacturer, medical cannabis dispensary, or clinical
37 registrant permit or any entity that employs any certified medical
38 cannabis handler to perform transfers or deliveries of medical
39 cannabis, or a cannabis grower, cannabis processor, cannabis
40 wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery
41 service license or any entity that employs or uses a certified personal
42 use cannabis handler to perform work for or on behalf of a licensed
43 cannabis establishment, distributor, or delivery service in connection
44 with any cause, application, or matter or any holding company or
45 intermediary company with respect to such holder of, or applicant
46 for, a medical cannabis cultivator, medical cannabis manufacturer,

1 medical cannabis dispensary, or clinical registrant permit or entity
2 that employs any certified medical cannabis handler to perform
3 transfers or deliveries of medical cannabis, or a cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service license or entity that
6 employs or uses a certified personal use cannabis handler to perform
7 work for or on behalf of a licensed cannabis establishment, distributor,
8 or delivery service in connection with any phase of development,
9 permitting, licensing, or any other matter whatsoever related to
10 medical cannabis activity or personal use activity, and that person
11 or immediate family member shall not be barred from association
12 with such partnership, firm, or corporation, if for a period of two
13 years next subsequent to the termination of the person's office or
14 employment, the person or immediate family member (i) is
15 screened from personal participation in any such representation,
16 appearance or negotiation; and (ii) is associated with the
17 partnership, firm, or corporation in a position which does not entail
18 any equity interest in the partnership, firm, or corporation. The
19 exception provided in this **[paragraph]** subparagraph shall not apply
20 to a former Governor, Lieutenant Governor, Attorney General, the
21 President of the Senate, the Speaker of the General Assembly, to a
22 person included in subparagraph (b) of paragraph (2) of subsection
23 a. of this section, or to the members of their immediate families.

24 d. This section shall not apply to the spouse of a State officer
25 or employee, which State officer or employee is without
26 responsibility for matters affecting casino **[or]** , medical cannabis,
27 or personal use cannabis activity, who becomes the spouse
28 subsequent to the State officer's or employee's appointment or
29 employment as a State officer or employee and who is not
30 individually or directly employed by a holder of, or applicant for, a
31 casino license **[or]** , medical cannabis permit, personal use
32 cannabis license, or any entity that employs or uses a certified
33 personal use cannabis handler to perform work for or on behalf of a
34 licensed cannabis establishment, distributor, or delivery service or any
35 holding or intermediary company thereof.

36 e. The Joint Legislative Committee on Ethical Standards and
37 the State Ethics Commission, as appropriate, shall forthwith
38 determine and publish, and periodically update, a list of those
39 positions in State government with responsibility for matters
40 affecting casino **[and]** , medical cannabis activity, or personal use
41 cannabis activity.

42 f. (1) No person shall solicit or accept, directly or indirectly,
43 any complimentary service or discount from any casino applicant or
44 licensee which he knows or has reason to know is other than a
45 service or discount that is offered to members of the general public
46 in like circumstance.

1 (2) No person shall solicit or accept, directly or indirectly, any
2 complimentary service or discount from any holder of, or applicant
3 for, a medical cannabis cultivator, medical cannabis manufacturer,
4 medical cannabis dispensary, or clinical registrant permit issued
5 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or any entity that
6 employs any certified medical cannabis handler to perform transfers
7 or deliveries of medical cannabis, or a cannabis grower, cannabis
8 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
9 or cannabis delivery service license issued pursuant to P.L. _____,
10 c. (C. _____) (pending before the Legislature as this bill) or any entity
11 that employs or uses a certified personal use cannabis handler to
12 perform work for or on behalf of a licensed cannabis establishment,
13 distributor, or delivery service which the person knows or has reason
14 to know is other than a service or discount that is offered to
15 members of the general public in like circumstance.

16 g. (1) No person shall influence, or attempt to influence, by
17 use of his official authority, the decision of the Casino Control
18 Commission or the investigation of the Division of Gaming
19 Enforcement in any application for casino licensure or in any
20 proceeding to enforce the provisions of this act or the regulations of
21 the commission. Any such attempt shall be promptly reported to the
22 Attorney General; provided, however, that nothing in this section
23 shall be deemed to proscribe a request for information by any
24 person concerning the status of any application for licensure or any
25 proceeding to enforce the provisions of this act or the regulations of
26 the commission.

27 (2) No person shall influence, or attempt to influence, by use of
28 the person's official authority, the decision of the Cannabis
29 Regulatory Commission in any application for a medical cannabis
30 cultivator, medical cannabis manufacturer, medical cannabis
31 dispensary, or clinical registrant permit, or a cannabis grower,
32 cannabis processor, cannabis wholesaler, cannabis distributor,
33 cannabis retailer, or cannabis delivery service license, or in any
34 proceeding to enforce the provisions of P.L.1981, c.142 (C.52:13D-
35 17.2 et al.), P.L.2009, c.307 (C.24:6I-1 et al.), or the regulations of
36 the Cannabis Regulatory Commission. Any such attempt shall be
37 promptly reported to the Attorney General; provided, however, that
38 nothing in this section shall be deemed to proscribe a request for
39 information by any person concerning the status of any permit or
40 license application, or any proceeding to enforce the provisions of
41 P.L.1981, c.142 (C.52:13D-17.2 et al.), P.L.2009, c.307 (C.24:6I-1
42 et al.), P.L. _____, c. (C. _____) (pending before the Legislature as this
43 bill), or the regulations of the Cannabis Regulatory Commission.

44 h. Any person who willfully violates the provisions of this
45 section is a disorderly person and shall be subject to a fine not to
46 exceed \$1,000, or imprisonment not to exceed six months, or both.

1 In addition, for violations of subsection c. of this section
2 occurring after the effective date of P.L.2005, c.382, a civil penalty
3 of not less than \$500 nor more than \$10,000 shall be imposed upon
4 a former State officer or employee or former special State officer or
5 employee of a State agency in the Executive Branch upon a finding
6 of a violation by the State Ethics Commission, which penalty may
7 be collected in a summary proceeding pursuant to the "Penalty
8 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).
9

10 15. Section 32 of P.L.2019, c.153 (C.24:6I-25) is amended to
11 read as follows:

12 32. a. There is hereby established in the commission an Office
13 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
14 Business Development. The office shall be under the immediate
15 supervision of a director. The director of the office shall be
16 appointed by the Governor, and shall serve at the pleasure of the
17 appointing Governor during the Governor's term of office and until
18 a successor has been duly appointed and qualified. Any vacancy in
19 the directorship occurring for any reason other than the expiration
20 of the director's term of office shall be filled for the unexpired term
21 only in the same manner as the original appointment. The director
22 shall receive an annual salary as provided by law which shall be at
23 an amount not to exceed the annual salary of the executive director
24 of the commission.

25 b. (1) The office shall establish and administer, under the
26 direction of the commission, unified practices and procedures for
27 promoting participation in the medical cannabis **【industry】** and
28 personal use cannabis industries by persons from socially and
29 economically disadvantaged communities, including by prospective
30 and existing ownership of minority businesses and women's
31 businesses, as these terms are defined in section 2 of P.L.1986,
32 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
33 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), to be issued
34 medical cannabis cultivator, medical cannabis manufacturer,
35 medical cannabis dispensary, and clinical registrant permits, or
36 cannabis grower, cannabis processor, cannabis wholesaler, cannabis
37 distributor, cannabis retailer, and cannabis delivery service licenses.
38 These unified practices and procedures shall include the
39 certification and subsequent recertification at regular intervals of a
40 business as a minority or women's business, or a disabled veterans'
41 business, in accordance with eligibility criteria and a certification
42 application process established by the commission through
43 regulation in consultation with the office.

44 (2) The office shall conduct advertising and promotional
45 campaigns, and shall disseminate information to the public, to
46 increase awareness for participation in the medical cannabis

1 **【industry】** and personal use cannabis industries by persons from
2 socially and economically disadvantaged communities. To this end,
3 the office shall sponsor seminars and informational programs, and
4 shall provide information on its Internet website, providing
5 practical information concerning the medical cannabis **【industry】**
6 and personal use cannabis industries, including information on
7 business management, marketing, and other related matters.

8 c. (1) The office shall develop, recommend, and implement
9 policies, practices, protocols, standards, and criteria designed to
10 promote the formulation of medical cannabis business entities and
11 personal use cannabis establishments, distributors, and delivery
12 services and participation in the medical cannabis **【industry】** and
13 personal use cannabis industries by persons from socially and
14 economically disadvantaged communities, including by promoting
15 applications for, and the issuance of, medical cannabis cultivator,
16 medical cannabis manufacturer, medical cannabis dispensary, and
17 clinical registrant permits , and cannabis grower, cannabis processor,
18 cannabis wholesaler, cannabis distributor, cannabis retailer, and
19 cannabis delivery services licenses, to certified minority, women’s,
20 and disabled veterans’ businesses.

21 (a) The office shall evaluate the effectiveness of **【these】** the
22 measures designed to promote participation in the medical cannabis
23 industry by considering whether the measures have resulted in new
24 medical cannabis cultivator, medical cannabis manufacturer, and
25 medical cannabis dispensary permits being issued in accordance
26 with the provisions of subsection g. of section 12 of P.L.2019, c.153
27 (C.24:6I-7.2).

28 (b) The effectiveness of the office’s measures designed to
29 promote participation in the personal use cannabis industry shall be
30 assessed by considering whether the measures have resulted in not less
31 than 30 percent of the total number of licenses issued by the
32 commission for personal use cannabis establishments and distributors
33 under P.L. , c. (C.) (pending before the Legislature as this bill)
34 being issued to minority, women’s, and disabled veterans’
35 businesses certified in accordance with the certification process
36 established by the office pursuant to paragraph (1) of subsection b.
37 of this section. Of the resulting total number of licenses issued for
38 personal use cannabis establishments, distributors, and delivery
39 services, the effectiveness of the office’s measures shall be further
40 assessed by considering whether those measures have resulted in
41 not less than 15 percent of the licenses being issued to certified
42 minority businesses, and not less than 15 percent of the licenses
43 being issued to certified women’s and disabled veterans’
44 businesses.

45 (2) The office shall periodically analyze the total number of
46 permits and licenses issued by the commission as compared with the

1 number of certified minority, women's, and disabled veterans'
2 businesses that submitted applications for, and that were awarded,
3 such permits and licenses. The office shall make good faith efforts
4 to establish, maintain, and enhance the measures designed to
5 promote the formulation and participation in the operation of
6 medical cannabis businesses and personal use cannabis
7 establishments, distributors, and delivery services by persons from
8 socially and economically disadvantaged communities consistent
9 with the standards set forth in paragraph (1) of this subsection, and
10 to coordinate and assist the commission with respect to its
11 incorporation of these permitting and licensing measures into the
12 application and review process for issuing permits and licenses
13 under P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 d. The office may review the commission's measures regarding
16 participation in the medical cannabis **【industry】** and personal use
17 cannabis industries by persons from socially and economically
18 disadvantaged communities, and minority, women's, and disabled
19 veterans' businesses, and make recommendations on relevant policy
20 and implementation matters for the improvement thereof. The
21 office may consult with experts or other knowledgeable individuals
22 in the public or private sector on any aspect of its mission.

23 e. The office shall prepare information regarding its activities
24 pursuant to this section concerning participation in the medical
25 cannabis **【industry】** and personal use cannabis industries by persons
26 from socially and economically disadvantaged communities,
27 including medical cannabis and personal use cannabis business
28 development initiatives for minority, women's, and disabled
29 veterans' businesses participating in the medical cannabis
30 marketplace, to be incorporated by the commission into its annual
31 report submitted to the Governor and to the Legislature pursuant to
32 section 14 of P.L.2009, c.307 (C.24:6I-12).
33 (cf: P.L.2019, c.153, s.32)

34
35 16. Section 12 of P.L.2019, c.153 (C.24:6I-7.2) is amended to
36 read as follows:

37 12. a. Each application for a medical cannabis cultivator permit,
38 medical cannabis manufacturer permit, and medical cannabis
39 dispensary permit, and each application for annual renewal of such
40 permit, including permit and renewal applications for
41 microbusinesses that meet the requirements of subsection e. of
42 section 11 of P.L.2019, c.153 (C.24:6I-7.1), shall be submitted to
43 the commission. A full, separate application shall be required for
44 each initial permit requested by the applicant and for each location
45 at which an applicant seeks to operate, regardless of whether the
46 applicant was previously issued a medical cannabis cultivator,

1 medical cannabis manufacturer, medical cannabis dispensary, or
2 clinical registrant permit, and regardless of whether the applicant
3 currently holds a medical cannabis cultivator, medical cannabis
4 manufacturer, or medical cannabis dispensary permit. Renewal
5 applications shall be submitted to the commission on a form and in
6 a manner as shall be specified by the commission no later than 90
7 days before the date the current permit will expire.

8 b. An initial permit application shall be evaluated according to
9 criteria to be developed by the commission. The commission shall
10 determine the point values to be assigned to each criterion, which
11 shall include bonus points for applicants who are residents of New
12 Jersey.

13 c. The criteria to be developed by the commission pursuant to
14 subsection b. of this section shall include, in addition to the criteria
15 set forth in subsections d. and e. of this section and any other
16 criteria developed by the commission, an analysis of the applicant's
17 operating plan, excluding safety and security criteria, which shall
18 include the following:

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

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

24 (b) conventional horticulture or agriculture, familiarity with
25 good agricultural practices, and any relevant certifications or
26 degrees;

27 (c) quality control and quality assurance;

28 (d) recall plans;

29 (e) packaging and labeling;

30 (f) inventory control and tracking software or systems for the
31 production of medical cannabis;

32 (g) analytical chemistry and testing of medical cannabis;

33 (h) water management practices;

34 (i) odor mitigation practices;

35 (j) onsite and offsite recordkeeping;

36 (k) strain variety and plant genetics;

37 (l) pest control and disease management practices, including
38 plans for the use of pesticides, nutrients, and additives;

39 (m) waste disposal plans; and

40 (n) compliance with applicable laws and regulations.

41 (2) In the case of an applicant for a medical cannabis
42 manufacturer permit, the operating plan summary shall include a
43 written description concerning the applicant's qualifications for,
44 experience in, and knowledge of each of the following topics:

45 (a) State-authorized manufacture, production, and creation of
46 cannabis products using appropriate extraction methods, including

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

- 1 (m) compliance with applicable laws and regulations.
- 2 d. The criteria to be developed by the commission pursuant to
3 subsection b. of this section shall include, in addition to the criteria
4 set forth in subsections c. and e. of this section and any other
5 criteria developed by the commission, an analysis of the following
6 factors, if applicable:
- 7 (1) The applicant's environmental impact plan.
- 8 (2) A summary of the applicant's safety and security plans and
9 procedures, which shall include descriptions of the following:
- 10 (a) plans for the use of security personnel, including
11 contractors;
- 12 (b) the experience or qualifications of security personnel and
13 proposed contractors;
- 14 (c) security and surveillance features, including descriptions of
15 any alarm systems, video surveillance systems, and access and
16 visitor management systems, along with drawings identifying the
17 proposed locations for surveillance cameras and other security
18 features;
- 19 (d) plans for the storage of medical cannabis and medical
20 cannabis products, including any safes, vaults, and climate control
21 systems that will be utilized for this purpose;
- 22 (e) a diversion prevention plan;
- 23 (f) an emergency management plan;
- 24 (g) procedures for screening, monitoring, and performing
25 criminal history record background checks of employees;
- 26 (h) cybersecurity procedures, including, in the case of an
27 applicant for a medical cannabis dispensary permit, procedures for
28 collecting, processing, and storing patient data, and the applicant's
29 familiarity with State and federal privacy laws;
- 30 (i) workplace safety plans and the applicant's familiarity with
31 federal Occupational Safety and Health Administration regulations;
- 32 (j) the applicant's history of workers' compensation claims and
33 safety assessments;
- 34 (k) procedures for reporting adverse events; and
- 35 (l) a sanitation practices plan.
- 36 (3) A summary of the applicant's business experience, including
37 the following, if applicable:
- 38 (a) the applicant's experience operating businesses in highly-
39 regulated industries;
- 40 (b) the applicant's experience in operating alternative treatment
41 centers and related medical cannabis production and dispensation
42 entities under the laws of New Jersey or any other state or
43 jurisdiction within the United States; and
- 44 (c) the applicant's plan to comply with and mitigate the effects
45 of 26 U.S.C. s.280E on cannabis businesses, and for evidence that

1 the applicant is not in arrears with respect to any tax obligation to
2 the State.

3 In evaluating the experience described under subparagraphs (a),
4 (b), and (c) of this paragraph, the commission shall afford the
5 greatest weight to the experience of the applicant itself, controlling
6 owners, and entities with common ownership or control with the
7 applicant; followed by the experience of those with a 15 percent or
8 greater ownership interest in the applicant's organization; followed
9 by significantly involved persons in the applicant's organization;
10 followed by other officers, directors, and current and prospective
11 employees of the applicant who have a bona fide relationship with
12 the applicant's organization as of the submission date of the
13 application.

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

16 (a) the proposed location, the surrounding area, and the
17 suitability or advantages of the proposed location, along with a
18 floor plan and optional renderings or architectural or engineering
19 plans;

20 (b) the submission of zoning approvals for the proposed
21 location, which shall consist of a letter or affidavit from appropriate
22 municipal officials that the location will conform to municipal
23 zoning requirements allowing for such activities related to the
24 cultivation, manufacturing, or dispensing of medical cannabis,
25 cannabis products, and related supplies as will be conducted at the
26 proposed facility; and

27 (c) the submission of proof of local support for the suitability of
28 the location, which may be demonstrated by a resolution adopted by
29 the municipality's governing body indicating that the intended
30 location is appropriately located or otherwise suitable for such
31 activities related to the cultivation, manufacturing, or dispensing of
32 medical cannabis, cannabis products, and related supplies as will be
33 conducted at the proposed facility.

34 Notwithstanding any other provision of this subsection, an
35 application shall be disqualified from consideration unless it
36 includes documentation demonstrating that the applicant will have
37 final control of the premises upon approval of the application,
38 including, but not limited to, a lease agreement, contract for sale,
39 title, deed, or similar documentation. In addition, if the applicant
40 will lease the premises, the application will be disqualified from
41 consideration unless it includes certification from the landlord that
42 the landlord is aware that the tenant's use of the premises will
43 involve activities related to the cultivation, manufacturing, or
44 dispensing of medical cannabis and medical cannabis products. An
45 application shall not be disqualified from consideration if the

1 application does not include the materials described in
2 subparagraph (b) or (c) of this paragraph.

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

6 (a) a community impact plan summarizing how the applicant
7 intends to have a positive impact on the community in which the
8 proposed entity is to be located, which shall include an economic
9 impact plan, a description of outreach activities, and any financial
10 assistance or discount plans the applicant will provide to qualifying
11 patients and designated caregivers;

12 (b) a written description of the applicant's record of social
13 responsibility, philanthropy, and ties to the proposed host
14 community;

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

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

23 In evaluating the information submitted pursuant to
24 subparagraphs (b) and (c) of this paragraph, the commission shall
25 afford the greatest weight to responses pertaining to the applicant
26 itself, controlling owners, and entities with common ownership or
27 control with the applicant; followed by responses pertaining to
28 those with a 15 percent or greater ownership interest in the
29 applicant's organization; followed by significantly involved persons
30 in the applicant's organization; followed by other officers,
31 directors, and current and prospective employees of the applicant
32 who have a bona fide relationship with the applicant's organization
33 as of the submission date of the application.

34 (6) A workforce development and job creation plan, which may
35 include, but shall not be limited to a description of the applicant's
36 workforce development and job creation plan, which may include
37 information on the applicant's history of job creation and planned
38 job creation at the proposed facility; education, training, and
39 resources to be made available for employees; any relevant
40 certifications; and a diversity plan.

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

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

44 (b) a demonstration of the applicant's financial ability to
45 implement its business plan, which may include, but shall not be
46 limited to, bank statements, business and individual financial

1 statements, net worth statements, and debt and equity financing
2 statements; and

3 (c) a description of the applicant's experience complying with
4 guidance pertaining to cannabis issued by the Financial Crimes
5 Enforcement Network under 31 U.S.C. s.5311 et seq., the federal
6 "Bank Secrecy Act", which may be demonstrated by submitting
7 letters regarding the applicant's banking history from banks or
8 credit unions that certify they are aware of the business activities of
9 the applicant, or entities with common ownership or control of the
10 applicant's organization, in any state where the applicant has
11 operated a business related to medical cannabis. For the purposes
12 of this subparagraph, the commission shall consider only bank
13 references involving accounts in the name of the applicant or of an
14 entity with common ownership or control of the applicant's
15 organization. An applicant who does not submit the information
16 described in this subparagraph shall not be disqualified from
17 consideration.

18 (8) Whether any of the applicant's majority or controlling
19 owners were previously approved by the commission to serve as an
20 officer, director, principal, or key employee of an alternative
21 treatment center, provided any such individual served in that
22 capacity at the alternative treatment center for six or more months.

23 (9) Whether the applicant can demonstrate that its governance
24 structure includes the involvement of a school of medicine or
25 osteopathic medicine licensed and accredited in the United States,
26 or a general acute care hospital, ambulatory care facility, adult day
27 care services program, or pharmacy licensed in New Jersey,
28 provided that:

29 (a) the school, hospital, facility, or pharmacy has conducted or
30 participated in research approved by an institutional review board
31 related to cannabis involving the use of human subjects, except in
32 the case of an accredited school of medicine or osteopathic
33 medicine that is located and licensed in New Jersey;

34 (b) the school, hospital, facility, or pharmacy holds a profit
35 share or ownership interest in the applicant's organization of 10
36 percent or more, except in the case of an accredited school of
37 medicine or osteopathic medicine that is located and licensed in
38 New Jersey; and

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

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

1 (11) Whether the applicant intends to or has entered into a
2 partnership with a prisoner re-entry program for the purpose of
3 identifying and promoting employment opportunities at the
4 applicant's organization for former inmates and current inmates
5 leaving the corrections system. If so, the applicant shall provide
6 details concerning the name of the re-entry program, the
7 employment opportunities at the applicant's organization that will
8 be made available to the re-entry population, and any other
9 initiatives the applicant's organization will undertake to provide
10 support and assistance to the re-entry population.

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

13 e. In addition to the information to be submitted pursuant to
14 subsections c. and d. of this section, the commission shall require
15 all permit applicants, other than applicants issued a conditional
16 permit, to submit an attestation signed by a bona fide labor
17 organization stating that the applicant has entered into a labor peace
18 agreement with such bona fide labor organization. Except in the
19 case of an entity holding an unconverted conditional permit, the
20 maintenance of a labor peace agreement with a bona fide labor
21 organization shall be an ongoing material condition of maintaining
22 a medical cannabis cultivator, medical cannabis manufacturer, or
23 medical cannabis dispensary permit. The submission of an
24 attestation and maintenance of a labor peace agreement with a bona
25 fide labor organization by an applicant issued a conditional permit
26 pursuant to subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-
27 7.1) shall be a requirement for conversion of a conditional permit
28 into a full permit. The failure to enter into a collective bargaining
29 agreement within 200 days after the date that a medical cannabis
30 cultivator, medical cannabis manufacturer, or medical cannabis
31 dispensary first opens shall result in the suspension or revocation of
32 such permit or conditional permit. In reviewing initial permit
33 applications, the commission shall give priority to the following:

34 (1) Applicants that are party to a collective bargaining
35 agreement with a labor organization that currently represents, or is
36 actively seeking to represent, cannabis workers in New Jersey.

37 (2) Applicants that are party to a collective bargaining
38 agreement with a labor organization that currently represents
39 cannabis workers in another state.

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

43 (4) Applicants that submit an attestation affirming that they will
44 use best efforts to utilize **[union]** building trades labor
45 organizations in the construction or retrofit of the facilities
46 associated with the permitted entity.

1 (5) Applicants that submit an attestation affirming that they have
2 a project labor agreement, or will utilize a project labor agreement,
3 which is a form of pre-hire collective bargaining agreement
4 covering terms and conditions of a specific project, including labor
5 issues and worker grievances associated with any construction or
6 retrofit of facilities, or other applicable project, associated with the
7 licensed entity.

8 The requirements of this subsection shall not apply to a
9 microbusiness applying for a conditional or annual permit of any
10 type.

11 f. In reviewing an initial permit application, unless the
12 information is otherwise solicited by the commission in a specific
13 application question, the commission's evaluation of the application
14 shall be limited to the experience and qualifications of the
15 applicant's organization, including any entities with common
16 ownership or control of the applicant's organization, controlling
17 owners or interest holders in the applicant's organization, the
18 officers, directors, and current or prospective employees of the
19 applicant's organization who have a bona fide relationship with the
20 applicant's organization as of the date of the application, and
21 consultants and independent contractors who have a bona fide
22 relationship with the applicant as of the date of the application.
23 Responses pertaining to applicants who are exempt from the
24 criminal history record background check requirements of section 7
25 of P.L.2009, c.307 (C.24:6I-7) shall not be considered. Each
26 applicant shall certify as to the status of the individuals and entities
27 included in the application.

28 g. The commission shall conduct a disparity study to determine
29 whether race-based measures should be considered when issuing
30 permits pursuant to this section, and shall incorporate the policies,
31 practices, protocols, standards, and criteria developed by the Office
32 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
33 Business Development pursuant to section 32 of P.L.2019, c.153
34 (C.24:6I-25) to promote participation in the medical cannabis
35 industry by persons from socially and economically disadvantaged
36 communities, including promoting applications for, and the
37 issuance of, medical cannabis cultivator, medical cannabis
38 manufacturer, and medical cannabis dispensary permits to certified
39 minority, women's, and disabled veterans' businesses. To this end,
40 the commission shall seek to issue at least 30 percent of the total
41 number of new medical cannabis cultivator permits, medical
42 cannabis manufacturer permits, and medical cannabis dispensary
43 permits issued on or after the effective date of P.L.2019, c.153
44 (C.24:6I-5.1 et al.) as follows:

45 (1) at least 15 percent of the total number of new medical
46 cannabis cultivator permits, medical cannabis manufacturer

1 permits, and medical cannabis dispensary permits issued on or after
2 the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued
3 to a qualified applicant that has been certified as a minority
4 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.); and

5 (2) at least 15 percent of the total number of new medical
6 cannabis cultivator permits, medical cannabis manufacturer
7 permits, and medical cannabis dispensary permits issued on or after
8 the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued
9 to a qualified applicant that has been certified as a women's
10 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.) or
11 that is a disabled-veterans' business, as defined in section 2 of
12 P.L.2015, c.116 (C.52:32-31.2).

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

16 h. The commission shall give special consideration to any
17 applicant that has entered into an agreement with an institution of
18 higher education to create an integrated curriculum involving the
19 cultivation, manufacturing, dispensing or delivery of medical
20 cannabis, provided that the curriculum is approved by both the
21 commission and the Office of the Secretary of Higher Education
22 and the applicant agrees to maintain the integrated curriculum in
23 perpetuity. An integrated curriculum permit shall be subject to
24 revocation if the IC permit holder fails to maintain or continue the
25 integrated curriculum. In the event that, because of circumstances
26 outside an IC permit holder's control, the IC permit holder will no
27 longer be able to continue an integrated curriculum, the IC permit
28 holder shall notify the commission and shall make reasonable
29 efforts to establish a new integrated curriculum with an institution
30 of higher education, subject to approval by the commission and the
31 Office of the Secretary of Higher Education. If the IC permit
32 holder is unable to establish a new integrated curriculum within six
33 months after the date the current integrated curriculum arrangement
34 ends, the commission shall revoke the entity's IC permit, unless the
35 commission finds there are extraordinary circumstances that justify
36 allowing the permit holder to retain the permit without an integrated
37 curriculum and the commission finds that allowing the permit
38 holder to retain the permit would be consistent with the purposes of
39 P.L.2009, c.307 (C.24:6I-1 et al.), in which case the IC permit shall
40 convert to a regular permit of the same type. The commission may
41 revise the application and permit fees or other conditions for an IC
42 permit as may be necessary to encourage applications for IC
43 permits.

44 i. Application materials submitted to the commission pursuant
45 to this section shall not be considered a public record pursuant to

1 P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et
2 al.).

3 j. If the commission notifies an applicant that it has performed
4 sufficiently well on multiple applications to be awarded more than
5 one medical cannabis cultivator permit, more than one medical
6 cannabis manufacturer permit, or more than one medical cannabis
7 dispensary permit by the commission, the applicant shall notify the
8 commission, within seven business days after receiving such notice,
9 as to which permit it will accept. For any permit award declined by
10 an applicant pursuant to this subsection, the commission shall, upon
11 receiving notice from the applicant of the declination, award the
12 permit to the applicant for that permit type who, in the
13 determination of the commission, best satisfies the commission's
14 criteria while meeting the commission's determination of Statewide
15 need. If an applicant fails to notify the commission as to which
16 permit it will accept, the commission shall have the discretion to
17 determine which permit it will award to the applicant, based on the
18 commission's determination of Statewide need and other
19 applications submitted for facilities to be located in the affected
20 regions.

21 k. The provisions of this section shall not apply to any permit
22 applications submitted pursuant to a request for applications
23 published in the New Jersey Register prior to the effective date of
24 P.L.2019, c.153 (C.24:6I-5.1 et al.).
25 (cf: P.L.2019, c.153, s.12)
26

27 17. Section 13 of P.L.2019, c.153 (C.24:6I-7.3) is amended to
28 read as follows:

29 13. a. The commission shall issue clinical registrant permits to
30 qualified applicants that meet the requirements of this section. In
31 addition to any other requirements as the commission establishes by
32 regulation regarding application for and issuance of a clinical
33 registrant permit, each clinical registrant applicant shall:

34 (1) complete a criminal history record background check that
35 meets the requirements of subsection d. of section 7 of P.L.2009,
36 c.307 (C.24:6I-7);

37 (2) submit to the commission any required application and
38 permit fees;

39 (3) submit to the commission written documentation of an
40 existing contract with an academic medical center that meets the
41 requirements of subsection c. of this section; and

42 (4) submit to the commission documentation that the applicant
43 has a minimum of \$15 million in capital.

44 b. The commission shall, no later than 90 days after the
45 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon
46 adoption of rules and regulations as provided in subsection c. of

1 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs first,
2 begin accepting and processing applications for four clinical
3 registrant permits. Thereafter, the commission shall accept
4 applications for and issue such additional clinical registrant permits
5 as it determines to be necessary and consistent with the provisions
6 of P.L.2009, c.307 (C.24:6I-1 et al.). The commission shall make a
7 determination as to a clinical registrant permit application no later
8 than 90 days after receiving the application, which may include a
9 determination that the commission reasonably requires more time to
10 adequately review the application. In reviewing and approving
11 applications for clinical registrant permits, the commission shall
12 seek to incorporate the policies, practices, protocols, standards, and
13 criteria developed by the Office of Minority, Disabled Veterans,
14 and Women **【Medical】** Cannabis Business Development pursuant
15 to section 32 of P.L.2019, c.153 (C.24:6I-25) to promote
16 participation in the medical cannabis industry by persons from
17 socially and economically disadvantaged communities. In no case
18 shall the commission accept, process, or approve an application
19 submitted by an applicant that has contracted with an academic
20 medical center that is part of a health care system that includes
21 another academic medical center that has contracted with an
22 applicant for, or a holder of, a clinical registrant permit.

23 c. A contract between a clinical registrant and an academic
24 medical center shall include a commitment by the academic medical
25 center, or its affiliate, to engage in or oversee clinical research
26 related to the use or adverse effects of **【medical】** cannabis in order
27 to advise the clinical registrant concerning patient health and safety,
28 medical applications, **【and】** dispensing and management of
29 controlled substances, and ways to mitigate adverse health or
30 societal effects of adult, personal use legalization, among other
31 areas. A clinical registrant issued a permit pursuant to this section
32 shall have a written contractual relationship with no more than one
33 academic medical center.

34 d. A clinical registrant issued a permit pursuant to this section
35 shall be authorized to engage in all conduct involving the
36 cultivation, manufacturing, and dispensing of medical cannabis as is
37 authorized for an entity holding medical cannabis cultivator,
38 medical cannabis manufacturer, and medical cannabis dispensary
39 permits pursuant to P.L.2009, c.307 (C.24:6I-1 et al.), including
40 dispensing medical cannabis and medical cannabis products to
41 qualifying patients and designated and institutional caregivers. The
42 clinical registrant shall additionally be authorized to engage in
43 clinical research involving medical cannabis using qualifying
44 patients who consent to being part of such research, subject to any
45 restrictions established by the commission.

1 e. (1) A clinical registrant issued a permit pursuant to this
2 section may conduct authorized activities related to medical
3 cannabis at more than one physical location, provided that each
4 location is approved by the commission and is in the same region in
5 which the academic medical center with which the clinical
6 registrant has a contract is located.

7 (2) A clinical registrant may apply to the commission for
8 approval to relocate an approved facility to another location in the
9 same region, which application shall be approved unless the
10 commission makes a specific determination that the proposed
11 relocation would be inconsistent with the purposes of P.L.2009,
12 c.307 (C.24:6I-1 et al.). The denial of an application for relocation
13 submitted pursuant to this paragraph shall be considered a final
14 agency decision, subject to review by the Appellate Division of the
15 Superior Court.

16 (3) The commission may authorize a clinical registrant to
17 dispense medical cannabis and medical cannabis products from
18 more than one physical location if the commission determines that
19 authorizing additional dispensing locations is necessary for the
20 clinical registrant to best serve and treat qualifying patients and
21 clinical trial participants.

22 (4) In no case shall a clinical registrant operate or be located on
23 land that is valued, assessed or taxed as an agricultural or
24 horticultural use pursuant to the "Farmland Assessment Act of
25 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

26 f. A clinical registrant permit shall not be sold or transferred to
27 any other entity.

28 g. Clinical registrant permits shall be valid for the term of the
29 contractual relationship between the academic medical center and
30 the clinical registrant. The commission may renew a clinical
31 registrant permit to correspond to any renewal of the contractual
32 relationship between the academic medical center and the clinical
33 registrant.

34 h. Each clinical registrant shall submit the results of the clinical
35 research obtained through an approved clinical registrant permit to
36 the commission no later than one year following the conclusion of
37 the research study or publication of the research study in a peer-
38 reviewed medical journal. Nothing in this subsection shall be
39 deemed to require the disclosure of any clinical research that would
40 infringe on the intellectual property of the clinical registrant or on
41 the confidentiality of patient information.

42 i. Application materials submitted to the commission pursuant
43 to this section shall not be considered a public record pursuant to
44 P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et
45 al.).

46 (cf: P.L.2019, c.153, s.13)

1 18. (New section) Regulation of Cannabis.

2 a. The commission shall adopt rules and regulations, pursuant to
3 subsection d. of section 6 of P.L. , c. (C.) (pending before the
4 Legislature as this bill), which shall be consistent with the intent of
5 P.L. , c. (C.) (pending before the Legislature as this bill). The
6 commission may create an expert task force to make recommendations
7 to the commission about the content of such regulations. Such
8 regulations shall include:

9 (1) Procedures for the application, issuance, denial, renewal,
10 suspension, and revocation of a license or conditional license to
11 operate as a cannabis establishment, distributor, or delivery service.
12 Such procedures shall include a periodic evaluation of whether the
13 number of each class of cannabis establishment, or cannabis
14 distributors or cannabis delivery services, is sufficient to meet the
15 market demands of the State, a result of which is the commission's
16 authority to make requests for new applications and issue additional
17 licenses as it deems necessary to meet those demands, except as
18 otherwise provided in section 33 of P.L. , c. (C.) (pending
19 before the Legislature as this bill) regarding an initial period during
20 which the number of Class 1 Cannabis Grower licenses is capped;

21 (2) Application, licensure, and renewal of licensure fees;

22 (3) Incorporation of the licensing goals for applicants for
23 licensure who are New Jersey residents established in P.L. ,
24 c. (C.) (pending before the Legislature as this bill). The
25 commission shall make good faith efforts to meet these goals.
26 Qualifications for licensure shall be directly and demonstrably
27 related to the operation of a cannabis establishment, distributor, or
28 delivery service, provided that the commission shall make licenses
29 available to as diverse a group as reasonably practicable, however
30 no license of any kind shall be issued to a person under the legal
31 age to purchase cannabis items;

32 (4) (a) Incorporation of the licensing measures established by
33 the Office of Minority, Disabled Veterans, and Women Cannabis
34 Business Development pursuant to subparagraph (b) of paragraph (1)
35 of subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25) to
36 promote the licensing of persons from socially and economically
37 disadvantaged communities, and minority businesses and women's
38 businesses, as these terms are defined in section 2 of P.L.1986,
39 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
40 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The
41 commission shall coordinate with the office with respect to the
42 incorporation of these licensing measures;

43 (b) Procedures, to monitor the incorporated licensing measures
44 established by the Office of Minority, Disabled Veterans, and Women
45 Cannabis Business Development, which shall include a verification, as
46 part of the application process for licensure or license renewal, of a
47 minority, women's, or disabled veterans' business certification
48 provided to that business by the office pursuant to paragraph (1) of

1 subsection b. of section 32 of P.L.2019, c.153 (C.24:6I-25), or
2 verification of an application for certification under review by the
3 office pursuant to that paragraph, which review is occurring
4 simultaneous to the application for licensure or license renewal;

5 (5) Security requirements for cannabis establishments and
6 transportation of cannabis;

7 (6) Requirements to prevent the sale or diversion of cannabis
8 items to persons under the legal age to purchase cannabis items,
9 including, but not limited to, requirements that:

10 (a) All licensees and licensee representatives, before permitting
11 entrance to a cannabis establishment and selling or serving cannabis
12 items to any person, shall require such person to produce one of the
13 following pieces of identification:

14 (i) The person's United States passport;

15 (ii) The person's motor vehicle driver's license, whether issued by
16 New Jersey or by any other state, provided the license displays a
17 picture of the person;

18 (iii) A New Jersey identification card issued by the New Jersey
19 Motor Vehicle Commission; or

20 (iv) Any other identification card issued by a state or the United
21 States that bears a picture of the person, the name of the person, the
22 person's date of birth, and a physical description of the person;

23 (b) No cannabis establishment, distributor, or delivery service
24 shall employ persons under 18 years of age nor shall any cannabis
25 retailer allow persons under the legal age to purchase cannabis
26 items, other than a person employed by the retailer, to enter or
27 remain on the premises of a cannabis retailer unless accompanied
28 by a parent or legal guardian;

29 (c) Packaging and branding regulations to prevent the marketing
30 of cannabis items and cannabis paraphernalia to people under the
31 legal age to purchase cannabis items;

32 (d) No edible cannabis items shall be produced, marketed, or
33 sold that are in the shape of, or a shape bearing the likeness or
34 containing characteristics of, a realistic or fictional human, animal,
35 or fruit, or part thereof, including artistic, caricature, or cartoon
36 renderings;

37 (7) Labeling and packaging requirements for cannabis items
38 sold or distributed by a cannabis establishment, including, but not
39 limited to, the affixing of a tracking stamp to containers or
40 packaging as set forth in section 29 of P.L.2019, c.153 (C.24:6I-22)
41 and requirements that:

42 (a) Cannabis items and cannabis paraphernalia are not
43 packaged, branded, or marketed using any statement, illustration, or
44 image that:

45 (i) Includes false, deceptive, or misleading statements;

46 (ii) Promotes over-consumption;

47 (iii) Depicts a child or other person under legal age consuming
48 cannabis items; or

- 1 (iv) Includes objects, such as toys, characters, or cartoon
2 characters suggesting the presence of a person under the legal age to
3 purchase cannabis items, or any other depiction designed in any
4 manner to be especially appealing to persons under the legal age to
5 purchase cannabis items;
- 6 (b) Ensure cannabis items are packaged in opaque, child-
7 resistant special packaging, or if applicable to a particular cannabis
8 item, child resistant special packaging for liquid nicotine containers, in
9 accordance with the “Poison Prevention Packaging Act of 1970,” 15
10 U.S.C. s.1471 et seq., and the associated regulations promulgated
11 thereunder, except that these child-resistant packaging requirements
12 shall not apply to any cannabis item obtained from a cannabis retailer
13 or alternative treatment center for immediate, on-premises
14 consumption at that retailer’s or center’s cannabis consumption area as
15 permitted pursuant to section 28 of P.L.2019, c.153 (C.24:6I-21);
- 16 (c) Cannabis items warning labels adequately inform consumers
17 about safe cannabis use and warn of the consequences of misuse or
18 overuse;
- 19 (d) Labeling rules that mandate clear identification of health
20 and safety information, including, but not limited to:
- 21 (i) Net weight;
- 22 (ii) Production date and expiration date;
- 23 (iii) An ingredient list that includes, but is not limited to, all
24 ingredients used to manufacture the cannabis product and a list of
25 all potential allergens contained within the product;
- 26 (iv) Strain or type of cannabis, listed by scientific terms, if
27 available, and generic or “slang” names;
- 28 (v) Whether the product requires refrigeration;
- 29 (vi) Growth method (whether dirt grown, hydroponic, or
30 otherwise) and an indication whether the cannabis was grown using
31 all-organic materials, and a complete list of any nonorganic
32 pesticides, fungicides and herbicides used during the cultivation of
33 the cannabis;
- 34 (vii) Serving size, the total number of servings, and a statement
35 regarding the percentage of THC contained in the cannabis product
36 and in each serving. For example: “The serving size of active THC
37 in this product is X mg. This product contains X servings of
38 cannabis, and the total amount of active THC in this product is X
39 mg.”;
- 40 (viii) Warning labels that include the nationwide toll-free
41 telephone number used to access poison control centers that is
42 maintained in accordance with 42 U.S.C. s.300d-71, as well as
43 include, but are not limited to, one or more of the following:
- 44 -- “This product contains cannabis”;
- 45 -- “This product is infused with cannabis”;
- 46 -- “This product is intended for use by adults 21 years of age or
47 older. Keep out of the reach of children”;

1 -- “The intoxicating effects of this product may be delayed by
2 two or more hours”;

3 -- “There may be health risks associated with the consumption of
4 this product, including for women who are pregnant, breastfeeding,
5 or planning on becoming pregnant”;

6 -- “Do not drive a motor vehicle or operate heavy machinery
7 while using cannabis”;

8 (e) Labeling rules that mandate the source of the cannabis items,
9 including, but not limited to, the license number of the cannabis
10 cultivation facility where the cannabis used to produce the cannabis
11 item was grown, the license number of the cannabis product
12 manufacturing facility that produced the cannabis item, and the
13 license number of the cannabis retailer that sold the cannabis item
14 and the production batch and lot numbers of the cannabis items;

15 (8) Health and safety regulations and standards for the
16 manufacture and sale of cannabis products and the cultivation of
17 cannabis, including, but not limited to, requirements that:

18 (a) Establish accreditation and licensure criteria for cannabis
19 testing facilities, which shall include, as a condition for licensure, the
20 maintenance of a labor peace agreement and entrance into, or good
21 faith effort to enter into, a collective bargaining agreement in
22 accordance with subsection c. of section 18 of P.L. , c. (C.)
23 (pending before the Legislature as this bill). The commission shall
24 also incorporate the licensing measures established by the Office of
25 Minority, Disabled Veterans, and Women Cannabis Business
26 Development, and the assessment of their effectiveness, pursuant to
27 subparagraph (b) of paragraph (1) of subsection c. of section 32 of
28 P.L.2019, c.153 (C.24:6I-25), and apply them to the licensing of
29 cannabis testing facilities in order to promote the licensing of
30 persons from socially and economically disadvantaged
31 communities, and minority businesses and women’s businesses, as
32 these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-
33 21.18), and disabled veterans’ businesses as defined in section 2 of
34 P.L.2015, c.116 (C.52:32-31.2). The license shall permit a cannabis
35 testing facility to test cannabis and cannabis items in accordance
36 with the provisions set forth in P.L. , c. (C.) (pending
37 before the Legislature as this bill), as well as test medical cannabis
38 and medical cannabis products in accordance with the provisions of
39 the “Jake Honig Compassionate Use Medical Cannabis Act,”
40 P.L.2009, c.307 (C.24:6I-1 et al.);

41 (b) (i) The commission issue licenses for a sufficient number of
42 cannabis testing facilities, if those facilities meet the requirements
43 for licensure, in order to ensure that the testing of representative
44 samples of cannabis items in accordance with the procedures set
45 forth in paragraph (13) of this subsection can be completed in not
46 more than 14 days following their submission to any facility. Other
47 factors that may be considered by the commission in determining
48 whether a sufficient number of cannabis testing facilities are

1 currently licensed include the current licensees' experience or
2 expertise in testing highly regulated products, demonstrated testing
3 efficiency and effectiveness, existing research partnerships or
4 capability to form and maintain research partnerships focusing on
5 cannabis items, and any other factors established in regulation by
6 the commission; and

7 (ii) Permits the commission to inspect any licensed cannabis
8 testing facility to determine the condition and calibration of any
9 equipment used for testing, and to ensure that a facility's testing
10 procedures are performed in accordance with the commission's
11 accreditation requirements for licensure;

12 (c) Every licensed cannabis cultivation facility and cannabis
13 product manufacturing facility shall permit representatives of
14 cannabis testing facilities to make scheduled and unscheduled visits
15 to facilities in order to obtain random samples of cannabis items, in
16 a quantity established by the commission, to be transported to
17 cannabis testing facilities for inspection and testing to certify
18 compliance with health, safety, and potency standards adopted by
19 the commission;

20 (d) Prescribe methods of producing, processing, and packaging
21 cannabis items; conditions of sanitation; safe handling
22 requirements; approved pesticides and pesticide testing
23 requirements, to the extent not inconsistent with approved pesticides
24 and requirements otherwise established under federal and State law;
25 and standards of ingredients, quality, and identity of cannabis items
26 produced, processed, packaged, or sold by cannabis establishments;

27 (e) Establish accreditation and licensing criteria for responsible
28 cannabis server and seller training and certification programs for
29 cannabis retailer employees;

30 (f) Provide that no licensed cannabis establishment, distributor,
31 or delivery service, or employee of a cannabis establishment or
32 distributor, shall consume, or allow to be consumed, any cannabis
33 items on the establishment's, distributor's, or delivery service's
34 premises, except as permitted in a cannabis consumption area or
35 private area as set forth in section 28 of P.L.2019, c.153 (C.24:6I-
36 21);

37 (g) (i) Set appropriate dosage, potency, and serving size limits
38 for cannabis and other cannabis items, provided that a standardized
39 serving of cannabis shall be no more than 10 milligrams of active
40 THC and no individual edible retail product unit for sale shall
41 contain more than 100 milligrams of active THC;

42 (ii) Require that each single standardized serving of cannabis in
43 a multiple-serving edible cannabis product is physically demarked
44 in a way that enables a reasonable person to determine how much of
45 the product constitutes a single serving of active THC, and that each
46 standardized serving of cannabis shall be easily separable to allow
47 an average person 21 years of age or older to physically separate,
48 with minimal effort, individual servings of the product;

1 (iii) Require that, if it is impracticable to clearly demark every
2 standardized serving of cannabis or to make each standardized
3 serving easily separable in an edible cannabis product, the product
4 shall contain no more than 10 milligrams of active THC per unit of
5 sale;

6 (h) Establish a universal symbol to indicate that a cannabis item
7 contains cannabis, which shall be marked, stamped, or imprinted
8 directly on an edible retail cannabis item, or on each single
9 standardized serving in a multiple-serving edible cannabis item,
10 unless the item is a loose bulk good such as granola or cereal, a
11 powder, a liquid-infused item, or another form too impractical to be
12 marked, stamped, or imprinted;

13 (i) Prohibit the use of a commercially manufactured or
14 trademarked food product as an edible retail cannabis item, provided
15 that a commercially manufactured or trademarked food product may
16 be used as a component of an edible retail cannabis item or part of an
17 item's recipe so long as the commercially manufactured or
18 trademarked food product is used in a way that renders it
19 unrecognizable in the final edible retail cannabis item and the item is
20 not advertised as containing the commercially manufactured or
21 trademarked food product;

22 (j) Establish screening, hiring, training, and supervising
23 requirements for retail store employees and others who manufacture
24 or handle cannabis items;

25 (k) Promote general sanitary requirements for the handling,
26 storage, and disposal of cannabis items, and the maintenance of
27 cannabis establishments;

28 (l) Provide for rigorous auditing, inspection, and monitoring of
29 cannabis establishments, distributors, and delivery services for
30 compliance with health and safety rules and regulations;

31 (m) Require the implementation of security requirements for
32 retail outlets and premises where cannabis items are produced or
33 processed, and safety protocols for cannabis establishments,
34 distributors, and delivery services, and their employees;

35 (n) Prescribe reasonable restrictions on the manner, methods,
36 and means by which licensees shall transport cannabis items within
37 the State; and

38 (o) Establish procedures for identification, seizure, confiscation,
39 destruction, or donation to law enforcement for training purposes of
40 all cannabis or cannabis products produced, processed, sold, or
41 offered for sale within this State which do not conform in all
42 respects to the standards prescribed by P.L. , c. (C.)
43 (pending before the Legislature as this bill);

44 (9) Restrictions on the advertising and display of cannabis items
45 and cannabis paraphernalia, including, but not limited to,
46 requirements that:

47 (a) Restrict advertising of cannabis items and cannabis
48 paraphernalia in ways that target or are designed to appeal to

1 individuals under the legal age to purchase cannabis items,
2 including, but not limited to depictions of a person under 21 years
3 of age consuming cannabis, or, includes objects, such as toys,
4 characters, or cartoon characters suggesting the presence of a
5 person under 21 years of age, or any other depiction designed in any
6 manner to be especially appealing to a person under 21 years of
7 age;

8 (b) Prohibit advertising of any cannabis items or cannabis
9 paraphernalia on television, or on radio between the hours of
10 6:00am and 10:00pm;

11 (c) Prohibit engaging in advertising unless the advertiser has
12 reliable evidence that at least 71.6 percent of the audience for the
13 advertisement is reasonably expected to be 21 years of age or older;

14 (d) Prohibit engaging in advertising or marketing directed
15 towards location-based devices, including but not limited to cellular
16 phones, unless the marketing is a mobile device application
17 installed on the device by the owner of the device who is 21 years
18 of age or older and includes a permanent and easy opt-out feature
19 and warnings that the use of cannabis items is restricted to persons
20 21 years of age or older;

21 (e) Prohibit the sponsoring of a charitable, sports, musical,
22 artistic, cultural, social, or other similar event or advertising at or in
23 connection with such an event unless the sponsor or advertiser has
24 reliable evidence that no more than 20 percent of the audience at the
25 event is reasonably expected to be under the legal age to purchase
26 cannabis items;

27 (f) Require all advertisements to contain the following warning:
28 “This product contains cannabis. For use only by adults 21 years of
29 age or older. Keep out of the reach of children.”;

30 (g) Prohibit the advertising of cannabis items or cannabis
31 paraphernalia in any form or through any medium whatsoever
32 within 200 feet of an elementary or secondary school grounds.

33 For the purposes of this section, a noncommercial message shall
34 not be considered an advertisement. This section also shall not
35 apply to advertisements within the premises of a cannabis retailer.

36 (10) A requirement that only cannabis items and cannabis
37 paraphernalia are available for sale at a cannabis establishment;

38 (11) Procedures for the commission to conduct announced and
39 unannounced visits to cannabis establishments, distributors, and
40 delivery services, to make, or cause to be made, such investigations
41 as it shall deem proper in the administration of P.L. ,

42 c. (C.) (pending before the Legislature as this bill) and any
43 other laws which may hereafter be enacted concerning cannabis, or
44 the manufacture, distribution, sale, or delivery thereof, including
45 the inspection and search of premises for which the license is
46 sought or has been issued, of any building containing the same, of
47 licensed buildings, examination of the books, records, accounts,
48 documents and papers of the licensees or on the licensed premises;

1 (a) The commission shall be authorized, after adequate notice to
2 the owner or the agent of the owner, to make an examination of the
3 books and may at any time make an examination of the premises of
4 any person licensed under P.L. , c. (C.) (pending before the
5 Legislature as this bill) for the purpose of determining compliance
6 with P.L. , c. (C.) (pending before the Legislature as this
7 bill) and the rules of the commission. The commission shall not
8 require the books of any licensee to be maintained on the premises
9 of the licensee;

10 (b) The commission may, at any time, examine the books and
11 records of any cannabis licensee, require compliance with P.L. ,
12 c. (C.) (pending before the Legislature as this bill), and may
13 appoint auditors, investigators and other employees that the
14 commission considers necessary to enforce its powers and perform
15 its duties;

16 (c) During any inspection of a licensed premises, the
17 commission may require proof that a person performing work at the
18 premises is 18 years of age or older. If the person does not provide
19 the commission with acceptable proof of age upon request, the
20 commission may require the person to immediately cease any
21 activity and leave the premises until the commission receives
22 acceptable proof of age; and

23 (d) The commission shall not be required to obtain a search
24 warrant to conduct an investigation or search of licensed premises;

25 (12) Record keeping requirements, including, but not limited to,
26 the following:

27 (a) The obligation of every cannabis grower to keep a complete
28 and accurate record of all sales of cannabis flowers, cannabis
29 leaves, and immature cannabis plants, and a complete and accurate
30 record of the number of cannabis flowers produced, the number of
31 ounces of cannabis leaves produced, the number of immature
32 cannabis plants produced, and the dates of production; the
33 obligation of every cannabis establishment to keep a complete and
34 accurate record of all sales of cannabis, and a complete and accurate
35 record of the number of ounces of cannabis items sold; the
36 obligation of every cannabis distributor to keep a complete and
37 accurate record of all cannabis items transported in bulk, and the
38 sending and receiving cannabis establishments involved in each
39 transportation of the cannabis items; and the obligation of every
40 cannabis delivery service to keep a complete and accurate record of
41 all cannabis item deliveries made on behalf of a cannabis retailer;

42 (b) Such records shall be kept and maintained for four years and
43 the records shall be in such form and contain such other information
44 as the commission may require; and

45 (c) The commission may, at any time, with adequate notice,
46 examine the books and records of any cannabis establishment,
47 distributor, or delivery service, and may appoint auditors,
48 investigators, and other employees that the commission considers

1 necessary to enforce its powers and duties as described in P.L. ,
2 c. (C.) (pending before the Legislature as this bill);

3 (13) Procedures for inspecting samples of cannabis items,
4 including:

5 (a) On a schedule determined by the commission, every licensed
6 cannabis grower and processor shall submit representative samples
7 of cannabis, useable cannabis, or cannabis-infused products
8 produced or processed by the licensee to an independent, third-party
9 licensed testing facility meeting the accreditation requirements
10 established by the commission, for inspection and testing to certify
11 compliance with standards adopted by the commission. Any sample
12 remaining after testing shall be destroyed by the facility or returned
13 to the licensee, unless that sample does not meet the applicable
14 standards adopted by the commission, in which case it may be retained
15 for purposes of retesting upon request of a licensee in accordance with
16 subparagraph (c) of this paragraph;

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

20 (c) If a representative sample inspected and tested under this
21 section does not meet the applicable standards adopted by the
22 commission, the representative sample may, upon notice to the
23 commission, be retested at the request of a licensee in a manner
24 prescribed by the commission, and in addition to a retest, or as an
25 alternative thereto, the licensee may also be permitted an
26 opportunity to remediate, upon notice to the commission, the lot
27 from which the failed representative sample was taken, which lot
28 shall be subject to a subsequent test of a new representative sample
29 in a manner prescribed by the commission. Any request for a retest
30 of a representative sample, and any retest and reporting of results,
31 as well as any lot remediation process undertaken and subsequent
32 testing of that lot, shall be completed within a time period
33 established by the commission. The commission shall also provide
34 a process by which representative samples and lots that failed
35 retesting or remediation, as applicable, shall be destroyed;

36 (14) Establishing the number of cannabis retailers:

37 (a) Assuming there are sufficient qualified applicants for
38 licensure, the commission shall, subject to annual review, issue a
39 sufficient number of Class 5 Retailer licenses to meet the market
40 demands of the State, giving regard to geographical and population
41 distribution throughout the State; and

42 (b) the provision of adequate access to licensed sources of
43 useable cannabis and cannabis products to discourage purchases
44 from the illegal market; and

45 (15) Civil penalties for the failure to comply with regulations
46 adopted pursuant to this section.

47 b. In order to ensure that individual privacy is protected, the
48 commission shall not require a consumer to provide a cannabis retailer

1 with personal information other than government-issued identification
2 to determine the consumer's age, and a cannabis retailer shall not
3 collect and retain any personal information about consumers other than
4 information typically acquired in a financial transaction conducted by
5 the holder of a Class C retail license concerning alcoholic beverages as
6 set forth in R.S.33:1-12.

7 c. Once regulations are adopted by the commission pursuant to
8 subsection a. of this section, but prior to the commencement of the
9 application process, the commission shall conduct a series of
10 information sessions in every county in New Jersey to educate
11 residents of New Jersey about the responsibilities, opportunities,
12 requirements, obligations, and processes for application for a
13 license to operate a cannabis establishment, distributor, or delivery
14 service. The commission shall conduct an appropriate number of
15 information sessions in each county considering the population of
16 each county, but no fewer than one information session in each
17 county. The commission shall publicize the day, time, location, and
18 agenda of each information session broadly through television,
19 radio, Internet, print, and local agencies.

20 d. The commission shall:

21 (1) Examine available research, and may conduct or commission
22 new research or convene an expert task force, to investigate the
23 influence of cannabis and marijuana on the ability of a person to
24 drive a vehicle, on methods for determining whether a person is under
25 the influence of cannabis or marijuana, and on the concentration of
26 delta-9 tetrahydrocannabinol in a person's blood, in each case taking
27 into account all relevant factors; and

28 (2) Report, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
29 19.1), the results of the research to the Legislature and make
30 recommendations to the Legislature regarding legislation or other
31 legislative action as the commission deems necessary.

32

33 19. (New section) Application For License or Conditional
34 License.

35 a. Each application for an annual license to operate a cannabis
36 establishment, distributor, or delivery service, or conditional license
37 for a proposed cannabis establishment, distributor, or delivery
38 service, shall be submitted to the commission. A separate license or
39 conditional license shall be required for each location at which a
40 cannabis establishment seeks to operate, or for the location of each
41 premises from which a cannabis distributor or delivery service
42 seeks to operate. Renewal applications for another annual license
43 may be filed up to 90 days prior to the expiration of the
44 establishment's, distributor's, or delivery service's license. A
45 conditional license shall not be renewed, but replaced with an
46 annual license upon the commission's determination of
47 qualification for the annual license, or otherwise expire, as set forth
48 in paragraph (2) of subsection b. of this section.

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

3 (a) begin accepting and processing applications within 30 days
4 after the commission's initial rules and regulations have been
5 adopted pursuant to subparagraph (a) of paragraph (1) of subsection
6 d. of section 6 of P.L. , c. (C.) (pending before the Legislature
7 as this bill);

8 (b) forward, within seven days of receipt, a copy of each
9 application to the municipality in which the applicant desires to
10 operate the cannabis establishment, distributor, or delivery service;
11 and

12 (c) verify the information contained in the application and
13 review the qualifications for the applicable license class, set forth in
14 section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending
15 before the Legislature as this bill), and regulations concerning
16 qualifications for licensure promulgated by the commission for
17 which the applicant seeks licensure, and not more than 90 days after
18 the receipt of an application, make a determination as to whether
19 the application is approved or denied, or that the commission
20 requires more time to adequately review the application.

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

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

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

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

8 (a) begin accepting and processing applications from applicants
9 within 30 days after the commission’s initial rules and regulations
10 have been adopted pursuant to subparagraph (a) of paragraph (1) of
11 subsection d. of section 6 of P.L. , c. (C.) (pending before the
12 Legislature as this bill), and ensure that at least 35 percent of the
13 total licenses issued for each class of cannabis establishment, and
14 for cannabis distributors and delivery services, are conditional
15 licenses, which 35 percent figure shall also include any conditional
16 license issued to an applicant which is subsequently replaced by the
17 commission with an annual license due to that applicant’s
18 compliance for the annual license pursuant to subparagraph (i)
19 of subparagraph (d) of this paragraph;

20 (b) forward, within seven days of receipt, a copy of each
21 application to the municipality in which the applicant desires to
22 operate a proposed cannabis establishment, or to the municipality in
23 which the premises is located from which the applicant desires to
24 operate a proposed cannabis distributor or delivery service; and

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

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

30 (ii) a listing included with the application, showing all persons
31 with a financial interest who also has decision making authority for
32 the proposed cannabis establishment, distributor, or delivery service
33 detailed in the application;

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

38 (iv) the name, address, date of birth, and resumes of each
39 executive officer and all significantly involved persons with a
40 financial interest who also has decision making authority for the
41 proposed cannabis establishment, distributor, or delivery service, as
42 well as a photocopy of their driver’s licenses or other government-
43 issued form of identification, plus background check information in
44 a form and manner determined by the commission in consultation
45 with the Superintendent of State Police; concerning the background
46 check, an application shall be denied if any person has any
47 disqualifying conviction pursuant to subparagraph (c) of paragraph
48 (4) of subsection a. of section 19, 21, 22, 23, or 24 of P.L. ,

1 c. (C.) (pending before the Legislature as this bill), based
2 upon the applicable class of cannabis establishment for which the
3 application was submitted, or based upon the application being for a
4 cannabis distributor or delivery service, unless the commission
5 determines pursuant to subsubparagraph (ii) of those subparagraphs
6 that the conviction should not disqualify the application;

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

12 (vi) a certification that each person with a financial interest who
13 also has decision making authority for the proposed cannabis
14 establishment, distributor, or delivery service does not have any
15 financial interest in an application for an annual license under
16 review before the commission or a cannabis establishment or
17 distributor that is currently operating with an annual license;

18 (vii) the federal and State tax identification numbers for the
19 proposed cannabis establishment, distributor, or delivery service,
20 and proof of business registration with the Division of Revenue in
21 the Department of the Treasury;

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

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

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

31 (xi) any other requirements established by the commission
32 pursuant to regulation; and

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

37 The commission shall deny a license application to any applicant
38 who fails to provide information, documentation and assurances as
39 required by P.L. , c. (C.) (pending before the Legislature as
40 this bill) or as requested by the commission, or who fails to reveal any
41 fact material to qualification, or who supplies information which is
42 untrue or misleading as to a material fact pertaining to the qualification
43 criteria for licensure. The commission shall approve a license
44 application that meets the requirements of this section unless the
45 commission finds by clear and convincing evidence that the applicant
46 would be manifestly unsuitable to perform the activities for the
47 applicable license class for which licensure is sought.

1 (i) If the application is approved, upon collection of the
2 conditional license fee, the commission shall issue a conditional
3 license to the applicant, which is non-transferable for its duration,
4 no later than 30 days after giving notice of approval of the
5 application, unless the commission finds the applicant is not in
6 compliance with regulations for conditional licenses enacted
7 pursuant to the provisions of paragraph (1) of subsection d. of
8 section 6 of P.L. , c. (C.) (pending before the legislature as
9 this bill) or the commission is notified by the relevant municipality
10 that the applicant is not in compliance with ordinances and
11 regulations made pursuant to the provisions of section 31 of P.L. of
12 P.L. , c. (C.) (pending before the Legislature as this bill)
13 and in effect at the time of application, provided, if a municipality
14 has enacted a numerical limit on the number of marijuana cannabis
15 establishments, distributors, or delivery services and a greater
16 number of applicants seek licenses, the commission shall solicit and
17 consider input from the municipality as to the municipality's
18 preference or preferences for licensure. For each license issued, the
19 commission shall also provide the approved licensee with
20 documentation setting forth the remaining conditions to be satisfied
21 under section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), or relevant regulations,
23 based upon the applicable class of cannabis establishment for which
24 the conditional license was issued, or based upon the conditional
25 license issued for a cannabis distributor or delivery service, and
26 which were not already required for the issuance of that license, to
27 be completed within 120 days of issuance of the conditional license,
28 which period may be extended upon request to the commission for
29 an additional period of up to 45 days at the discretion of the
30 commission. If the commission subsequently determines during
31 that 120-day period, or during any additional period granted, that
32 the conditional licensee is in compliance with all applicable
33 conditions and is implementing the plans, procedures, protocols,
34 actions, or other measures set forth in its application, the
35 commission shall replace the conditional license by issuing an
36 annual license, which will expire one year from its date of issuance;
37 if the conditional licensee is not in compliance with all applicable
38 conditions or not implementing the plans, procedures, protocols,
39 actions, or other measures set forth in its application, the
40 conditional license shall automatically expire at the end of the 120-
41 day period, or at the end of any additional period granted by the
42 commission;

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

1 c. The commission shall require all applicants for cannabis
2 licenses, other than applicants issued a conditional license for any
3 form of cannabis establishment, distributor, or delivery service, or
4 issued either a conditional or annual license for an establishment,
5 distributor, or delivery service that is a microbusiness pursuant to
6 subsection f. of this section, to submit an attestation signed by a
7 bona fide labor organization stating that the applicant has entered
8 into a labor peace agreement with such bona fide labor
9 organization. The maintenance of a labor peace agreement with a
10 bona fide labor organization by a licensed cannabis establishment,
11 distributor, or delivery service, other than an establishment that is a
12 microbusiness, shall be an ongoing material condition of the
13 establishment's, distributor's, or delivery service's license. The
14 submission of an attestation and maintenance of a labor peace
15 agreement with a bona fide labor organization by an applicant
16 issued a conditional license for a cannabis establishment,
17 distributor, or delivery service, other than an establishment that is a
18 microbusiness, shall be a requirement for final approval for an
19 annual license. Failure to enter, or to make a good faith effort to
20 enter, into a collective bargaining agreement within 200 days of the
21 opening of a licensed cannabis establishment, distributor, or
22 delivery service, other than an establishment that is a
23 microbusiness, shall result in the suspension or revocation of the
24 establishment's or distributor's license.

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

40 (a) An initial application for licensure shall be evaluated
41 according to criteria to be developed by the commission. For the
42 point values assigned to each criterion, there shall be included
43 bonus points for applicants who are residents of New Jersey.

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

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

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

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

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

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

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

- 1 - the applicant's history of workers' compensation claims and
2 safety assessments;
- 3 - procedures for reporting adverse events; and
4 - a sanitation practices plan.
- 5 (iii) A summary of the applicant's business experience, including
6 the following, if applicable:
- 7 - the applicant's experience operating businesses in highly-
8 regulated industries;
- 9 - the applicant's experience in operating cannabis establishments
10 or alternative treatment centers and related personal use or medical
11 cannabis production and dispensation entities, or experience in
12 operating cannabis distributors or delivery services, under the laws
13 of New Jersey or any other state or jurisdiction within the United
14 States; and
- 15 - the applicant's plan to comply with and mitigate the effects of
16 26 U.S.C. s.280E on cannabis businesses, and for evidence that the
17 applicant is not in arrears with respect to any tax obligation to the
18 State.
- 19 In evaluating the experience described under this
20 subparagraph, the commission shall afford the greatest weight to
21 the experience of the applicant itself, controlling owners, and
22 entities with common ownership or control with the applicant;
23 followed by the experience of those with a 15 percent or greater
24 ownership interest in the applicant's organization; followed by
25 interest holders in the applicant's organization; followed by other
26 officers, directors, and bona fide full-time employees of the
27 applicant as of the submission date of the application.
- 28 (iv) A description of the proposed location for the applicant's
29 site, including the following, if applicable:
- 30 - the proposed location, the surrounding area, and the suitability
31 or advantages of the proposed location, along with a floor plan and
32 optional renderings or architectural or engineering plans;
- 33 - the submission of zoning approvals for the proposed location,
34 which shall consist of a letter or affidavit from appropriate officials
35 of the municipality that the location will conform to local zoning
36 requirements allowing for activities related to the operations of the
37 proposed cannabis grower, cannabis processor, cannabis
38 wholesaler, cannabis distributor, cannabis retailer, or cannabis
39 delivery service and related supplies as will be conducted at the
40 proposed facility; and
- 41 - the submission of proof of local support for the suitability of
42 the location, which may be demonstrated by a resolution adopted by
43 the municipality's governing body indicating that the intended
44 location is appropriately located or otherwise suitable for activities
45 related to the operations of the proposed cannabis grower, cannabis
46 processor, cannabis wholesaler, cannabis distributor, cannabis
47 retailer, or cannabis delivery service.

1 Notwithstanding any other provision of this subsubparagraph, an
2 application shall be disqualified from consideration unless it
3 includes documentation demonstrating that the applicant will have
4 final control of the premises upon approval of the application,
5 including, but not limited to, a lease agreement, contract for sale,
6 title, deed, or similar documentation. In addition, if the applicant
7 will lease the premises, the application will be disqualified from
8 consideration unless it includes certification from the landlord that
9 the landlord is aware that the tenant's use of the premises will
10 involve operations as a cannabis grower, cannabis processor,
11 cannabis wholesaler, cannabis distributor, cannabis retailer, or
12 cannabis delivery service. An application shall not be disqualified
13 from consideration if the application does not include the materials
14 described in this subsubparagraph.

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

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

23 - a written description of the applicant's record of social
24 responsibility, philanthropy, and ties to the proposed host
25 community;

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

30 - a written plan describing any research and development
31 regarding the medical efficacy or adverse effects of cannabis, and
32 any cannabis-related educational and outreach activities, which the
33 applicant intends to conduct if issued a license by the commission.

34 In evaluating the information submitted pursuant to this
35 subsubparagraph, the commission shall afford the greatest weight to
36 the experience of the applicant itself, controlling owners, and
37 entities with common ownership or control with the applicant;
38 followed by the experience of those with a 15 percent or greater
39 ownership interest in the applicant's organization; followed by
40 interest holders in the applicant's organization; followed by other
41 officers, directors, and bona fide full-time employees of the
42 applicant as of the submission date of the application.

43 (vi) A workforce development and job creation plan, which may
44 include, but shall not be limited to a description of the applicant's
45 workforce development and job creation plan, which may include
46 information on the applicant's history of job creation and planned
47 job creation at the proposed cannabis establishment, distributor, or
48 delivery service; education, training, and resources to be made

1 available for employees; any relevant certifications; and an optional
2 diversity plan.

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

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

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

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

32 (ix) Whether the applicant can demonstrate that its governance
33 structure includes the involvement of a school of medicine or
34 osteopathic medicine licensed and accredited in the United States,
35 or a general acute care hospital, ambulatory care facility, adult day
36 care services program, or pharmacy licensed in New Jersey,
37 provided that:

38 - the school, hospital, facility, or pharmacy has conducted or
39 participated in research approved by an institutional review board
40 related to cannabis involving the use of human subjects, except in
41 the case of an accredited school of medicine or osteopathic
42 medicine that is located and licensed in New Jersey;

43 - the school, hospital, facility, or pharmacy holds a profit share
44 or ownership interest in the applicant's organization of 10 percent
45 or more, except in the case of an accredited school of medicine or
46 osteopathic medicine that is located and licensed in New Jersey;
47 and

1 - the school, hospital, facility, or pharmacy participates in major
2 decision-making activities within the applicant's organization,
3 which may be demonstrated by representation on the board of
4 directors of the applicant's organization.

5 (x) Any other information the commission deems relevant in
6 determining whether to grant a license to the applicant.

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

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

15 (b) Applicants that are party to a collective bargaining
16 agreement with a labor organization that currently represents, or is
17 actively seeking to represent cannabis workers in New Jersey.

18 (c) Applicants that are party to a collective bargaining
19 agreement with a labor organization that currently represents
20 cannabis workers in another state.

21 (d) Applicants that submit an attestation affirming that they will
22 use best efforts to utilize **【union】** building trades labor
23 organizations in the construction or retrofit of the facilities
24 associated with the licensed entity.

25 (e) Applicants that submit an attestation affirming that they have
26 a project labor agreement, or will utilize a project labor agreement,
27 which is a form of pre-hire collective bargaining agreement
28 covering terms and conditions of a specific project, including labor
29 issues and worker grievances associated with any construction or
30 retrofit of facilities, or other applicable project, associated with the
31 licensed entity.

32 (3) In reviewing an initial application, unless the information is
33 otherwise solicited by the commission in a specific application
34 question, the commission's evaluation of the application shall be
35 limited to the experience and qualifications of the applicant's
36 organization, including any entities with common ownership or
37 control of the applicant's organization, controlling owners or
38 interest holders in the applicant's organization, and the officers,
39 directors, and current full-time existing employees of the
40 applicant's organization. Responses pertaining to consultants,
41 independent contractors, applicants who are exempt from the
42 criminal history record background check requirements of P.L. ,
43 c. (C.) (pending before the Legislature as this bill), and
44 prospective or part-time employees of the entity shall not be
45 considered. Each applicant shall certify as to the status of the
46 individuals and entities included in the application.

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

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

26 (5) Application materials submitted to the commission pursuant
27 to this section shall not be considered a public record pursuant to
28 P.L.1963, c.73 (C.47:1A-1 et seq.).

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

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

8 (a) has a population of 120,000 or more according to the most
9 recently compiled federal decennial census as of the effective date
10 of P.L. , c. (C.) (pending before the Legislature as this bill);
11 or

12 (b) (i) ranks in the top 40 percent of municipalities in the State
13 for marijuana- or hashish-related arrests for violation of paragraph
14 (4) of subsection a. of N.J.S.2C:35-10 in the calendar year next
15 preceding the effective date of P.L. , c. (C.) (pending before
16 the Legislature as this bill);

17 (ii) has a crime index total of 825 or higher based upon the
18 indexes listed in the most recently issued annual Uniform Crime
19 Report by the Division of State Police as of that effective date; and

20 (iii) has a local average annual unemployment rate that ranks in
21 the top 15 percent of all municipalities in the State for the calendar
22 year next preceding that effective date, based upon average annual
23 unemployment rates estimated for the relevant calendar year by the
24 Office of Research and Information in the Department of Labor and
25 Workforce Development.

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

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

33 (b) An applicant who is a current resident of an impact zone and
34 has resided therein for three or more consecutive years at the time
35 of making the application. To the extent reasonably practicable, at
36 least 25 percent of the total licenses issued to applicants for a
37 cannabis establishment, distributor, or delivery service license shall
38 be awarded to applicants who have resided in an impact zone for
39 three or more consecutive years at the time of making the
40 application, regardless of where the cannabis establishment,
41 distributor, or delivery service is, or is intended to be, located.

42 (c) An applicant who presents a plan, attested to, to employ 25
43 percent of employees who reside in an impact zone, of whom at
44 least 25 percent shall reside in the impact zone nearest to the
45 location, or intended location, of the cannabis establishment,
46 distributor, or delivery service; failure to meet the requisite
47 percentages of employees from an impact zone within 90 days of
48 the opening of a licensed cannabis establishment, distributor, or

1 delivery service shall result in the suspension or revocation of a
2 license or conditional license, as applicable, issued based on an
3 application with an impact zone employment plan.

4 f. (1) The commission shall ensure that at least 10 percent of
5 the total licenses issued for each class of cannabis establishment, or
6 for cannabis distributors and cannabis delivery services, are
7 designated for and only issued to microbusinesses, and that at least
8 25 percent of the total licenses issued be issued to microbusinesses.
9 The determination of the percentage for each class of license issued
10 to microbusinesses shall include the number of conditional licenses
11 issued to microbusinesses for each class, as the percentage of
12 conditional licenses issued for each class pursuant to subparagraph
13 (a) of paragraph (2) of subsection b. of this section shall not be
14 mutually exclusive of the percentage of licenses issued to
15 microbusinesses pursuant to this paragraph. The maximum fee
16 assessed by the commission for issuance or renewal of a license
17 designated and issued to a microbusiness shall be no more than half
18 the fee applicable to a license of the same class issued to a person
19 or entity that is not a microbusiness. A license designated and
20 issued to a microbusiness shall be valid for one year and may be
21 renewed annually.

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

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

26 (b) at least 51 percent of the owners, directors, officers, or
27 employees of the microbusiness shall be residents of the
28 municipality in which the microbusiness is located, or to be located,
29 or a municipality bordering the municipality in which the
30 microbusiness is located, or to be located;

31 (c) concerning business operations, and capacity and quantity
32 restrictions:

33 (i) employ no more than 10 employees;

34 (ii) operate a cannabis establishment occupying an area of no
35 more than 2,500 square feet, and in the case of a cannabis grower,
36 grow cannabis on an area no more than 2,500 square feet measured
37 on a horizontal plane and grow above that plane not higher than 24
38 feet; provided, that a cannabis grower's grow space may, if
39 approved by the commission, be part of a larger premises that is
40 owned or operated by a cannabis grower that is not a licensed
41 microbusiness, allowing for the sharing of physical facilities and
42 certain business operations, but only the microbusiness cannabis
43 grower shall grow cannabis on and above the grower's grow space.

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

47 (iv) in the case of a cannabis processor, acquire and process no
48 more than 1,000 pounds of cannabis in dried form each month;

1 (v) in the case of a cannabis wholesaler, acquire for resale no
2 more than 1,000 pounds of cannabis in dried form, or the equivalent
3 amount in any other form, or any combination thereof, each month;
4 and

5 (vi) in the case of a cannabis retailer, acquire for retail sale no
6 more than 1,000 pounds of cannabis in dried form, or the equivalent
7 amount in any other form, or any combination thereof, each month.

8 (d) no owner, director, officer, or other person with a financial
9 interest who also has decision making authority for the
10 microbusiness shall hold any financial interest in any other licensed
11 cannabis establishment, distributor, or delivery service, whether or
12 not a microbusiness;

13 (e) no owner, director, officer, or other person with a financial
14 interest who also has decision making authority for a licensed
15 cannabis establishment, distributor, or delivery service, whether or
16 not a microbusiness, shall hold any financial interest in a
17 microbusiness;

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

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

22

23 20. (New section) Class 1 Cannabis Grower license.

24 A cannabis grower shall have a Class 1 Cannabis Grower license
25 issued by the commission for the premises at which the cannabis is
26 grown or cultivated. Except for an initial period during which the
27 number of licenses is capped pursuant to section 33 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill), the
29 commission shall determine the maximum number of licenses, of
30 which at least 35 percent shall be conditional licenses issued
31 pursuant to subparagraph (a) of paragraph (2) of subsection b. of
32 section 18 of P.L. , c. (C.) (pending before the Legislature
33 as this bill), and at least 25 percent of the total number of licenses
34 and conditional licenses shall be designated for and only issued to
35 microbusinesses pursuant subsection f. of that section. After the
36 initial period during which the number of licenses is capped
37 pursuant to section 33 of P.L. , c. (C.) (pending before the
38 Legislature as this bill), the commission shall review the current
39 number of licenses issued and, providing there exist qualified
40 applicants, may, as authorized by paragraph (1) of subsection a. of
41 section 18 of P.L. , c. (C.) (pending before the Legislature
42 as this bill), make requests for new applications for additional
43 licenses as it deems necessary to meet the market demands of the
44 State.

45 a. To hold a Class 1 Cannabis Grower license under this
46 section, an applicant:

1 (1) Shall apply for a license in the manner described in section
2 18 of P.L. , c. (C.) (pending before the Legislature as
3 this bill);

4 (2) Shall have at least one significantly involved person who has
5 resided in this State for at least two years as of the date of the
6 application, and provide proof that this person and any other person
7 with an investment interest who also has decision making authority
8 for the cannabis grower listed on an application submitted under
9 section 18 of P.L. , c. (C.) (pending before the
10 Legislature as this bill) is 21 years of age or older;

11 (3) Shall meet the requirements of any rule or regulation
12 adopted by the commission under subsection b. of this section; and

13 (4) Shall provide for each of the following persons to undergo a
14 criminal history record background check: any owner, other than an
15 owner who holds less than a five percent investment interest in the
16 cannabis grower or who is a member of a group that holds less than
17 a 20 percent investment interest in the cannabis grower and no
18 member of that group holds more than a five percent interest in the
19 total group investment, and who lacks the authority to make
20 controlling decisions regarding the cannabis grower's operations;
21 any director; any officer; and any employee.

22 (a) Pursuant to this provision, the commission is authorized to
23 exchange fingerprint data with and receive criminal history record
24 background information from the Division of State Police and the
25 Federal Bureau of Investigation consistent with the provisions of
26 applicable federal and State laws, rules, and regulations. The
27 Division of State Police shall forward criminal history record
28 background information to the commission in a timely manner
29 when requested pursuant to the provisions of this section;

30 (b) Each person shall submit to being fingerprinted in
31 accordance with applicable State and federal laws, rules, and
32 regulations. No check of criminal history record background
33 information shall be performed pursuant to this section unless a
34 person has furnished his written consent to that check. A person
35 who refuses to consent to, or cooperate in, the securing of a check
36 of criminal history record background information shall not be
37 considered for licensure as a grower. Each person shall bear the
38 cost for the criminal history record background check, including all
39 costs of administering and processing the check;

40 (c) (i) With respect to determining whether any conviction of a
41 person contained in the criminal history record background check
42 should disqualify an applicant for a Class 1 Cannabis Grower
43 license, the commission shall not take into consideration any
44 conviction for a crime or offense that occurred prior to the effective
45 date of P.L. , c. (C.) (pending before the Legislature as this
46 bill) involving a controlled dangerous substance or controlled
47 substance analog as set forth in paragraph (11) or (12) of subsection
48 b., or subparagraph (b) of paragraph (10) of subsection b. of

1 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
2 N.J.S.2C:35-10, or any similar indictable offense under federal law,
3 this State's law, or any other state's law, or for any conviction under
4 federal law for conduct involving cannabis or cannabis resin that is
5 authorized by P.L. , c. (C.) (pending before the Legislature as
6 this bill). Additionally, the commission shall not take into
7 consideration any other prior conviction, unless that conviction is
8 for an indictable offense under federal law, other than a conviction
9 for conduct involving cannabis or cannabis resin that is authorized
10 by P.L. , c. (C.) (pending before the Legislature as this bill),
11 or under this State's law, or any other state's law that is
12 substantially related to the qualifications, functions, or duties for
13 which the license is required, and not more than five years have
14 passed since the date of that conviction, satisfactory completion of
15 probation or parole, or release from incarceration, which is later. In
16 determining which indictable offenses are substantially related to
17 the qualifications, functions, or duties for which the license is
18 required, the commission shall at least consider any conviction
19 involving fraud, deceit, or embezzlement, and any conviction for
20 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
21 similar indictable offense in this or another jurisdiction involving
22 the use of a minor to dispense or distribute a controlled dangerous
23 substance or controlled substance analog;

24 (ii) The commission may approve an applicant for a Class 1
25 Cannabis Grower license after conducting a thorough review of any
26 previous conviction of a person that substantially related to the
27 qualifications, functions, or duties for which the license is required
28 that is contained in the criminal history record background
29 information, and this review shall include examining the nature of
30 the indictable offense, the circumstances at the time of committing
31 the offense, and evidence of rehabilitation since conviction. If the
32 commission determines that the reviewed conviction should not
33 disqualify the applicant, the applicant may be approved so long as
34 the applicant is otherwise qualified to be issued the license; and

35 (d) Upon receipt and review of the criminal history record
36 background information from the Division of State Police and the
37 Federal Bureau of Investigation, the commission shall provide
38 written notification to the applicant of the qualification for or
39 disqualification for a Class 1 Cannabis Grower license.

40 If the applicant is disqualified because the commission
41 determined that a person has a disqualifying conviction pursuant to
42 the provisions of this section, the conviction that constitutes the
43 basis for the disqualification shall be identified in the written
44 notice.

45 (e) The Division of State Police shall promptly notify the
46 commission in the event that a person who was the subject of a
47 criminal history record background check conducted pursuant to
48 this section is convicted of a crime or offense in this State after the

1 date the background check was performed. Upon receipt of that
2 notification, the commission shall make a determination regarding
3 the continued eligibility for the applicant, or following application,
4 for the licensee, to hold a Class 1 Cannabis Grower license.

5 b. The commission shall adopt rules and regulations that:

6 (1) Provide for the annual renewal of the Class 1 Cannabis
7 Grower license;

8 (2) Establish application, licensure, and renewal of licensure
9 fees for cannabis growers in accordance with paragraph (2) of
10 subsection a. of section 18 of P.L. , c. (C.) (pending before
11 the Legislature as this bill);

12 (3) Require cannabis produced by cannabis growers to be tested
13 in accordance with P.L. , c. (C.) (pending before the
14 Legislature as this bill);

15 (4) Require cannabis growers to submit, at the time of applying
16 for or renewing a license under P.L. , c. (C.) (pending
17 before the Legislature as this bill), a report describing the
18 applicant's or licensee's electrical and water usage; and

19 (5) Require a cannabis grower to meet any public health and
20 safety standards, industry best practices, and all applicable
21 regulations established by the commission by rule or regulation
22 related to the production of cannabis or the propagation of
23 immature cannabis plants and the seeds of the plant *Cannabis sativa*
24 L. within the plant family *Cannabaceae*. The commission may
25 regulate the number of immature cannabis plants that may be
26 possessed by a cannabis grower licensed under this section; the size
27 of the grow canopy a cannabis grower licensed under this section
28 uses to grow immature cannabis plants; and the weight or size of
29 shipments of immature cannabis plants made by a cannabis grower
30 licensed under this section.

31 c. Fees adopted under subsection b. of this section:

32 (1) Shall be in the form of a schedule that imposes a greater fee
33 for premises with more square footage or on which more mature
34 cannabis plants are grown; and

35 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
36 Assistance, and Marketplace Modernization Fund" established under
37 section 40 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 d. (1) The commission shall issue or deny issuance of a Class
40 1 Cannabis Grower license or conditional license in accordance
41 with the procedures set forth in section 18 of P.L. , c. (C.)
42 (pending before the Legislature as this bill).

43 (2) The commission may suspend or revoke a Class 1 Cannabis
44 Grower license or conditional license to operate as a cannabis
45 cultivation facility for cause, which shall be considered a final
46 agency action for the purposes of the "Administrative Procedure
47 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only
48 to judicial review as provided in the Rules of Court.

1 e. A person who has been issued a license or conditional
2 license shall display the license or conditional license at the
3 premises at all times when cannabis is being produced.

4 f. As required by the commission in regulation, a licensee or
5 conditional licensee shall report required changes in information
6 about the licensee to the commission within the time specified by
7 the commission.

8

9 21. (New section) Grow Canopies for Licensed Cannabis
10 Growers.

11 a. Subject to subsection b. of this section, the commission shall
12 adopt rules or regulations restricting the size of mature cannabis
13 plant grow canopies at premises for which a license has been issued
14 to a cannabis grower pursuant to P.L. , c. (C.) (pending
15 before the Legislature as this bill).

16 b. When adopting rules and regulations under this subsection,
17 the commission shall consider whether to:

18 (1) Limit the size of mature cannabis plant grow canopies for
19 premises where cannabis is grown outdoors and for premises where
20 cannabis is grown indoors in a manner calculated to result in
21 premises that produce the same amount of harvested cannabis
22 leaves and harvested cannabis flowers, regardless of whether the
23 cannabis is grown outdoors or indoors;

24 (2) Adopt a tiered system under which the permitted size of a
25 cannabis growers' mature cannabis plant grow canopy increases at
26 the time of licensure renewal, except that the permitted size of a
27 cannabis grower's mature cannabis plant grow canopy may not
28 increase following any year during which the commission
29 disciplined the cannabis grower for violating a provision of or a rule
30 adopted under a provision of P.L. , c. (C.) (pending
31 before the Legislature as this bill); provided, that at the time of
32 adoption, any growing or cultivation square footage previously
33 approved or authorized for an alternative treatment center that was
34 issued a permit prior to the effective date of P.L.2019, c.153
35 (C.24:6I-5.1 et al.), or that was issued a permit on or after that
36 effective date pursuant to an application submitted prior to that
37 effective date, shall not be reduced, but the commission's adopted
38 tier system shall apply to the growing or cultivation square footage
39 of that alternative treatment center thereafter;

40 (3) Take into consideration the market demand for cannabis
41 items in this State, the number of persons applying for a license
42 pursuant to sections 20, 22, 23, 24, 25, and 26 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill), and to
44 whom a license has been issued pursuant to those sections, and
45 whether the availability of cannabis items in this State is
46 commensurate with the market demand.

47 c. This section shall not apply to premises for which a license
48 has been issued to a cannabis grower pursuant to section 20 of

1 P.L. , c. (C.) (pending before the Legislature as this
2 bill), if the premises is used only to propagate immature cannabis
3 plants.

4
5 22. (New section) Class 2 Cannabis Processor license.

6 A cannabis processor shall have a Class 2 Cannabis Processor
7 license issued by the commission for the premises at which the
8 cannabis product is produced. The commission shall determine the
9 maximum number of licenses, of which at least 35 percent shall be
10 conditional licenses issued pursuant to subparagraph (a) of
11 paragraph (2) of subsection b. of section 18 of P.L. , c. (C.)
12 (pending before the Legislature as this bill), and at least 25 percent
13 of the total number of licenses and conditional licenses shall be
14 designated for and only issued to microbusinesses pursuant to
15 subsection f. of that section. Providing there exist qualified
16 applicants, the commission shall issue a sufficient number of
17 licenses to meet the market demands of the State, and may, as
18 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
19 c. (C.) (pending before the Legislature as this bill), make
20 requests for new applications for additional licenses as it deems
21 necessary to meet those demands.

22 a. To hold a Class 2 Cannabis Processor license under this
23 section, an applicant:

24 (1) Shall apply for a license in the manner described in section
25 18 of P.L. , c. (C.) (pending before the Legislature as
26 this bill);

27 (2) Shall have at least one significantly involved person who has
28 resided in this State for at least two years as of the date of the
29 application, and provide proof that this person and any other person
30 with an investment interest who also has decision making authority
31 for the cannabis processor listed on an application submitted under
32 section 18 of P.L. , c. (C.) (pending before the
33 Legislature as this bill) is 21 years of age or older;

34 (3) Shall meet the requirements of any rule or regulation
35 adopted by the commission under subsection b. of this section; and

36 (4) Shall provide for each of the following persons to undergo a
37 criminal history record background check: any owner, other than an
38 owner who holds less than a five percent investment interest in the
39 cannabis processor or who is a member of a group that holds less
40 than a 20 percent investment interest in the cannabis processor and
41 no member of that group holds more than a five percent interest in
42 the total group investment, and who lacks the authority to make
43 controlling decisions regarding the cannabis processor's operations;
44 any director; any officer; and any employee.

45 (a) Pursuant to this provision, the commission is authorized to
46 exchange fingerprint data with and receive criminal history record
47 background information from the Division of State Police and the
48 Federal Bureau of Investigation consistent with the provisions of

1 applicable federal and State laws, rules, and regulations. The
2 Division of State Police shall forward criminal history record
3 background information to the commission in a timely manner
4 when requested pursuant to the provisions of this section;

5 (b) Each person shall submit to being fingerprinted in
6 accordance with applicable State and federal laws, rules, and
7 regulations. No check of criminal history record background
8 information shall be performed pursuant to this section unless a
9 person has furnished his written consent to that check. A person
10 who refuses to consent to, or cooperate in, the securing of a check
11 of criminal history record background information shall not be
12 considered for licensure as a processor. Each person shall bear the
13 cost for the criminal history record background check, including all
14 costs of administering and processing the check;

15 (c) (i) With respect to determining whether any conviction of a
16 person contained in the criminal history record background check
17 should disqualify an applicant for a Class 2 Cannabis Processor
18 license, the commission shall not take into consideration any
19 conviction for a crime or offense that occurred prior to the effective
20 date of P.L. , c. (C.) (pending before the Legislature as this
21 bill) involving a controlled dangerous substance or controlled
22 substance analog as set forth in paragraph (11) or (12) of subsection
23 b., or subparagraph (b) of paragraph (10) of subsection b. of
24 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
25 N.J.S.2C:35-10, or any similar indictable offense under federal law,
26 this State's law, or any other state's law, or for any conviction under
27 federal law for conduct involving cannabis or cannabis resin that is
28 authorized by P.L. , c. (C.) (pending before the Legislature as
29 this bill). Additionally, the commission shall not take into
30 consideration any other prior conviction, unless that conviction is
31 for an indictable offense under federal law, other than a conviction
32 for conduct involving cannabis or cannabis resin that is authorized
33 by P.L. , c. (C.) (pending before the Legislature as this bill),
34 or under this State's law, or any other state's law that is
35 substantially related to the qualifications, functions, or duties for
36 which the license is required, and not more than five years have
37 passed since the date of that conviction, satisfactory completion of
38 probation or parole, or release from incarceration, whichever is later.
39 In determining which indictable offenses are substantially related to
40 the qualifications, functions, or duties for which the license is
41 required, the commission shall at least consider any conviction
42 involving fraud, deceit, or embezzlement, and any conviction for
43 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
44 similar indictable offense in this or another jurisdiction involving
45 the use of a minor to dispense or distribute a controlled dangerous
46 substance or controlled substance analog;

47 (ii) The commission may approve an applicant for a Class 2
48 Cannabis Processor license after conducting a thorough review of

1 any previous conviction of a person that substantially related to the
2 qualifications, functions, or duties for which the license is required
3 that is contained in the criminal history record background
4 information, and this review shall include examining the nature of
5 the indictable offense, the circumstances at the time of committing
6 the offense, and evidence of rehabilitation since conviction. If the
7 commission determines that the reviewed conviction should not
8 disqualify the applicant, the applicant may be approved so long as
9 the applicant is otherwise qualified to be issued the license; and

10 (d) Upon receipt and review of the criminal history record
11 background information from the Division of State Police and the
12 Federal Bureau of Investigation, the commission shall provide
13 written notification to the applicant of the qualification for or
14 disqualification for a Class 2 Cannabis Processor license.

15 If the applicant is disqualified because the commission
16 determined that a person has a disqualifying conviction pursuant to
17 the provisions of this section, the conviction that constitutes the
18 basis for the disqualification shall be identified in the written
19 notice.

20 (e) The Division of State Police shall promptly notify the
21 commission in the event that an individual who was the subject of a
22 criminal history record background check conducted pursuant to
23 this section is convicted of a crime or offense in this State after the
24 date the background check was performed. Upon receipt of that
25 notification, the commission shall make a determination regarding
26 the continued eligibility for the applicant, or following application,
27 for the licensee, to hold a Class 2 Cannabis Processor license.

28 b. The commission shall adopt rules that:

29 (1) Provide for the annual renewal of the Class 2 Cannabis
30 Processor license;

31 (2) Establish application, licensure, and renewal of licensure
32 fees for cannabis processors in accordance with paragraph (2) of
33 subsection a. of section 18 of P.L. , c. (C.) (pending before
34 the Legislature as this bill);

35 (3) Require cannabis produced by cannabis processors to be
36 tested in accordance with P.L. , c. (C.) (pending before
37 the Legislature as this bill); and

38 (4) Require a cannabis processor to meet any public health and
39 safety standards, industry best practices, and all applicable
40 regulations established by the commission by rule or regulation
41 related to the processing of cannabis.

42 c. Fees adopted under subsection b. of this section:

43 (1) Shall be in the form of a schedule that imposes a greater fee
44 for premises with more square footage; and

45 (2) Shall be deposited in the “Cannabis Regulatory, Enforcement
46 Assistance, and Marketplace Modernization Fund” established under
47 section 40 of P.L. , c. (C.) (pending before the
48 Legislature as this bill).

1 d. (1) The commission shall issue or deny issuance of a Class
2 2 Cannabis Processor license or conditional license in accordance
3 with the procedures set forth in section 18 of P.L. , c. (C.)
4 (pending before the Legislature as this bill).

5 (2) The commission may suspend or revoke a Class 2 Cannabis
6 Processor license or conditional license to operate as a cannabis
7 production facility for cause, which shall be considered a final
8 agency action for the purposes of the "Administrative Procedure
9 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only
10 to judicial review as provided in the Rules of Court.

11 e. A person who has been issued a license or conditional
12 license shall display the license or conditional license at the
13 premises at all times when cannabis is being processed.

14 f. As required by the commission in regulation, a licensee or
15 conditional licensee shall report required changes in information
16 about the licensee to the commission within the time specified by
17 the commission.

18

19 23. (New section) Class 3 Cannabis Wholesaler license.

20 A cannabis wholesaler shall have a Class 3 Cannabis Wholesaler
21 license issued by the commission for the premises at which the
22 cannabis is warehoused. The commission shall determine the
23 maximum number of licenses, of which at least 35 percent shall be
24 conditional licenses issued pursuant to subparagraph (a) of
25 paragraph (2) of subsection b. of section 18 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), and at least 25 percent
27 of the total number of licenses and conditional licenses shall be
28 designated for and only issued to microbusinesses pursuant
29 subsection f. of that section. Providing there exist qualified
30 applicants, the commission shall issue a sufficient number of
31 licenses to meet the market demands of the State, and may, as
32 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
33 c. (C.) (pending before the Legislature as this bill), make
34 requests for new applications for additional licenses as it deems
35 necessary to meet those demands.

36 a. To hold a Class 3 Cannabis Wholesaler license under this
37 section, an applicant:

38 (1) Shall apply for a license in the manner described in section
39 18 of P.L. , c. (C.) (pending before the Legislature as
40 this bill);

41 (2) Shall have at least one significantly involved person who has
42 resided in this State for at least two years as of the date of the
43 application, and provide proof that this person and any other person
44 with an investment interest who also has decision making authority
45 for the cannabis wholesaler listed on an application submitted under
46 section 18 of P.L. , c. (C.) (pending before the
47 Legislature as this bill) is 21 years of age or older;

1 (3) Shall meet the requirements of any rule or regulation
2 adopted by the commission under subsection b. of this section; and

3 (4) Shall provide for each of the following persons to undergo a
4 criminal history record background check: any owner, other than an
5 owner who holds less than a five percent investment interest in the
6 cannabis wholesaler or who is a member of a group that holds less
7 than a 20 percent investment interest in the cannabis wholesaler and
8 no member of that group holds more than a five percent interest in
9 the total group investment, and who lacks the authority to make
10 controlling decisions regarding the cannabis wholesaler's
11 operations; any director; any officer; and any employee.

12 (a) Pursuant to this provision, the commission is authorized to
13 exchange fingerprint data with and receive criminal history record
14 background information from the Division of State Police and the
15 Federal Bureau of Investigation consistent with the provisions of
16 applicable federal and State laws, rules, and regulations. The
17 Division of State Police shall forward criminal history record
18 background information to the commission in a timely manner
19 when requested pursuant to the provisions of this section;

20 (b) Each person shall submit to being fingerprinted in
21 accordance with applicable State and federal laws, rules, and
22 regulations. No check of criminal history record background
23 information shall be performed pursuant to this section unless a
24 person has furnished his written consent to that check. A person
25 who refuses to consent to, or cooperate in, the securing of a check
26 of criminal history record background information shall not be
27 considered for licensure as a wholesaler. Each person shall bear the
28 cost for the criminal history record background check, including all
29 costs of administering and processing the check;

30 (c) (i) With respect to determining whether any conviction of a
31 person contained in the criminal history record background check
32 should disqualify an applicant for a Class 3 Cannabis Wholesaler
33 license, the commission shall not take into consideration any
34 conviction for a crime or offense that occurred prior to the effective
35 date of P.L. , c. (C.) (pending before the Legislature as this
36 bill) involving a controlled dangerous substance or controlled
37 substance analog as set forth in paragraph (11) or (12) of subsection
38 b., or subparagraph (b) of paragraph (10) of subsection b. of
39 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
40 N.J.S.2C:35-10, or any similar indictable offense under federal law,
41 this State's law, or any other state's law, or for any conviction under
42 federal law for conduct involving cannabis or cannabis resin that is
43 authorized by P.L. , c. (C.) (pending before the Legislature as
44 this bill). Additionally, the commission shall not take into
45 consideration any other prior conviction, unless that conviction is
46 for an indictable offense under federal law, other than a conviction
47 for conduct involving cannabis or cannabis resin that is authorized
48 by P.L. , c. (C.) (pending before the Legislature as this bill),

1 or under this State's law, or any other state's law that is
2 substantially related to the qualifications, functions, or duties for
3 which the license is required, and not more than five years have
4 passed since the date of that conviction, satisfactory completion of
5 probation or parole, or release from incarceration, whichever is later.
6 In determining which indictable offenses are substantially related to
7 the qualifications, functions, or duties for which the license is
8 required, the commission shall at least consider any conviction
9 involving fraud, deceit, or embezzlement, and any conviction for
10 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
11 similar indictable offense in this or another jurisdiction involving
12 the use of a minor to dispense or distribute a controlled dangerous
13 substance or controlled substance analog;

14 (ii) The commission may approve an applicant for a Class 3
15 Cannabis Wholesaler license after conducting a thorough review of
16 any previous conviction of a person that substantially related to the
17 qualifications, functions, or duties for which the license is required
18 that is contained in the criminal history record background
19 information, and this review shall include examining the nature of
20 the indictable offense, the circumstances at the time of committing
21 the offense, and evidence of rehabilitation since conviction. If the
22 commission determines that the reviewed conviction should not
23 disqualify the applicant, the applicant may be approved so long as
24 the applicant is otherwise qualified to be issued the license; and

25 (d) Upon receipt and review of the criminal history record
26 background information from the Division of State Police and the
27 Federal Bureau of Investigation, the commission shall provide
28 written notification to the applicant of the qualification for or
29 disqualification for a Class 3 Cannabis Wholesaler license.

30 If the applicant is disqualified because the commission
31 determined that a person has a disqualifying conviction pursuant to
32 the provisions of this section, the conviction that constitutes the
33 basis for the disqualification shall be identified in the written
34 notice.

35 (e) The Division of State Police shall promptly notify the
36 commission in the event that an individual who was the subject of a
37 criminal history record background check conducted pursuant to
38 this section is convicted of a crime or offense in this State after the
39 date the background check was performed. Upon receipt of that
40 notification, the commission shall make a determination regarding
41 the continued eligibility for the applicant, or following application,
42 for the licensee to hold a Class 3 Cannabis Wholesaler license.

43 b. The commission shall adopt rules that:

44 (1) Provide for the annual renewal of the Class 3 Cannabis
45 Wholesaler license;

46 (2) Establish application, licensure, and renewal of licensure
47 fees for cannabis wholesalers in accordance with paragraph (2) of

1 subsection a. of section 18 of P.L. , c. (C.) (pending before
2 the Legislature as this bill); and

3 (3) Require a cannabis wholesaler to meet any public health and
4 safety standards, industry best practices, and all applicable
5 regulations established by the commission by rule or regulation
6 related to the warehousing of cannabis.

7 c. Fees adopted under subsection b. of this section:

8 (1) Shall be in the form of a schedule that imposes a greater fee
9 for premises with more square footage; and

10 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
11 Assistance, and Marketplace Modernization Fund" established under
12 section 40 of P.L. , c. (C.) (pending before the
13 Legislature as this bill).

14 d. (1) The commission shall issue or deny issuance of a Class
15 3 Cannabis Wholesaler license or conditional license in accordance
16 with the procedures set forth in section 18 of P.L. , c. (C.)
17 (pending before the Legislature as this bill).

18 (2) The commission may suspend or revoke a Class 3 Cannabis
19 Wholesaler license or conditional license to operate as a cannabis
20 wholesaler for cause, which shall be considered a final agency
21 action for the purposes of the "Administrative Procedure Act,"
22 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
23 judicial review as provided in the Rules of Court.

24 e. A person who has been issued a license or conditional
25 license shall display the license or conditional license at the
26 premises at all times when cannabis is being warehoused.

27 f. As required by the commission in regulation, a licensee or
28 conditional licensee shall report required changes in information
29 about the licensee to the commission within the time specified by
30 the commission.

31

32 24. (New section) Class 4 Cannabis Distributor license.

33 A cannabis distributor shall have a Class 4 Cannabis Distributor
34 license issued by the commission for the premises from which the
35 cannabis distributor will conduct operations to transport cannabis
36 items in bulk. The commission shall determine the maximum number
37 of licenses, of which at least 35 percent shall be conditional licenses
38 issued pursuant to subparagraph (a) of paragraph (2) of subsection b.
39 of section 18 of P.L. , c. (C.) (pending before the Legislature
40 as this bill), and at least 25 percent of the total number of licenses and
41 conditional licenses shall be designated for and only issued to
42 microbusinesses pursuant subsection f. of that section. Providing there
43 exist qualified applicants, the commission shall issue a sufficient
44 number of licenses to meet the market demands of the State, and may,
45 as authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
46 c. (C.) (pending before the Legislature as this bill), make
47 requests for new applications for additional licenses as it deems
48 necessary to meet those demands.

- 1 a. To hold a Class 4 Cannabis Distributor license under this
2 section, an applicant:
- 3 (1) Shall apply for a license in the manner described in section 18
4 of P.L. , c. (C.) (pending before the Legislature as this bill);
- 5 (2) Shall have at least one significantly involved person who has
6 resided in this State for at least two years as of the date of the
7 application, and provide proof that this person and any other person
8 with an investment interest who also has decision making authority for
9 the cannabis distributor listed on an application submitted under
10 section 18 of P.L. , c. (C.) (pending before the Legislature
11 as this bill) is 21 years of age or older;
- 12 (3) Shall meet the requirements of any rule or regulation adopted
13 by the commission under subsection b. of this section; and
- 14 (4) Shall provide for each of the following persons to undergo a
15 criminal history record background check: any owner, other than an
16 owner who holds less than a five percent investment interest in the
17 cannabis distributor or who is a member of a group that holds less than
18 a 20 percent investment interest in the cannabis distributor and no
19 member of that group holds more than a five percent interest in the
20 total group investment, and who lacks the authority to make
21 controlling decisions regarding the cannabis distributor's operations;
22 any director; any officer; and any employee.
- 23 (a) Pursuant to this provision, the commission is authorized to
24 exchange fingerprint data with and receive criminal history record
25 background information from the Division of State Police and the
26 Federal Bureau of Investigation consistent with the provisions of
27 applicable federal and State laws, rules, and regulations. The Division
28 of State Police shall forward criminal history record background
29 information to the commission in a timely manner when requested
30 pursuant to the provisions of this section;
- 31 (b) Each person shall submit to being fingerprinted in accordance
32 with applicable State and federal laws, rules, and regulations. No
33 check of criminal history record background information shall be
34 performed pursuant to this section unless a person has furnished his
35 written consent to that check. A person who refuses to consent to, or
36 cooperate in, the securing of a check of criminal history record
37 background information shall not be considered for licensure as a
38 distributor. Each person shall bear the cost for the criminal history
39 record background check, including all costs of administering and
40 processing the check;
- 41 (c) (i) With respect to determining whether any conviction of a
42 person contained in the criminal history record background check
43 should disqualify an applicant for a Class 4 Cannabis Distributor
44 license, the commission shall not take into consideration any
45 conviction for a crime or offense that occurred prior to the effective
46 date of P.L. , c. (C.) (pending before the Legislature as this
47 bill) involving a controlled dangerous substance or controlled
48 substance analog as set forth in paragraph (11) or (12) of subsection b.,

1 or subparagraph (b) of paragraph (10) of subsection b. of N.J.S.2C:35-
2 5, or paragraph (3) or (4) of subsection a. of N.J.S.2C:35-10, or any
3 similar indictable offense under federal law, this State's law, or any
4 other state's law, or for any conviction under federal law for conduct
5 involving cannabis or cannabis resin that is authorized by P.L. ,
6 c. (C.) (pending before the Legislature as this bill).
7 Additionally, the commission shall not take into consideration any
8 other prior conviction, unless that conviction is for an indictable
9 offense under federal law, other than a conviction for conduct
10 involving cannabis or cannabis resin that is authorized by P.L. ,
11 c. (C.) (pending before the Legislature as this bill), or under this
12 State's law, or any other state's law that is substantially related to the
13 qualifications, functions, or duties for which the license is required,
14 and not more than five years have passed since the date of that
15 conviction, satisfactory completion of probation or parole, or release
16 from incarceration, whichever is later. In determining which
17 indictable offenses are substantially related to the qualifications,
18 functions, or duties for which the license is required, the commission
19 shall at least consider any conviction involving fraud, deceit, or
20 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
21 minor in a drug distribution scheme, or similar indictable offense in
22 this or another jurisdiction involving the use of a minor to dispense or
23 distribute a controlled dangerous substance or controlled substance
24 analog;

25 (ii) The commission may approve an applicant for a Class 4
26 Cannabis Distributor license after conducting a thorough review of any
27 previous conviction of a person that substantially related to the
28 qualifications, functions, or duties for which the license is required that
29 is contained in the criminal history record background information,
30 and this review shall include examining the nature of the indictable
31 offense, the circumstances at the time of committing the offense, and
32 evidence of rehabilitation since conviction. If the commission
33 determines that the reviewed conviction should not disqualify the
34 applicant, the applicant may be approved so long as the applicant is
35 otherwise qualified to be issued the license; and

36 (d) Upon receipt and review of the criminal history record
37 background information from the Division of State Police and the
38 Federal Bureau of Investigation, the commission shall provide written
39 notification to the applicant of the qualification for or disqualification
40 for a Class 4 Cannabis Distributor license.

41 If the applicant is disqualified because the commission determined
42 that a person has a disqualifying conviction pursuant to the provisions
43 of this section, the conviction that constitutes the basis for the
44 disqualification shall be identified in the written notice.

45 (e) The Division of State Police shall promptly notify the
46 commission in the event that an individual who was the subject of a
47 criminal history record background check conducted pursuant to this
48 section is convicted of a crime or offense in this State after the date the

1 background check was performed. Upon receipt of that notification,
2 the commission shall make a determination regarding the continued
3 eligibility for the applicant, or following application, for the licensee to
4 hold a Class 4 Cannabis Distributor license.

5 b. The commission shall adopt rules that:

6 (1) Provide for the annual renewal of the Class 4 Cannabis
7 Distributor license;

8 (2) Establish application, licensure, and renewal of licensure fees
9 for cannabis distributors in accordance with paragraph (2) of
10 subsection a. of section 18 of P.L. , c. (C.) (pending before the
11 Legislature as this bill); and

12 (3) Require a cannabis distributor to meet any public health and
13 safety standards, industry best practices, and all applicable regulations
14 established by the commission by rule or regulation related to the bulk
15 transportation of cannabis items.

16 c. Fees adopted under subsection b. of this section:

17 (1) Shall be in the form of a schedule that imposes a greater fee for
18 larger transportation operations; and

19 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
20 Assistance, and Marketplace Modernization Fund" established under
21 section 40 of P.L. , c. (C.) (pending before the Legislature
22 as this bill).

23 d. (1) The commission shall issue or deny issuance of a Class 4
24 Cannabis Distributor license or conditional license in accordance with
25 the procedures set forth in section 18 of P.L. , c. (C.) (pending
26 before the Legislature as this bill).

27 (2) The commission may suspend or revoke a Class 4 Cannabis
28 Distributor license or conditional license to operate as a cannabis
29 distributor for cause, which shall be considered a final agency action
30 for the purposes of the "Administrative Procedure Act," P.L.1968,
31 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial review
32 as provided in the Rules of Court.

33 e. A person who has been issued a license or conditional license
34 shall display the license or conditional license at the distributor's
35 premises at all times when cannabis is being transported.

36 f. As required by the commission in regulation, a licensee or
37 conditional licensee shall report required changes in information about
38 the licensee to the commission within the time specified by the
39 commission.

40

41 25. (New section) Class 5 Cannabis Retailer license.

42 A cannabis retailer shall have a Class 5 Cannabis Retailer license
43 issued by the commission for the premises at which the cannabis is
44 retailed. The commission shall determine the maximum number of
45 licenses, of which at least 35 percent shall be conditional licenses
46 issued pursuant to subparagraph (a) of paragraph (2) of subsection
47 b. of section 18 of P.L. , c. (C.) (pending before the
48 Legislature as this bill), and at least 25 percent of the total number

1 of licenses and conditional licenses shall be designated for and only
2 issued to microbusinesses pursuant subsection f. of that section.
3 Providing there exist qualified applicants, the commission shall
4 issue a sufficient number of licenses to meet the market demands of
5 the State, and may, as authorized by paragraph (1) of subsection a.
6 of section 18 of P.L. , c. (C.) (pending before the
7 Legislature as this bill), make requests for new applications for
8 additional licenses as it deems necessary to meet those demands.

9 a. To hold a Class 5 Cannabis Retailer license under this
10 section, a cannabis retailer:

11 (1) Shall apply for a license in the manner described in section
12 18 of P.L. , c. (C.) (pending before the Legislature as
13 this bill);

14 (2) Shall have at least one significantly involved person who has
15 resided in this State for at least two years as of the date of the
16 application, and provide proof that this person and any other person
17 with an investment interest who also has decision making authority
18 for the cannabis retailer listed on an application submitted under
19 section 18 of P.L. , c. (C.) (pending before the
20 Legislature as this bill) is 21 years of age or older;

21 (3) Shall meet the requirements of any rule adopted by the
22 commission under subsection b. of this section; and

23 (4) Shall provide for each of the following persons to undergo a
24 criminal history record background check: any owner, other than an
25 owner who holds less than a five percent investment interest in the
26 cannabis retailer or who is a member of a group that holds less than
27 a 20 percent investment interest in the cannabis retailer and no
28 member of that group holds more than a five percent interest in the
29 total group investment, and who lacks the authority to make
30 controlling decisions regarding the cannabis retailer's operations;
31 any director; any officer; and any employee.

32 (a) Pursuant to this provision, the commission is authorized to
33 exchange fingerprint data with and receive criminal history record
34 background information from the Division of State Police and the
35 Federal Bureau of Investigation consistent with the provisions of
36 applicable federal and State laws, rules, and regulations. The
37 Division of State Police shall forward criminal history record
38 background information to the commission in a timely manner
39 when requested pursuant to the provisions of this section;

40 (b) Each person shall submit to being fingerprinted in
41 accordance with applicable State and federal laws, rules, and
42 regulations. No check of criminal history record background
43 information shall be performed pursuant to this section unless a
44 person has furnished his written consent to that check. A person
45 who refuses to consent to, or cooperate in, the securing of a check
46 of criminal history record background information shall not be
47 considered for licensure as a retailer. Each person shall bear the

1 cost for the criminal history record background check, including all
2 costs of administering and processing the check;

3 (c) (i) With respect to determining whether any conviction of a
4 person contained in the criminal history record background check
5 should disqualify an applicant for a Class 5 Cannabis Retailer
6 license, the commission shall not take into consideration any
7 conviction for a crime or offense that occurred prior to the effective
8 date of P.L. , c. (C.) (pending before the Legislature as this
9 bill) involving a controlled dangerous substance or controlled
10 substance analog as set forth in paragraph (11) or (12) of subsection
11 b., or subparagraph (b) of paragraph (10) of subsection b. of
12 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
13 N.J.S.2C:35-10, or any similar indictable offense under federal law,
14 this State's law, or any other state's law, or for any conviction under
15 federal law for conduct involving cannabis or cannabis resin that is
16 authorized by P.L. , c. (C.) (pending before the Legislature as
17 this bill). Additionally, the commission shall not take into
18 consideration any other prior conviction, unless that conviction is
19 for an indictable offense under federal law, other than a conviction
20 for conduct involving cannabis or cannabis resin that is authorized
21 by P.L. , c. (C.) (pending before the Legislature as this bill),
22 or under this State's law, or any other state's law that is
23 substantially related to the qualifications, functions, or duties for
24 which the license is required, and not more than five years have
25 passed since the date of that conviction, satisfactory completion of
26 probation or parole, or release from incarceration, whichever is later.
27 In determining which indictable offenses are substantially related to
28 the qualifications, functions, or duties for which the license is
29 required, the commission shall at least consider any conviction
30 involving fraud, deceit, or embezzlement, and any conviction for
31 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
32 similar indictable offense in this or another jurisdiction involving
33 the use of a minor to dispense or distribute a controlled dangerous
34 substance or controlled substance analog;

35 (ii) The commission may approve an applicant for a Class 5
36 Cannabis Retailer license after conducting a thorough review of any
37 previous conviction of a person that substantially related to the
38 qualifications, functions, or duties for which the license is required
39 that is contained in the criminal history record background
40 information, and this review shall include examining the nature of
41 the indictable offense, the circumstances at the time of committing
42 the offense, and evidence of rehabilitation since conviction. If the
43 commission determines that the reviewed conviction should not
44 disqualify the applicant, the applicant may be approved so long as
45 the applicant is otherwise qualified to be issued the license; and

46 (d) Upon receipt and review of the criminal history record
47 background information from the Division of State Police and the
48 Federal Bureau of Investigation, the commission shall provide

1 written notification to the applicant of the qualification for or
2 disqualification for a Class 5 Cannabis Retailer license.

3 If the applicant is disqualified because the commission
4 determined that a person has a disqualifying conviction pursuant to
5 the provisions of this section, the conviction that constitutes the
6 basis for the disqualification shall be identified in the written
7 notice.

8 (e) The Division of State Police shall promptly notify the
9 commission in the event that an individual who was the subject of a
10 criminal history record background check conducted pursuant to
11 this section is convicted of a crime or offense in this State after the
12 date the background check was performed. Upon receipt of that
13 notification, the commission shall make a determination regarding
14 the continued eligibility for the applicant, or following application,
15 for the licensee, to hold a Class 5 Cannabis Retailer license.

16 b. The commission shall adopt rules that:

17 (1) Provide for the annual renewal of the Class 5 Cannabis
18 Retailer license;

19 (2) Establish application, licensure, and renewal of licensure
20 fees for a cannabis retailer in accordance with paragraph (2) of
21 subsection a. of section 18 of P.L. , c. (C.) (pending before
22 the Legislature as this bill); and

23 (3) Require a cannabis retailer to meet any public health and
24 safety standards, industry best practices, and all applicable
25 regulations established by the commission by rule related to the sale
26 of cannabis.

27 c. Fees adopted under subsection b. of this section:

28 (1) Shall be in the form of a schedule that imposes a greater fee
29 for premises with more square footage; and

30 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
31 Assistance, and Marketplace Modernization Fund" established under
32 section 40 of P.L. , c. (C.) (pending before the
33 Legislature as this bill).

34 d. (1) The commission shall issue or deny issuance of a Class
35 5 Cannabis Retailer license or conditional license in accordance
36 with the procedures set forth in section 18 of P.L. , c. (C.)
37 (pending before the Legislature as this bill).

38 (2) The commission may suspend or revoke a Class 4 Cannabis
39 Retailer license or conditional license to operate as a cannabis
40 retailer for cause, which shall be considered a final agency action
41 for the purposes of the "Administrative Procedure Act," P.L.1968,
42 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial
43 review as provided in the Rules of Court.

44 e. A person who has been issued a license or conditional
45 license shall display the license or conditional license at the
46 premises at all times when cannabis is being retailed.

47 f. As required by the commission in regulation, a licensee or
48 conditional licensee shall report required changes in information

1 about the licensee to the commission within the time specified by
2 the commission.

3 g. Subject to receiving an endorsement pursuant to section 28
4 of P.L.2019, c.153 (C.24:6I-21):

5 (1) A licensed cannabis retailer may operate a cannabis
6 consumption area at which the on-premises consumption of
7 cannabis items either obtained from the retailer, or brought by a
8 person to the consumption area, may occur.

9 (2) Each licensed cannabis retailer may operate only one
10 cannabis consumption area.

11 (3) The cannabis consumption area shall be either (a) an indoor,
12 structurally enclosed area of the licensed cannabis retailer that is
13 separate from the area in which retail sales of cannabis items occur
14 or (b) an exterior structure on the same premises as the retailer,
15 either separate from or connected to the retailer.

16 (4) A Class 5 Cannabis Retailer licensee that has been approved
17 for a cannabis consumption area endorsement may transfer cannabis
18 items purchased by a person in its retail establishment to the person
19 in its cannabis consumption area. The Class 4 Cannabis Retailer
20 licensee shall not transfer to the consumption area an amount of
21 cannabis items that exceed the limits established by the
22 commission.

23

24 26. (New section) Class 6 Cannabis Delivery license.

25 A cannabis delivery service shall have a Class 6 Cannabis Delivery
26 license issued by the commission for the premises from which the
27 cannabis delivery service will conduct operations to provide courier
28 services for a cannabis retailer in order to make deliveries of
29 cannabis items and related supplies to a consumer. The commission
30 shall determine the maximum number of licenses, of which at least 35
31 percent shall be conditional licenses issued pursuant to subparagraph
32 (a) of paragraph (2) of subsection b. of section 18 of P.L. ,
33 c. (C.) (pending before the Legislature as this bill), and at least
34 25 percent of the total number of licenses and conditional licenses
35 shall be designated for and only issued to microbusinesses pursuant
36 subsection f. of that section. Providing there exist qualified applicants,
37 the commission shall issue a sufficient number of licenses to meet the
38 market demands of the State, and may, as authorized by paragraph (1)
39 of subsection a. of section 18 of P.L. , c. (C.) (pending before
40 the Legislature as this bill), make requests for new applications for
41 additional licenses as it deems necessary to meet those demands.

42 a. To hold a Class 6 Cannabis Delivery license under this section,
43 an applicant:

44 (1) Shall apply for a license in the manner described in section 18
45 of P.L. , c. (C.) (pending before the Legislature as this bill);

46 (2) Shall have at least one significantly involved person who has
47 resided in this State for at least two years as of the date of the
48 application, and provide proof that this person and any other person

1 with an investment interest who also has decision making authority for
2 the cannabis delivery service listed on an application submitted under
3 section 18 of P.L. , c. (C.) (pending before the Legislature
4 as this bill) is 21 years of age or older;

5 (3) Shall meet the requirements of any rule or regulation adopted
6 by the commission under subsection b. of this section; and

7 (4) Shall provide for each of the following persons to undergo a
8 criminal history record background check: any owner, other than an
9 owner who holds less than a five percent investment interest in the
10 cannabis delivery service or who is a member of a group that holds
11 less than a 20 percent investment interest in the cannabis delivery
12 service and no member of that group holds more than a five percent
13 interest in the total group investment, and who lacks the authority to
14 make controlling decisions regarding the cannabis delivery service's
15 operations; any director; any officer; and any employee.

16 (a) Pursuant to this provision, the commission is authorized to
17 exchange fingerprint data with and receive criminal history record
18 background information from the Division of State Police and the
19 Federal Bureau of Investigation consistent with the provisions of
20 applicable federal and State laws, rules, and regulations. The Division
21 of State Police shall forward criminal history record background
22 information to the commission in a timely manner when requested
23 pursuant to the provisions of this section;

24 (b) Each person shall submit to being fingerprinted in accordance
25 with applicable State and federal laws, rules, and regulations. No
26 check of criminal history record background information shall be
27 performed pursuant to this section unless a person has furnished his
28 written consent to that check. A person who refuses to consent to, or
29 cooperate in, the securing of a check of criminal history record
30 background information shall not be considered for licensure as a
31 delivery service. Each person shall bear the cost for the criminal
32 history record background check, including all costs of administering
33 and processing the check;

34 (c) (i) With respect to determining whether any conviction of a
35 person contained in the criminal history record background check
36 should disqualify an applicant for a Class 6 Cannabis Delivery license,
37 the commission shall not take into consideration any conviction for a
38 crime or offense that occurred prior to the effective date of P.L. ,
39 c. (C.) (pending before the Legislature as this bill) involving a
40 controlled dangerous substance or controlled substance analog as set
41 forth in paragraph (11) or (12) of subsection b., or subparagraph (b) of
42 paragraph (10) of subsection b. of N.J.S.2C:35-5, or paragraph (3) or
43 (4) of subsection a. of N.J.S.2C:35-10, or any similar indictable
44 offense under federal law, this State's law, or any other state's law, or
45 for any conviction under federal law for conduct involving cannabis or
46 cannabis resin that is authorized by P.L. , c. (C.) (pending
47 before the Legislature as this bill). Additionally, the commission shall
48 not take into consideration any other prior conviction, unless that

1 conviction is for an indictable offense under federal law, other than a
2 conviction for conduct involving cannabis or cannabis resin that is
3 authorized by P.L. , c. (C.) (pending before the Legislature as
4 this bill), or under this State's law, or any other state's law that is
5 substantially related to the qualifications, functions, or duties for
6 which the license is required, and not more than five years have passed
7 since the date of that conviction, satisfactory completion of probation
8 or parole, or release from incarceration, whichever is later. In
9 determining which indictable offenses are substantially related to the
10 qualifications, functions, or duties for which the license is required, the
11 commission shall at least consider any conviction involving fraud,
12 deceit, or embezzlement, and any conviction for N.J.S.2C:35-6,
13 employing a minor in a drug distribution scheme, or similar indictable
14 offense in this or another jurisdiction involving the use of a minor to
15 dispense or distribute a controlled dangerous substance or controlled
16 substance analog;

17 (ii) The commission may approve an applicant for a Class 4
18 Cannabis Distributor license after conducting a thorough review of any
19 previous conviction of a person that substantially related to the
20 qualifications, functions, or duties for which the license is required that
21 is contained in the criminal history record background information,
22 and this review shall include examining the nature of the indictable
23 offense, the circumstances at the time of committing the offense, and
24 evidence of rehabilitation since conviction. If the commission
25 determines that the reviewed conviction should not disqualify the
26 applicant, the applicant may be approved so long as the applicant is
27 otherwise qualified to be issued the license; and

28 (d) Upon receipt and review of the criminal history record
29 background information from the Division of State Police and the
30 Federal Bureau of Investigation, the commission shall provide written
31 notification to the applicant of the qualification for or disqualification
32 for a Class 6 Cannabis Delivery license.

33 If the applicant is disqualified because the commission determined
34 that a person has a disqualifying conviction pursuant to the provisions
35 of this section, the conviction that constitutes the basis for the
36 disqualification shall be identified in the written notice.

37 (e) The Division of State Police shall promptly notify the
38 commission in the event that an individual who was the subject of a
39 criminal history record background check conducted pursuant to this
40 section is convicted of a crime or offense in this State after the date the
41 background check was performed. Upon receipt of that notification,
42 the commission shall make a determination regarding the continued
43 eligibility for the applicant, or following application, for the licensee to
44 hold a Class 6 Cannabis Delivery license.

45 b. The commission shall adopt rules that:

46 (1) Provide for the annual renewal of the Class 6 Cannabis
47 Delivery license;

1 (2) Establish application, licensure, and renewal of licensure fees
2 for cannabis delivery services in accordance with paragraph (2) of
3 subsection a. of section 18 of P.L. , c. (C.) (pending before the
4 Legislature as this bill); and

5 (3) Require a cannabis delivery service to meet any public health
6 and safety standards, industry best practices, and all applicable
7 regulations established by the commission by rule or regulation related
8 to the delivery of cannabis items and related supplies to a consumer.

9 c. Fees adopted under subsection b. of this section:

10 (1) Shall be in the form of a schedule that imposes a greater fee for
11 larger transportation operations; and

12 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
13 Assistance, and Marketplace Modernization Fund" established under
14 section 40 of P.L. , c. (C.) (pending before the Legislature
15 as this bill).

16 d. (1) The commission shall issue or deny issuance of a Class 6
17 Cannabis Delivery license or conditional license in accordance with
18 the procedures set forth in section 18 of P.L. , c. (C.) (pending
19 before the Legislature as this bill).

20 (2) The commission may suspend or revoke a Class 6 Cannabis
21 Delivery license or conditional license to operate as a cannabis
22 distributor for cause, which shall be considered a final agency action
23 for the purposes of the "Administrative Procedure Act," P.L.1968,
24 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial review
25 as provided in the Rules of Court.

26 e. A person who has been issued a license or conditional license
27 shall display the license or conditional license at the delivery service's
28 premises at all times when cannabis is being transported.

29 f. As required by the commission in regulation, a licensee or
30 conditional licensee shall report required changes in information about
31 the licensee to the commission within the time specified by the
32 commission.

33

34 27. (New section) Personal Use Cannabis Handlers.

35 a. An individual who performs work for or on behalf of a
36 person who holds a license classified pursuant to section 20, 22, 23,
37 24, 25, or 26 of P.L. , c. (C.) (pending before the
38 Legislature as this bill) shall have a valid certification issued by the
39 commission under this section if the individual participates in:

40 (1) the possession, securing, or selling of cannabis items at the
41 premises for which the license has been issued; or

42 (2) the recording of the possession, securing, or selling of
43 cannabis items at the premises for which the license has been
44 issued; or

45 (3) the transportation or delivery of cannabis items.

46 b. A person who holds a license classified pursuant to section
47 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending before
48 the Legislature as this bill) shall verify that an individual has a valid

1 certification issued under this section before allowing the individual
2 to perform any work described in subsection a. of this section at the
3 premises for which the license has been issued.

4 c. The commission shall issue certifications to qualified
5 applicants to perform work described in this section. The
6 commission shall adopt rules and regulations establishing: the
7 qualifications for performing work described in this section; the
8 terms of a certification issued under this section; procedures for
9 applying for and renewing a certification issued under this section;
10 and reasonable application, issuance, and renewal fees for a
11 certification issued under this section.

12 d. The commission may require an individual applying for a
13 certification under this section to successfully complete a course,
14 made available by or through the commission, in which the
15 individual receives training on: checking identification; detecting
16 intoxication; handling cannabis items; statutory and regulatory
17 provisions relating to cannabis; and any matter deemed necessary
18 by the commission to protect the public health and safety. The
19 commission or other provider may charge a reasonable fee for the
20 course.

21 The commission shall not require an individual to successfully
22 complete the course more than once, except that the commission
23 may adopt regulations directing continuing education training on a
24 prescribed schedule.

25 As part of a final order suspending a certification issued under
26 this section, the commission may require a holder of a certification
27 to successfully complete the course as a condition of lifting the
28 suspension and as part of a final order revoking a certification
29 issued under this section, the commission shall require an individual
30 to successfully complete the course prior to applying for a new
31 certification.

32 e. (1) Each individual applying for a certification under this
33 section shall undergo a criminal history record background check.
34 The commission is authorized to exchange fingerprint data with and
35 receive criminal history record background information from the
36 Division of State Police and the Federal Bureau of Investigation
37 consistent with the provisions of applicable federal and State laws,
38 rules, and regulations. The Division of State Police shall forward
39 criminal history record background information to the commission
40 in a timely manner when requested pursuant to the provisions of
41 this subsection.

42 (2) Each individual shall submit to being fingerprinted in
43 accordance with applicable State and federal laws, rules, and
44 regulations. No check of criminal history record background
45 information shall be performed pursuant to this subsection unless
46 the individual has furnished written consent to that check. Any
47 individual who refuses to consent to, or cooperate in, the securing
48 of a check of criminal history record background information shall

1 not be considered for a certification. Each individual shall bear the
2 cost for the criminal history record background check, including all
3 costs of administering and processing the check.

4 (3) Upon receipt and review of the criminal history record
5 background information from the Division of State Police and the
6 Federal Bureau of Investigation, the commission shall provide
7 written notification to the individual of the qualification for or
8 disqualification for a certification. If the individual is disqualified
9 because of a disqualifying conviction as set forth in subsection f. of
10 this section, the conviction that constitutes the basis for the
11 disqualification shall be identified in the written notice.

12 (4) The Division of State Police shall promptly notify the
13 commission in the event that an individual who was the subject of a
14 criminal history record background check conducted pursuant to
15 this subsection is convicted of a crime in this State after the date the
16 background check was performed. Upon receipt of that
17 notification, the commission shall make a determination regarding
18 the continued eligibility to hold a certification.

19 f. (1) (a) With respect to determining whether any conviction
20 of an individual contained in the criminal history record background
21 check should disqualify an applicant for a certification, the
22 commission shall not take into consideration any conviction for a
23 crime or offense that occurred prior to the effective date of P.L. ,
24 c. (C.) (pending before the Legislature as this bill) involving a
25 controlled dangerous substance or controlled substance analog as
26 set forth in paragraph (11) or (12) of subsection b., or subparagraph
27 (b) of paragraph (10) of subsection b. of N.J.S.2C:35-5, or
28 paragraph (3) or (4) of subsection a. of N.J.S.2C:35-10, or any
29 similar indictable offense under federal law, this State's law, or any
30 other state's law, or for any conviction under federal law for conduct
31 involving cannabis or cannabis resin that is authorized by P.L. ,
32 c. (C.) (pending before the Legislature as this bill).
33 Additionally, the commission shall not take into consideration any
34 other prior conviction, unless that conviction is for an indictable
35 offense under federal law, other than a conviction for conduct
36 involving cannabis or cannabis resin that is authorized by P.L. ,
37 c. (C.) (pending before the Legislature as this bill), or under
38 this State's law, or any other state's law that is substantially related
39 to the qualifications, functions, or duties for which certification is
40 required, and not more than five years have passed since the date of
41 that conviction, satisfactory completion of probation or parole, or
42 release from incarceration, whichever is later. In determining
43 which indictable offenses are substantially related to the
44 qualifications, functions, or duties for which certification is
45 required, the commission shall at least consider any conviction
46 involving fraud, deceit, or embezzlement, and any conviction for
47 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
48 similar indictable offense in this or another jurisdiction involving

1 the use of a minor to dispense or distribute a controlled dangerous
2 substance or controlled substance analog;

3 (b) The commission may approve an applicant for a certification
4 after conducting a thorough review of any previous conviction of a
5 person that substantially related to the qualifications, functions, or
6 duties for which certification is required that is contained in the
7 criminal history record background information, and this review
8 shall include examining the nature of the indictable offense, the
9 circumstances at the time of committing the offense, and evidence
10 of rehabilitation since conviction. If the commission determines
11 that the reviewed conviction should not disqualify the applicant, the
12 applicant may be approved so long as the applicant is otherwise
13 qualified to be issued the certification.

14 g. The commission shall deny an application to any applicant who
15 fails to provide information, documentation and assurances as required
16 by P.L. , c. (C.) (pending before the Legislature as this bill) or
17 as requested by the commission, or who fails to reveal any fact
18 material to qualification, or who supplies information which is untrue
19 or misleading as to a material fact pertaining to the qualification
20 criteria for licensure.

21 h. The commission may suspend, revoke, or refuse to renew a
22 certification if the individual who is applying for or who holds the
23 certification: violates any provision of P.L. , c. (C.)
24 (pending before the Legislature as this bill) or any rule or regulation
25 adopted under P.L. , c. (C.) (pending before the
26 Legislature as this bill); makes a false statement to the commission;
27 or refuses to cooperate in any investigation by the commission.

28 i. A certification issued under this section is a personal
29 privilege and permits work described under this section only for the
30 individual who holds the certification.

31 j. In addition to the requirements for regulations set forth in
32 paragraph (1) of subsection d. of section 6 of P.L. ,
33 c. (C.) (pending before the Legislature as this bill) the
34 commission shall enact regulations to allow for a cannabis retailer
35 to engage in delivery of cannabis items by a certified cannabis
36 handler performing work for or on behalf of a cannabis retailer,
37 including a certified cannabis handler employed by a cannabis
38 delivery service providing courier service for the cannabis retailer,
39 and which regulations shall include, but not be limited to, the
40 following requirements:

41 (1) A cannabis retailer may only deliver cannabis items to a
42 residence, including a temporary residence, in this State.

43 (2) Deliveries shall be made only to a legal consumer by a
44 certified cannabis handler who is an employee of a cannabis
45 retailer, cannabis delivery service, or an approved contractor vender
46 for a cannabis retailer.

1 (3) A cannabis retailer shall not deliver to a residence located on
2 land owned by the federal government or any residence on land or
3 in a building leased by the federal government.

4 (4) A cannabis retailer shall staff each delivery vehicle with a
5 certified cannabis handler who is an employee of the cannabis
6 retailer who shall be at least 18 years of age, or use a cannabis
7 delivery service or an approved contract vendor whose delivery
8 employees shall be at least 18 years of age.

9 (5) All deliveries of cannabis items shall be made in person. A
10 delivery of cannabis items shall not be made through the use of an
11 unmanned vehicle.

12 (6) Each certified cannabis handler shall carry a copy of the
13 cannabis employee, cannabis delivery service, or contract vendor
14 identification card. The cannabis handler shall present the
15 identification card upon request to State and local law enforcement,
16 and State and local regulatory authorities and agencies.

17 (7) Each certified cannabis handler shall have access to a secure
18 form of communication with the cannabis retailer, such as a cellular
19 telephone, at all times that a delivery vehicle contains cannabis
20 items.

21 (8) During delivery, the certified cannabis handler shall
22 maintain a physical or electronic copy of the delivery request and
23 shall make it available upon request to State and local law
24 enforcement, and State and local regulatory authorities and
25 agencies.

26 (9) Delivery vehicles shall be equipped with a secure lockbox in
27 a secured cargo area, which shall be used for the sanitary and secure
28 transport of cannabis items.

29 (10) A certified cannabis handler shall not leave cannabis items
30 in an unattended delivery vehicle unless the vehicle is locked and
31 equipped with an active vehicle alarm system.

32 (11) A delivery vehicle shall contain a Global Positioning
33 System (GPS) device for identifying the geographic location of the
34 delivery vehicle. The device shall be either permanently or
35 temporarily affixed to the delivery vehicle while the delivery
36 vehicle is in operation, and the device shall remain active and in the
37 possession of the certified cannabis handler at all times during
38 delivery. At all times, the cannabis retailer shall be able to identify
39 the geographic location of all delivery vehicles that are making
40 deliveries for the cannabis retailer and shall provide that
41 information to the commission upon request.

42 (12) Upon request, a cannabis retailer shall provide the
43 commission with information regarding any vehicles used for
44 delivery, including the vehicle's make, model, color, Vehicle
45 Identification Number, license plate number, and vehicle
46 registration.

47 (13) Each cannabis retailer, delivery service, or contract vendor
48 of a cannabis retailer shall maintain current hired and non-owned

1 automobile liability insurance sufficient to insure all vehicles used
2 for delivery of cannabis in the amount of not less than \$1,000,000
3 per occurrence or accident.

4 (14) Each cannabis retailer shall ensure that vehicles used to
5 deliver cannabis bear no markings that would either identify or
6 indicate that the vehicle is used to deliver cannabis items.

7 (15) Each cannabis retailer shall ensure that deliveries are
8 completed in a timely and efficient manner.

9 (16) While making residential deliveries, a certified cannabis
10 handler shall only travel from the cannabis retailer's licensed
11 premises, or as part of a cannabis delivery service or contract
12 vendor deliveries, between multiple cannabis retailers, then to a
13 residence for delivery; from one residential delivery to another
14 residence for residential delivery; or from a residential delivery
15 back to the cannabis retailer's licensed premises. A cannabis
16 handler shall not deviate from the delivery path described in this
17 paragraph, except in the event of emergency or as necessary for
18 rest, fuel, or vehicle repair stops, or because road conditions make
19 continued use of the route or operation of the vehicle unsafe,
20 impossible, or impracticable.

21 (17) The process of delivery begins when the certified cannabis
22 handler leaves the cannabis retailer licensed premises with the
23 cannabis items for delivery. The process of delivering ends when
24 the cannabis handler returns to the cannabis retailer's licensed
25 premises, or delivery service's or contract vendor's premises, after
26 delivering the cannabis item to the consumer.

27 (18) Each cannabis retailer shall maintain a record of each
28 delivery of cannabis items in a delivery log, which may be written
29 or electronic. For each delivery, the log shall record:

- 30 (a) The date and time that the delivery began and ended;
31 (b) The name of the certified cannabis handler;
32 (c) The cannabis items delivered;
33 (d) The lot number of the cannabis; and
34 (e) The signature of the consumer who accepted delivery.

35 (19) A cannabis retailer shall report any vehicle accidents,
36 diversions, losses, or other reportable events that occur during
37 delivery to the appropriate State and local authorities, including the
38 commission.

39

40 28. Section 24 of P.L.2019, c.153 (C.24:6I-17) is amended to
41 read as follows:

42 24. a. (1) Each batch of medical cannabis cultivated by a
43 medical cannabis cultivator or a clinical registrant and each batch of
44 a medical cannabis product produced by a medical cannabis
45 manufacturer or a clinical registrant shall be tested in accordance
46 with the requirements of section 26 of P.L.2019, c.153 (C.24:6I-19)
47 by a laboratory licensed pursuant to section 25 of P.L.2019, c.153
48 (C.24:6I-18). The laboratory performing the testing shall produce a

1 written report detailing the results of the testing, a summary of
2 which shall be included in any packaging materials for medical
3 cannabis and medical cannabis products dispensed to qualifying
4 patients and their designated and institutional caregivers. The
5 laboratory may charge a reasonable fee for any test performed
6 pursuant to this section.

7 (2) Each representative sample of personal use cannabis from a
8 cannabis cultivation facility and each representative sample of a
9 personal use cannabis item from a cannabis product manufacturing
10 facility shall be tested in accordance with the provisions of section
11 18 of P.L. , c. (C.) (pending before the Legislature as this
12 bill) by a laboratory licensed pursuant to section 25 of P.L.2019,
13 c.153 (C.24:6I-18).

14 b. The requirements of subsection a. of this section shall take
15 effect at such time as the commission certifies that a sufficient
16 number of laboratories have been licensed pursuant to section 25 of
17 P.L.2019, c.153 (C.24:6I-18), or pursuant to section 18 of P.L. ,
18 c. (C.), to ensure that all medical cannabis and medical
19 cannabis products can be promptly tested consistent with the
20 requirements of this section without disrupting patient access to
21 medical cannabis.

22 (cf: P.L.2019, c.153, s.24)

23

24 29. Section 25 of P.L.2019, c.153 (C.24:6I-18) is amended to
25 read as follows:

26 25. a. (1) A laboratory that performs testing services pursuant
27 to section 24 of P.L.2019, c.153 (C.24:6I-17) shall be licensed by
28 the commission and may be subject to inspection by the
29 commission to determine the condition and calibration of any
30 equipment used for testing purposes and to ensure that testing of
31 medical cannabis and medical cannabis products is being performed
32 in accordance with the requirements of section 26 of P.L.2019,
33 c.153 (C.24:6I-19), and the testing of personal use cannabis and
34 personal use cannabis items is being performed in accordance with
35 the requirements of section 18 of P.L. , c. (C.) (pending
36 before the Legislature as this bill). Each applicant for licensure
37 pursuant to this section shall submit an attestation signed by a bona
38 fide labor organization stating that the applicant has entered into a
39 labor peace agreement with such bona fide labor organization. The
40 maintenance of a labor peace agreement with a bona fide labor
41 organization shall be an ongoing material condition of maintaining
42 a license to test medical cannabis.

43 (2) Any laboratory licensed pursuant to this section prior to the
44 effective date of P.L. , c. (C.) to only test medical cannabis
45 and medical cannabis products shall be authorized to test personal
46 use cannabis and personal use cannabis items under an existing
47 license in good standing, if the laboratory certifies to the
48 commission that its facility, and the condition and calibration of any

1 equipment used for testing meet the commission's accreditation
2 requirements for licensure as a cannabis testing facility, and its
3 testing procedures will be performed in accordance with the
4 requirements of section 18 of P.L. , c. (C.) (pending before
5 the Legislature as this bill). The commission shall acknowledge
6 receipt of the laboratory's certification in writing to that laboratory,
7 which shall serve as notice and recognition that the laboratory may
8 test personal use cannabis and personal use cannabis items under
9 the existing license.

10 b. There shall be no upper limit on the number of laboratories
11 that may be licensed to perform testing services.

12 c. A person who has been convicted of a crime involving any
13 controlled dangerous substance or controlled substance analog as
14 set forth in chapter 35 of Title 2C of the New Jersey Statutes except
15 paragraph (4) of subsection a. of N.J.S.2C:35-10, or any similar law
16 of the United States or any other state shall not be issued a license
17 to operate as or be a director, officer, or employee of a medical
18 cannabis testing laboratory, unless such conviction occurred after
19 the effective date of P.L.2009, c.307 (C.24:6I-1 et al.) and was for a
20 violation of federal law relating to possession or sale of cannabis
21 for conduct that is authorized under P.L.2009, c.307 (C.24:6I-1 et
22 al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.).

23 d. (1) The commission shall require each applicant for
24 licensure as a medical cannabis testing laboratory to undergo a
25 criminal history record background check, except that no criminal
26 history record background check shall be required for an applicant
27 who completed a criminal history record background check as a
28 condition of professional licensure or certification.

29 For purposes of this section, the term "applicant" shall include
30 any owner, director, officer, or employee of a medical cannabis
31 testing laboratory. The commission is authorized to exchange
32 fingerprint data with and receive criminal history record
33 background information from the Division of State Police and the
34 Federal Bureau of Investigation consistent with the provisions of
35 applicable federal and State laws, rules, and regulations. The
36 Division of State Police shall forward criminal history record
37 background information to the commission in a timely manner
38 when requested pursuant to the provisions of this section.

39 An applicant who is required to undergo a criminal history
40 record background check pursuant to this section shall submit to
41 being fingerprinted in accordance with applicable State and federal
42 laws, rules, and regulations. No check of criminal history record
43 background information shall be performed pursuant to this section
44 unless the applicant has furnished the applicant's written consent to
45 that check. An applicant who is required to undergo a criminal
46 history record background check pursuant to this section who
47 refuses to consent to, or cooperate in, the securing of a check of
48 criminal history record background information shall not be

1 considered for a license to operate, or authorization to be employed
2 at, a medical cannabis testing laboratory. An applicant shall bear
3 the cost for the criminal history record background check, including
4 all costs of administering and processing the check.

5 (2) The commission shall not approve an applicant for a license
6 to operate, or authorization to be employed at, a medical cannabis
7 testing laboratory if the criminal history record background
8 information of the applicant reveals a disqualifying conviction as
9 set forth in subsection c. of this section.

10 (3) Upon receipt of the criminal history record background
11 information from the Division of State Police and the Federal
12 Bureau of Investigation, the commission shall provide written
13 notification to the applicant of the applicant's qualification for or
14 disqualification for a permit to operate or be a director, officer, or
15 employee of a medical cannabis testing laboratory.

16 If the applicant is disqualified because of a disqualifying
17 conviction pursuant to the provisions of this section, the conviction
18 that constitutes the basis for the disqualification shall be identified
19 in the written notice.

20 (4) The Division of State Police shall promptly notify the
21 commission in the event that an individual who was the subject of a
22 criminal history record background check conducted pursuant to
23 this section is convicted of a crime or offense in this State after the
24 date the background check was performed. Upon receipt of that
25 notification, the commission shall make a determination regarding
26 the continued eligibility to operate or be a director, officer, or
27 employee of a medical cannabis testing laboratory.

28 (5) Notwithstanding the provisions of subsection c. of this
29 section to the contrary, the commission may offer provisional
30 authority for an applicant to be an owner, director, officer, or
31 employee of a medical cannabis testing laboratory for a period not
32 to exceed three months if the applicant submits to the commission a
33 sworn statement attesting that the person has not been convicted of
34 any disqualifying conviction pursuant to this section.

35 (6) Notwithstanding the provisions of subsection c. of this
36 section to the contrary, no applicant to be an owner, director,
37 officer, or employee of a medical cannabis testing laboratory shall
38 be disqualified on the basis of any conviction disclosed by a
39 criminal history record background check conducted pursuant to
40 this section if the individual has affirmatively demonstrated to the
41 commission clear and convincing evidence of rehabilitation. In
42 determining whether clear and convincing evidence of rehabilitation
43 has been demonstrated, the following factors shall be considered:

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

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

47 (c) the circumstances under which the crime or offense
48 occurred;

- 1 (d) the date of the crime or offense;
- 2 (e) the age of the individual when the crime or offense was
3 committed;
- 4 (f) whether the crime or offense was an isolated or repeated
5 incident;
- 6 (g) any social conditions which may have contributed to the
7 commission of the crime or offense; and
- 8 (h) any evidence of rehabilitation, including good conduct in
9 prison or in the community, counseling or psychiatric treatment
10 received, acquisition of additional academic or vocational
11 schooling, successful participation in correctional work-release
12 programs, or the recommendation of those who have had the
13 individual under their supervision.
14 (cf: P.L.2019, c.153, s.25)

15
16 30. Section 15 of P.L.2009, c.307 (C.24:6I-13) is amended to read
17 as follows:

18 15. a. The Cannabis Regulatory Commission is authorized to
19 exchange fingerprint data with, and receive information from, the
20 Division of State Police in the Department of Law and Public
21 Safety and the Federal Bureau of Investigation for use in reviewing
22 applications for individuals who are required to complete a criminal
23 history record background check in connection with applications :

24 (1) to serve as designated caregivers or institutional caregivers
25 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4), for licenses to
26 operate as, or to be a director, officer, or employee of, medical
27 cannabis testing laboratories pursuant to section 25 of P.L.2019,
28 c.153 (C.24:6I-18), for permits to operate as, or to be a director,
29 officer, or employee of, or a significantly involved person in,
30 clinical registrants pursuant to section 13 of P.L.2019, c.153
31 (C.24:6I-7.3), and for permits to operate as, or to be a director,
32 officer, or employee of, or a significantly involved person in,
33 medical cannabis cultivators, medical cannabis manufacturers, and
34 medical cannabis dispensaries pursuant to section 7 of P.L.2009,
35 c.307 (C.24:6I-7); or

36 (2) for licenses to operate as, or to be a director, officer, or
37 employee of, or a significantly involved person in, cannabis
38 growers, cannabis processors, cannabis wholesalers, cannabis
39 distributors, cannabis retailers, cannabis delivery services, and
40 personal use cannabis testing facilities pursuant to sections 18, 20,
41 21, 22, 23, 24, 25, and 26 of P.L. , c. (C.) (pending before
42 the Legislature as this bill).

43 b. The Division of State Police shall promptly notify the
44 Cannabis Regulatory Commission in the event an applicant
45 [seeking to serve as a designated or institutional caregiver, an
46 applicant for a license to operate as, or to be a director, officer, or
47 employee of, a medical cannabis testing laboratory, an applicant for

1 a permit to operate as, or to be a director, officer, or employee of, or
2 a significantly involved person in, a clinical registrant, or an
3 applicant for a permit to operate as, or to be a director, officer, or
4 employee of, or a significantly involved person in, a medical
5 cannabis cultivator, medical cannabis manufacturer, or medical
6 cannabis dispensary], who was the subject of a criminal history
7 record background check conducted pursuant to subsection a. of this
8 section, is convicted of a crime involving possession or sale of a
9 controlled dangerous substance.

10 (cf: P.L.2019, c.153, s.21)

11

12 31. (New section) Municipal Regulations or Ordinances.

13 a. A municipality may enact ordinances or regulations, not in
14 conflict with the provisions of P.L. , c. (C.) (pending before the
15 Legislature as this bill):

16 (1) governing the times of operation, location, manner, and
17 number of cannabis establishments, distributors, or delivery services;
18 and

19 (2) establishing civil penalties for violation of an ordinance or
20 regulation governing the times of operation, location, manner, and
21 number of cannabis establishments, distributors, or delivery services
22 that may operate in such municipality.

23 b. A municipality may prohibit the operation of any one or
24 more classes of cannabis establishment or cannabis distributors, but
25 not cannabis delivery services, within the jurisdiction of the
26 municipality through the enactment of an ordinance, and this
27 prohibiting ordinance shall apply throughout the municipality, even if
28 that municipality or parts thereof fall within any district, area, or other
29 geographical jurisdiction for which land use planning, site planning,
30 zoning requirements or other development authority is exercised by an
31 independent State authority, commission, instrumentality, or agency
32 pursuant to the enabling legislation that governs its duties, functions,
33 and powers, even if this development authority is expressly stated or
34 interpreted to be exclusive thereunder; the local prohibiting ordinance
35 applies, notwithstanding the provisions of any independent State
36 authority law to the contrary. Only an ordinance to prohibit one or
37 more classes of cannabis establishment or cannabis distributors
38 enacted pursuant to the specific authority to do so by this section
39 shall be valid and enforceable; any ordinance enacted by a
40 municipality prior to the effective date of this section addressing the
41 issue of prohibiting one or more types of cannabis-related activities
42 within the jurisdiction of the municipality is null and void, and that
43 entity may only prohibit the operation of one or more classes of
44 cannabis establishment or cannabis distributors by enactment of a
45 new ordinance based upon the specific authority to do so by this
46 section. The failure of a municipality to enact an ordinance
47 prohibiting the operation of one or more classes of cannabis

1 establishment or cannabis distributors within 180 days after the
2 effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill), shall result in any class of cannabis
4 establishment or a cannabis distributor that is not prohibited from
5 operating within the municipality as being permitted to operate
6 therein as follows: the growing, cultivating, processing, and selling
7 and reselling of cannabis and cannabis items, and operations to
8 transport in bulk cannabis items by a cannabis grower, cannabis
9 processor, cannabis wholesaler, or cannabis distributor shall be
10 permitted uses in all industrial zones of the municipality; and the
11 selling of cannabis items to consumers from a retail store by a
12 cannabis retailer shall be a conditional use in all commercial zones
13 or retail zones, subject to meeting the conditions set forth in any
14 applicable zoning ordinance or receiving a variance from one or
15 more of those conditions in accordance with the “Municipal Land
16 Use Law,” P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of a
17 five-year period following the initial failure of a municipality to
18 enact an ordinance prohibiting the operation of one or more classes
19 of cannabis establishment or cannabis distributors, and every five-
20 year period thereafter following a failure to enact a prohibiting
21 ordinance, the municipality shall again be permitted to prohibit the
22 future operation of any one or more classes of cannabis
23 establishment or cannabis distributors through the enactment of an
24 ordinance, but this ordinance shall be prospective only and not
25 apply to any cannabis establishment or distributor operating in the
26 municipality prior to the enactment of the ordinance.

27 c. (1) When the commission receives an application for initial
28 licensing or renewal of an existing license for any cannabis
29 establishment, distributor, or delivery service pursuant to section 19
30 of P.L. , c. (C.) (pending before the Legislature as this bill),
31 or endorsement for a cannabis consumption area pursuant to section
32 28 of P.L.2019, c.153 (C.24:6I-21), the commission shall provide,
33 within seven days, a copy of the application to the municipality in
34 which the establishment, distributor, delivery service, or
35 consumption area is to be located, unless the municipality has
36 prohibited the operation of the particular class of business for which
37 licensure is sought pursuant to subsection b. of this section, or in
38 the case of an application seeking a consumption area endorsement,
39 prohibited the operation of cannabis retailers. The local jurisdiction
40 shall determine whether the application complies with local
41 restrictions on times of operation, location, manner, and the number
42 of cannabis businesses. The local jurisdiction shall inform the
43 commission whether the application complies with local restrictions
44 on times of operation, location, manner, and the number of cannabis
45 businesses.

46 (2) A municipality may impose a separate local licensing or
47 endorsement requirement as a part of its restrictions on times of
48 operation, location, manner, and the number of cannabis businesses.

1 A municipality may decline to impose any local licensing or
2 endorsement requirements, but a local jurisdiction shall notify the
3 commission that it either approves or denies each application
4 forwarded to it.

5

6 32. Section 28 of P.L.2019, c.153 (C.24:6I-21) is amended to
7 read as follows:

8 28. a. A municipality may authorize, through the enactment of
9 an ordinance, the operation of locally endorsed **【medical】** cannabis
10 consumption areas:

11 (1) operated by medical cannabis dispensaries , including any
12 alternative treatment centers deemed to hold a medical cannabis
13 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
14 7), and clinical registrants within its jurisdiction, at which areas the
15 on-premises consumption of medical cannabis may occur;

16 (2) operated by cannabis retailers within its jurisdiction, at which
17 areas the on-premises consumption of personal use cannabis may
18 occur; and

19 (3) operated by medical cannabis dispensaries, including any
20 alternative treatment centers deemed to hold a medical cannabis
21 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
22 7), within its jurisdiction that are also deemed to have, pursuant to
23 that section, one or more Class 5 Cannabis Retailer licenses and for
24 which the commission has correspondingly issued one or more
25 licenses following receipt of the municipality's approval to operate
26 as a cannabis retailer pursuant to subparagraph (a) of paragraph (3)
27 of subsection a. of section 33 of P.L. , c. (C.) (pending
28 before the Legislature as this bill), or medical cannabis dispensaries
29 and alternative treatment centers otherwise issued a license by the
30 commission pursuant to P.L. , c. (C.) (pending before the
31 Legislature as this bill), to simultaneously operate as a cannabis
32 retailer, at which areas the on-premises consumption of both
33 medical cannabis and personal use cannabis may occur.

34 b. Applications for an endorsement pursuant to this section
35 shall be made to the commission in a form and manner as shall be
36 prescribed by the commission and shall set forth such information
37 as the commission may require. Each application shall be verified
38 by the oath or affirmation of such persons as the commission may
39 prescribe. The endorsement shall be conditioned upon approval by
40 a municipality. An applicant is prohibited from operating a
41 cannabis consumption area without State and local approval. If the
42 applicant does not receive approval from the municipality within
43 one year after the date of State approval, the State endorsement
44 shall expire and may not be renewed. If an application is denied by
45 the municipality or the approval of the municipality is revoked, the
46 commission shall revoke the State endorsement. Any person

1 aggrieved by the local denial of an endorsement application may
2 request a hearing in the Superior Court of the county in which the
3 application was filed. The request for a hearing shall be filed
4 within 30 days after the date the application was denied. The
5 person shall serve a copy of the person's request for a hearing upon
6 the appropriate officer for the municipality that denied the
7 application. The hearing shall be held and a record made thereof
8 within 30 days after the receipt of the application for a hearing. No
9 formal pleading and no filing fee shall be required for the hearing.

10 c. (1) The commission shall deny a State endorsement if the
11 premises on which the applicant proposes to conduct its business
12 does not meet the requirements of P.L.2009, c.307 (C.24:6I-1 et
13 al.) , P.L. , c. (C.) (pending before the Legislature as this bill),
14 or for reasons set forth in this section. The commission may revoke
15 or deny an endorsement renewal, or reinstatement, or an initial
16 endorsement for good cause.

17 (2) For purposes of this subsection "good cause" means:

18 (a) the endorsed permit holder , license holder, or applicant has
19 violated, does not meet, or has failed to comply with, any of the
20 terms, conditions, or provisions of this section, any rules
21 promulgated pursuant to this section, or any supplemental local
22 laws, rules, or regulations;

23 (b) the endorsed permit holder , license holder, or applicant has
24 failed to comply with any special terms or conditions that were
25 placed on its endorsement by the commission or municipality; or

26 (c) the premises have been operated in a manner that adversely
27 affects the public health or the safety of the immediate
28 neighborhood in which the **[medical cannabis]** consumption area is
29 located.

30 (3) Any commission decision made pursuant to this subsection
31 shall be considered a final agency decision for the purposes of the
32 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
33 seq.) and may be subject to judicial review as provided in the Rules
34 of Court.

35 d. A **[medical]** cannabis consumption area endorsement shall
36 be valid for one year and may be renewed annually, subject to the
37 approval of the commission and the municipality as set forth in this
38 section. The commission shall establish by rule the amount of the
39 application fee and renewal fee for the endorsement, which shall not
40 exceed the administrative cost for processing and reviewing the
41 application.

42 e. The commission shall maintain a list of all **[medical]**
43 cannabis consumption areas in the State and shall make the list
44 available on its Internet website.

45 f. A **[medical]** cannabis consumption area shall be located on
46 the premises of a medical cannabis dispensary **[or]** , clinical

1 registrant, or cannabis retailer, may be indoors or outdoors, and shall
2 be designated by conspicuous signage. The signage shall also
3 indicate whether the cannabis consumption area may be used for the
4 on-premises consumption of medical cannabis, personal use cannabis,
5 or both.

6 (1) (a) An indoor **【medical】** cannabis consumption area in
7 which medical cannabis may be consumed, or both medical cannabis
8 and personal use cannabis may be consumed, shall be a structurally
9 enclosed area within a medical cannabis dispensary or clinical
10 registrant facility that is separated by solid walls or windows from
11 the area in which medical cannabis is dispensed **【and】** , or in which
12 retail sales of cannabis items occur if the dispensary or facility is also
13 licensed as a cannabis retailer, shall only be accessible through an
14 interior door after first entering the facility , and for a dispensary or
15 facility that is also licensed as a cannabis retailer, with respect to
16 any smoking, vaping, or aerosolizing of personal use cannabis, the
17 consumption area shall comply with all ventilation requirements
18 applicable to cigar lounges, as that term is defined in section 3 of
19 P.L.2005, c.383 (C.26:3D-57), in order to permit indoor smoking,
20 vaping, or aerosolizing that is the equivalent of smoking tobacco
21 not in violation of the “New Jersey Smoke-Free Air Act,” P.L.2005,
22 c.383 (C.26:3D-55 et seq.). Nothing in this subparagraph shall be
23 construed to authorize the consumption of medical cannabis by
24 smoking, vaping, or aerosolizing in this or any other indoor public
25 place or workplace, as those terms are defined in section 3 of
26 P.L.2005, c.383 (C.26:3D-57).

27 (b) An indoor cannabis consumption area in which only personal
28 use cannabis may be consumed shall be a structurally enclosed area
29 within a cannabis retailer that is separated by solid walls or
30 windows from the area in which retail sales of cannabis items
31 occur, shall only be accessible through an interior door after first
32 entering the retailer, and shall comply with all ventilation
33 requirements applicable to cigar lounges, as that term is defined in
34 section 3 of P.L.2005, c.383 (C.26:3D-57), in order to permit indoor
35 smoking, vaping, or aerosolizing that is the equivalent of smoking
36 tobacco not in violation of the “New Jersey Smoke-Free Air Act,”
37 P.L.2005, c.383 (C.26:3D-55 et seq.).

38 (2) An outdoor **【medical】** cannabis consumption area shall be
39 an exterior structure on the same premises as the medical cannabis
40 dispensary **【or】** , clinical registrant facility, or cannabis retailer, that
41 is either separate from or connected to the dispensary, facility, or
42 retailer, and that is not required to be completely enclosed, but shall
43 have sufficient walls, fences, or other barriers to prevent any view
44 of patients consuming medical cannabis or persons consuming
45 personal use cannabis from any sidewalk or other pedestrian or non-

1 motorist right-of-way, as the case may be, within the consumption
2 area.

3 **[(3)]** Nothing in this subsection shall be construed to authorize
4 the consumption of medical cannabis by smoking in any indoor
5 public place or workplace, as those terms are defined in subsection
6 3 of P.L.2005, c.383 (C.26:3D-57), and the **]** A medical cannabis
7 dispensary **[or]** , clinical registrant , or cannabis retailer operating
8 **[(the)]** a consumption area shall ensure that any smoking, vaping, or
9 aerosolizing of medical cannabis or personal use cannabis that
10 occurs in an outdoor **[medical]** cannabis consumption area does not
11 result in migration, seepage, or recirculation of smoke or other
12 exhaled material to any indoor public place or workplace as those
13 terms are defined in section 3 of P.L.2005, c.383 (C.26:3D-57). The
14 commission may require **[a]** an outdoor consumption area to
15 include any ventilation features as the commission deems necessary
16 and appropriate.

17 g. (1) A medical cannabis dispensary **[or]** , clinical registrant ,
18 or cannabis retailer holding a **[medical]** cannabis consumption area
19 endorsement, and the employees **[of the dispensary or clinical**
20 registrant] thereof, subject to any regulations for **[medical]**
21 cannabis consumption areas promulgated by the commission, may
22 permit a person to bring medical cannabis or personal use cannabis
23 into a **[medical]** cannabis consumption area , so long as the on-
24 premises consumption of that cannabis is authorized by the
25 endorsement .

26 (2) A medical cannabis dispensary **[or]**, clinical registrant , or
27 cannabis retailer holding a **[medical]** cannabis consumption area
28 endorsement shall not sell alcohol, including fermented malt
29 beverages or malt, vinous, or spirituous liquor, sell tobacco or
30 nicotine products, or allow the consumption of alcohol, tobacco, or
31 nicotine products on premises, or operate as a retail food
32 establishment.

33 (3) A medical cannabis dispensary **[or]** , clinical registrant , or
34 cannabis retailer holding a **[medical]** cannabis consumption area
35 endorsement shall not allow on-duty employees of the
36 establishment to consume any medical cannabis or personal use
37 cannabis items in the consumption area, other than an on-duty
38 employee who is a registered qualifying patient with a valid
39 authorization for the use of medical cannabis, if the medical
40 cannabis dispensary, clinical registrant, or cannabis retailer does not
41 otherwise provide a private area, that is separate from the area in
42 which medical cannabis is dispensed or in which retail sales of
43 cannabis items occur, for that employee to use medical cannabis.

44 (4) (a) A cannabis retailer, or medical cannabis dispensary or
45 clinical registrant that is also licensed to simultaneously operate as

1 a cannabis retailer, shall limit the amount of personal use cannabis
2 sold to a person to be consumed in its consumption area, or brought
3 into its consumption area if permitted pursuant to paragraph (1) of
4 this subsection, to no more than the sales limit set by the
5 commission. The cannabis retailer, medical cannabis dispensary, or
6 clinical registrant shall not engage in multiple sales transactions of
7 personal use cannabis to the same person during the same business
8 day when an establishment's employee knows or reasonably should
9 have known that the sales transaction would result in the person
10 possessing more than the sales limit established by the commission.
11 The cannabis retailer, medical cannabis dispensary, or clinical
12 registrant shall provide, if required by the commission, information
13 regarding the safe consumption of personal use cannabis at the
14 point of sale to all persons who make a purchase

15 (b) All employees of a cannabis retailer, or medical cannabis
16 dispensary or clinical registrant that is also licensed to
17 simultaneously operate as a cannabis retailer, shall complete any
18 responsible vendor training program established in regulation by the
19 commission concerning consumption areas in which personal use
20 cannabis may be consumed.

21 h. (1) Access to a [medical] cannabis consumption area in
22 which medical cannabis may be consumed shall be restricted to
23 employees of the medical cannabis dispensary or clinical registrant
24 and to registered [qualified] qualifying patients and their
25 designated caregivers.

26 (2) Access to a cannabis consumption area in which personal
27 use cannabis may be consumed, or both medical cannabis and
28 personal use cannabis may be consumed, shall be restricted to
29 employees of the cannabis retailer, or medical cannabis dispensary
30 or clinical registrant that is also licensed to simultaneously operate
31 as a cannabis retailer, and to registered qualifying patients, their
32 designated caregivers, and other persons who are at least 21 years
33 of age. Each person shall be required to produce a form of
34 government-issued identification that may be accepted, pursuant to
35 subparagraph (a) of paragraph (6) of subsection a. of section 18 of
36 P.L. , c. (C.) (pending before the Legislature as this bill), in
37 order to enter the consumption area for purposes of consuming any
38 cannabis.

39 i. When a patient or other person leaves a [medical] cannabis
40 consumption area, the establishment shall ensure any remaining
41 unconsumed medical cannabis or personal use cannabis item that is
42 not taken by the patient [or] , the patient's designated caregiver , or
43 other person is destroyed.

44 j. A medical cannabis dispensary, clinical registrant, or cannabis
45 retailer operating a cannabis consumption area and its employees:

1 (1) shall operate the establishment in a decent, orderly, and
2 respectable manner;

3 (2) may remove an individual from the establishment for any
4 reason;

5 (3) shall not knowingly permit any activity or acts of disorderly
6 conduct; and

7 (4) shall not permit rowdiness, undue noise, or other
8 disturbances or activity offensive to the average citizen or to the
9 residents of the neighborhood in which the consumption area is
10 located.

11 k. If an emergency requires law enforcement, firefighters,
12 emergency medical services providers, or other public safety
13 personnel to enter a medical cannabis consumption area, employees
14 of the establishment shall prohibit on-site consumption of medical
15 cannabis until such personnel have completed their investigation or
16 services and have left the premises.

17 (cf: P.L.2019, c.153, s.28)

18

19 33. (New section) Marketplace Regulation.

20 a. (1) (a) For a period of 18 months after the date determined
21 by the commission pursuant to paragraph (2) of subsection d. of
22 section 6 of P.L. , c. (C.) (pending before the Legislature as
23 this bill), to be the first date on which cannabis retailers issued
24 licenses and conditional licenses begin retail sales of personal use
25 cannabis items, it shall be unlawful for any owner, part owner,
26 stockholder, officer, or director of any corporation, or any other
27 person interested in any cannabis cultivation facility, cannabis
28 testing facility, cannabis product manufacturing facility, cannabis
29 wholesaler, cannabis distributor, or cannabis delivery service to
30 engage in the retailing of any cannabis items in this State, or to own,
31 either in whole or in part, or be directly or indirectly interested in a
32 cannabis retailer, and such interest shall include any payments or
33 delivery of money or property by way of loan or otherwise
34 accompanied by an agreement to sell the product of said cannabis
35 cultivation facility, cannabis testing facility, cannabis product
36 manufacturing facility, cannabis wholesaler, or cannabis distributor,
37 but does not include any arrangement between a cannabis delivery
38 service and a cannabis retailer for making deliveries of cannabis
39 items to consumers. During this 18-month period, the holder of a
40 Class 1 Cannabis Grower license to operate a cannabis cultivation
41 facility or a Class 2 Cannabis Processor license to operate a
42 cannabis product manufacturing facility may hold one other license
43 to operate another cannabis establishment, other than a Class 3
44 Cannabis Wholesaler license to operate a cannabis wholesaler or a
45 Class 5 Cannabis Retailer license to operate a cannabis retailer; and
46 the holder of a Class 3 Cannabis Wholesaler license to operate a
47 cannabis wholesaler shall be limited to just that one license.

1 (b) Throughout the 18-month period set forth in subparagraph
2 (a) of this paragraph, the commission, except as authorized by
3 paragraph (2) of subsection b. of this section, shall not allow,
4 providing there exist qualified applicants, more than 28 cannabis
5 growers to be simultaneously licensed and engaging in personal use
6 cannabis activities, which number shall include any alternative
7 treatment centers deemed to be licensed as cannabis growers who
8 are issued licenses by the commission pursuant to paragraph (3) of
9 this subsection.

10 (2) For a period of 18 months after the date determined by the
11 commission pursuant to paragraph (2) of subsection d. of section 6
12 of P.L. , c. (C.) (pending before the Legislature as this bill),
13 to be the first date on which cannabis retailers issued licenses and
14 conditional licenses begin retail sales of personal use cannabis
15 items, it shall be unlawful for any owner, part owner, stockholder,
16 officer, or director of any corporation, or any other person engaged
17 in any retailing of any cannabis items to engage in the growing of,
18 testing of, processing of, wholesaling of, or transporting in bulk any
19 cannabis items, or to own either whole or in part, or to be a
20 shareholder, officer or director of a corporation or association,
21 directly or indirectly, interested in any cannabis cultivation facility,
22 cannabis testing facility, cannabis product manufacturing facility,
23 cannabis wholesaler, cannabis distributor, or cannabis delivery
24 service.

25 (3) (a) (i) Except with respect to the cap on the number of
26 cannabis grower licenses set forth in subparagraph (b) of paragraph
27 (1) of this subsection, the provisions of paragraphs (1) and (2) of
28 this subsection shall not apply

29 to any alternative treatment center that was issued a permit prior
30 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or to any
31 alternative treatment center that was issued a permit subsequent to
32 that effective date pursuant to an application submitted prior to that
33 effective date,

34 to the one alternative treatment center, out of four, issued a permit
35 pursuant to an application submitted after the effective date of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to a request for
37 applications published in the New Jersey Register prior to that
38 effective date, that is expressly exempt, pursuant to subsection a. of
39 section 11 of P.L.2019, c.153 (C.24:6I-7.1), from the provisions of
40 subparagraph (i) of subparagraph (a) of paragraph (2) of
41 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), which
42 exemption permits the alternative treatment center to concurrently
43 hold more than one medical cannabis permit, and that one alternative
44 treatment center is deemed pursuant to that section 7 (C.24:6I-7) to
45 concurrently hold more than one permit, and

46 to the one alternative treatment center, out of three, issued a
47 permit pursuant to an application submitted on or after the effective
48 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly

1 exempt, pursuant to subsection a. of section 11 of P.L.2019,
2 c.153 (C.24:6I-7.1), from the provisions of subparagraph (i) of
3 subparagraph (a) of paragraph (2) of subsection a. of section 7 of
4 P.L.2009, c.307 (C.24:6I-7), which exemption permits the
5 alternative treatment center to concurrently hold more than one
6 medical cannabis permit, and that one alternative treatment center is
7 deemed pursuant to that section 7 (C.24:6I-7) to concurrently hold
8 more than one permit,

9 and which alternative treatment center is also deemed, pursuant
10 to subparagraph (ii) of subparagraph (c) of paragraph (2) of
11 section 7 of P.L.2009, c.307 (C.24:6I-7), to either concurrently hold
12 a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor
13 license, and a Class 5 Cannabis Retailer license, plus an additional
14 Class 5 Cannabis Retailer license for each satellite dispensary
15 authorized and established by an alternative treatment center pursuant
16 to subparagraph (d) of paragraph (2) of subsection a. of section 7 of
17 P.L.2009, c.307 (C.24:6I-7), or alternatively to hold a Class 3
18 Cannabis Wholesaler license.

19 (ii) For each alternative treatment center deemed to have
20 licenses pursuant to subparagraph (i) of this subparagraph, the
21 commission shall not require the submission of an application for
22 licensure, as the application requirement is deemed satisfied by the
23 alternative treatment center's previously approved permit
24 application that was submitted to the Department of Health or to the
25 commission pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7),
26 but the alternative treatment center shall not begin to operate as any
27 class of cannabis establishment until the alternative treatment center
28 has submitted a written approval for a proposed cannabis
29 establishment from the municipality in which the proposed
30 establishment is to be located, which approval is based on a
31 determination that the proposed establishment complies with the
32 municipality's restrictions on the time, location, manner, and
33 number of establishments enacted pursuant to section 31 of P.L. of
34 P.L. , c. (C.) (pending before the Legislature as this bill).
35 The commission shall issue the initial license to the alternative
36 treatment center for a cannabis establishment of the appropriate
37 class upon receipt of the municipality's approval. The commission
38 shall begin accepting municipal approvals from alternative
39 treatment centers beginning on the date of adoption of the
40 commission's initial rules and regulations pursuant to subparagraph
41 (a) of paragraph (1) of subsection d. of section 6 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43 (iii) An alternative treatment center issued an initial license
44 following approval by a municipality pursuant to subparagraph
45 (ii) of this subparagraph shall not engage in activities related to the
46 growing, producing, or wholesaling of personal use cannabis until it
47 has certified to the commission that that it has sufficient quantities
48 of medical cannabis and medical cannabis products available to

1 meet the reasonably anticipated need of registered qualifying
2 patients, and the commission has accepted the alternative treatment
3 center's certification.

4 Notwithstanding the date determined by the commission
5 pursuant to paragraph (2) of subsection d. of section 6 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill) to be the
7 first date on which cannabis retailers issued licenses and conditional
8 licenses begin retail sales of personal use cannabis items, an
9 alternate treatment center, if approved by a municipality to operate
10 as a cannabis retailer, may begin to engage in the retail sale of
11 cannabis items on any date after the date that the commission
12 adopts its initial rules and regulations pursuant to subparagraph (a) of
13 paragraph (1) of subsection d. of section 6 of that act (C.), so
14 long as it has certified to the commission, and to the municipality in
15 which it is located and intends to engage in retail sales, that it has
16 sufficient quantities of medical cannabis and, if applicable, medical
17 cannabis products available to meet the reasonably anticipated need
18 of registered qualifying patients, and both the commission and
19 municipality have accepted the alternative treatment center's
20 certification.

21 (iv) An alternative treatment center issued a license for a
22 cannabis establishment shall be authorized to use the same premises
23 for all activities authorized under P.L. , c. (C.) (pending
24 before the Legislature as this bill) and the "Jake Honig
25 Compassionate Use Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-
26 1 et al.), without being required to establish or maintain any
27 physical barriers or separations between operations related to the
28 medical use of cannabis and operations related to personal use
29 cannabis, provided that the alternative treatment center shall be
30 required to certify that it has sufficient quantities of medical
31 cannabis and, if applicable, medical cannabis products available to
32 meet the reasonably anticipated treatment needs of registered
33 qualifying patients, as set forth in subparagraph (iii) of this
34 subparagraph, as a condition of selling personal use cannabis at
35 retail.

36 In determining whether to accept, pursuant to this subparagraph,
37 an alternative treatment center's certification that it has sufficient
38 quantities of medical cannabis or medical cannabis products
39 available to meet the reasonably anticipated needs of registered
40 qualifying patients, the commission, and if applicable a
41 municipality in consultation with the commission, shall
42 assess patient enrollment, inventory, sales of medical cannabis and
43 medical cannabis products, and any other factors determined by the
44 commission through regulation. If an alternative treatment center is
45 found by the commission to not have sufficient quantities of
46 medical cannabis or medical cannabis products available to meet
47 the reasonably anticipated needs of qualified patients, the
48 commission may issue fines, limit retail sales, temporarily suspend

1 the alternative treatment center's cannabis establishment license, or
2 issue any other penalties determined by the commission through
3 regulation.

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

30 b. Following the 18 month period set forth in subsection a. of
31 this section, a cannabis establishment license holder shall be
32 authorized to hold:

33 (1) (a) a Class 1 Cannabis Grower license, a Class 2 Cannabis
34 Processor license, and a Class 5 Cannabis Retailer license
35 concurrently, provided that no license holder shall be authorized to
36 concurrently hold more than one license of each class, except for an
37 alternative treatment center that was deemed, during the 18 month
38 period, to have an additional Class 5 Cannabis Retailer license for
39 each satellite dispensary that was authorized and established by the
40 alternative treatment center pursuant to subparagraph (d) of
41 paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
42 (C.24:6I-7). These additional retailer licenses only permit the retail
43 operation of each satellite dispensary, and shall not be replaced by
44 any other class of cannabis establishment license; or

45 (b) a Class 3 Cannabis Wholesaler license. In no case may a
46 holder of a Class 3 Cannabis Wholesaler license concurrently
47 holder a license of any other class or cannabis establishment.

1 (2) The commission, pursuant to its authority under paragraph
2 (1) of subsection a. of section 18 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) for making periodic evaluations of
4 whether the number of each class of cannabis establishment, or
5 number of cannabis distributors or delivery services, is sufficient to
6 meet the market demands of the State, shall review the limit on the
7 number of cannabis grower licenses set forth in subparagraph (b) of
8 paragraph (1) of subsection a. of this section, and providing there
9 exist qualified applicants, may make requests for new applications
10 for additional licenses as it deems necessary.

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

21
22 34. Section 7 of P.L.2009, c.307 (C.24:6I-7) is amended to read
23 as follows:

24 7. a. (1) The commission shall accept applications from entities
25 for permits to operate as medical cannabis cultivators, medical
26 cannabis manufacturers, and medical cannabis dispensaries. For the
27 purposes of this section, the term “permit” shall be deemed to
28 include a conditional permit issued pursuant to subsection d. of
29 section 11 of P.L.2019, c.153 (C.24:6I-7.1) and any permit issued to
30 a microbusiness pursuant to subsection e. of section 11 of P.L.2019,
31 c.153 (C.24:6I-7.1).

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

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

37 (ii) there shall be no more than 28 active medical cannabis
38 cultivator permits, including medical cannabis cultivator permits
39 deemed to be held by alternative treatment centers issued a permit
40 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) and
41 medical cannabis cultivator permits deemed to be held by
42 alternative treatment centers issued a permit subsequent to the
43 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
44 application submitted prior to the effective date of P.L.2019, c.153
45 (C.24:6I-5.1 et al.); provided that medical cannabis cultivator
46 permits issued to microbusinesses pursuant to subsection e. of

1 section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall not count toward
2 this limit.

3 (b) Commencing 18 months after the effective date of P.L.2019,
4 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to
5 concurrently hold a medical cannabis cultivator permit, a medical
6 cannabis manufacturer permit, and a medical cannabis dispensary
7 permit, provided that no permit holder shall be authorized to
8 concurrently hold more than one permit of each type. The permit
9 holder may submit an application for a permit of any type that the
10 permit holder does not currently hold prior to the expiration of the
11 18-month period described in subparagraph (a) of this paragraph,
12 provided that no additional permit shall be awarded to the permit
13 holder during the 18 month period.

14 (c) (i) The provisions of subparagraph (a) of this paragraph shall
15 not apply to any alternative treatment center that was issued a
16 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
17 al.), to any alternative treatment center that was issued a permit
18 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
19 pursuant to an application submitted prior to the effective date of
20 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
21 treatment centers issued a permit pursuant to an application
22 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
23 al.) pursuant to a request for applications published in the New
24 Jersey Register prior to the effective date of P.L.2019, c.153
25 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
26 subparagraph (i) of subparagraph (a) of this paragraph, or to one
27 of the three alternative treatment centers issued a permit pursuant to
28 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
29 exempt from the provisions of subparagraph (i) of subparagraph
30 (a) of this paragraph, which alternative treatment centers shall be
31 deemed to concurrently hold a medical cannabis cultivator permit, a
32 medical cannabis manufacturer permit, and a medical cannabis
33 dispensary permit, and shall be authorized to engage in any conduct
34 authorized pursuant to those permits in relation to the cultivation,
35 manufacturing, and dispensing of medical cannabis.

36 (ii) In addition, each of the alternative treatment centers
37 described in subparagraph (i) of this subparagraph, to which the
38 provisions of subparagraph (a) of this paragraph do not apply shall,
39 upon the adoption of the initial rules and regulations by the
40 commission pursuant to subparagraph (a) of paragraph (1) of
41 subsection d. of section 6 of P.L. , c. (C.) (pending before
42 the Legislature as this bill), be deemed to either concurrently hold a
43 Class 1 Cannabis Grower license, a Class 2 Cannabis Processor
44 License, and a Class 5 Cannabis Retailer license, plus an additional
45 Class 5 Cannabis Retailer license for each satellite dispensary
46 authorized and established by the alternative treatment center

1 pursuant to subparagraph (d) of this paragraph, or hold a Class 3
2 Cannabis Wholesaler license. Any alternative treatment center
3 deemed to hold one or more licenses as described in this
4 subsubparagraph may begin to operate as any authorized class of
5 cannabis establishment upon receipt of written approval from the
6 municipality in which the proposed establishment is to be located
7 and obtaining an initial license or licenses, as applicable, issued by
8 the commission pursuant to paragraph (3) of subsection a. of section
9 33 of P.L. , c. (C.) (pending before the Legislature as this
10 bill).

11 (d) No entity may be issued or concurrently hold more than one
12 medical cannabis cultivator permit, one medical cannabis
13 manufacturer permit, or one medical cannabis dispensary permit at
14 one time, and no medical cannabis dispensary shall be authorized to
15 establish a satellite location on or after the effective date of
16 P.L.2019, c.153 (C.24:6I-5.1 et al.), except that an alternative
17 treatment center that was issued a permit prior to the effective date
18 of P.L.2019, c.153 (C.24:6I-5.1 et al.) or that was issued a permit
19 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
20 pursuant to an application submitted prior to the effective date of
21 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be authorized to maintain
22 up to two satellite dispensaries, including any satellite dispensary
23 that was approved pursuant to an application submitted prior to or
24 within 18 months after the effective date of P.L.2019, c.153
25 (C.24:6I-5.1 et al.). The three alternative treatment centers issued
26 permits pursuant to section 11 of P.L.2019, c.153 (C.24:6I-7.1) that
27 are expressly exempt from the provisions of subsubparagraph (i) of
28 subparagraph (a) of this paragraph shall be authorized to establish
29 and maintain up to one satellite dispensary location, provided that
30 the satellite dispensary was approved pursuant to an application
31 submitted within 18 months after the effective date of P.L.2019,
32 c.153 (C.24:6I-5.1 et al.).

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

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

45 (g) An alternative treatment center that was issued a permit prior
46 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was

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

25 (h) An alternative treatment center that was issued a permit prior
26 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be
27 permitted to cultivate from up to two physical locations, provided
28 that the alternative treatment center's combined mature cannabis
29 plant grow canopy between both locations shall not exceed 150,000
30 square feet of bloom space or the square footage of canopy
31 permitted under the largest tier in the tiered system adopted by the
32 commission pursuant to paragraph (2) of subsection b. of section 21
33 of P.L. , c. (C.) (pending before the Legislature as this bill).

34 (3) The commission shall seek to ensure the availability of a
35 sufficient number of medical cannabis cultivators, medical cannabis
36 manufacturers, and medical cannabis dispensaries throughout the
37 State, pursuant to need, including at least two each in the northern,
38 central, and southern regions of the State. Medical cannabis
39 cultivators, medical cannabis manufacturers, and medical cannabis
40 dispensaries issued permits pursuant to this section may be
41 nonprofit or for-profit entities.

42 (4) The commission shall periodically evaluate whether the
43 number of medical cannabis cultivator, medical cannabis
44 manufacturer, and medical cannabis dispensary permits issued are
45 sufficient to meet the needs of qualifying patients in the State, and
46 shall make requests for applications and issue such additional

1 permits as shall be necessary to meet those needs. The types of
2 permits requested and issued, and the locations of any additional
3 permits that are authorized, shall be in the discretion of the
4 commission based on the needs of qualifying patients in the State.

5 (5) (a) A medical cannabis cultivator shall be authorized to:
6 acquire a reasonable initial and ongoing inventory, as determined
7 by the commission, of cannabis seeds or seedlings and
8 paraphernalia; possess, cultivate, plant, grow, harvest, and package
9 medical cannabis, including prerolled forms, for any authorized
10 purpose, including, but not limited to, research purposes; and
11 deliver, transfer, transport, distribute, supply, or sell medical
12 cannabis and related supplies to any medical cannabis cultivator,
13 medical cannabis manufacturer, medical cannabis dispensary, or
14 clinical registrant in the State. In no case shall a medical cannabis
15 cultivator operate or be located on land that is valued, assessed or
16 taxed as an agricultural or horticultural use pursuant to the
17 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
18 seq.).

19 (b) A medical cannabis manufacturer shall be authorized to:
20 purchase or acquire medical cannabis from any medical cannabis
21 cultivator, medical cannabis manufacturer, or clinical registrant in
22 the State; possess and utilize medical cannabis in the manufacture,
23 production, and creation of medical cannabis products; and deliver,
24 transfer, transport, supply, or sell medical cannabis products and
25 related supplies to any medical cannabis manufacturer, medical
26 cannabis dispensary, or clinical registrant in the State.

27 (c) A medical cannabis dispensary shall be authorized to:
28 purchase or acquire medical cannabis from any medical cannabis
29 cultivator, medical cannabis dispensary, or clinical registrant in the
30 State and medical cannabis products and related supplies from any
31 medical cannabis manufacturer, medical cannabis dispensary, or
32 clinical registrant in the State; purchase or acquire paraphernalia
33 from any legal source; and distribute, supply, sell, or dispense
34 medical cannabis, medical cannabis products, paraphernalia, and
35 related supplies to qualifying patients or their designated or
36 institutional caregivers who are registered with the commission
37 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
38 cannabis dispensary may furnish medical cannabis, medical
39 cannabis products, paraphernalia, and related supplies to a medical
40 cannabis handler for delivery to a registered qualifying patient,
41 designated caregiver, or institutional caregiver consistent with the
42 requirements of subsection i. of section 27 of P.L.2019, c.153
43 (C.24:6I-20).

44 (6) A medical cannabis cultivator shall not be limited in the
45 number of strains of medical cannabis cultivated, and a medical
46 cannabis manufacturer shall not be limited in the number or type of

1 medical cannabis products manufactured, produced, or created. A
2 medical cannabis manufacturer may package, and a medical
3 cannabis dispensary may directly dispense medical cannabis and
4 medical cannabis products to qualifying patients and their
5 designated and institutional caregivers in any authorized form.
6 Authorized forms shall include dried form, oral lozenges, topical
7 formulations, transdermal form, sublingual form, tincture form, or
8 edible form, or any other form as authorized by the commission.
9 Edible form shall include pills, tablets, capsules, drops or syrups,
10 oils, chewable forms, and any other form as authorized by the
11 commission, except that the edible forms made available to minor
12 patients shall be limited to forms that are medically appropriate for
13 children, including pills, tablets, capsules, chewable forms, and
14 drops, oils, syrups, and other liquids.

15 (7) Nonprofit medical cannabis cultivators, medical cannabis
16 manufacturers, and medical cannabis dispensaries need not be
17 recognized as a 501(c)(3) organization by the federal Internal
18 Revenue Service.

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

23 c. A person who has been convicted of a crime of the first,
24 second, or third degree under New Jersey law or of a crime
25 involving any controlled dangerous substance or controlled
26 substance analog as set forth in chapter 35 of Title 2C of the New
27 Jersey Statutes except paragraph (11) or (12) of subsection b. of
28 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
29 N.J.S.2C:35-10, or any similar law of the United States or any other
30 state shall not be issued a permit to operate as a medical cannabis
31 cultivator, medical cannabis manufacturer, medical cannabis
32 dispensary, or clinical registrant or be a director, officer, or
33 employee of a medical cannabis cultivator, medical cannabis
34 manufacturer, medical cannabis dispensary, or clinical registrant,
35 unless such conviction occurred after the effective date of P.L.2009,
36 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
37 relating to possession or sale of cannabis for conduct that is
38 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
39 c.158 (C.18A:40-12.22 et al.).

40 d. (1) The commission shall require each applicant seeking a
41 permit to operate as, to be a director, officer, or employee of, or to
42 be a significantly involved person in, a medical cannabis cultivator,
43 medical cannabis manufacturer, medical cannabis dispensary, or
44 clinical registrant to undergo a criminal history record background
45 check.

1 Any individual seeking to become a director, officer, or
2 employee of a medical cannabis cultivator, medical cannabis
3 manufacturer, medical cannabis dispensary, or clinical registrant,
4 after issuance of an initial permit shall notify the commission and
5 shall complete a criminal history record background check and
6 provide all information as may be required by the commission as a
7 condition of assuming a position as director, officer, or employee of
8 the permitted entity. An individual who incurs an investment
9 interest or gains the authority to make controlling decisions in a
10 permitted entity that makes the individual a significantly involved
11 person shall notify the commission, complete a criminal history
12 record background check, and provide all information as may be
13 required by the commission no later than 30 days after the date the
14 individual becomes a significantly involved person, or any permit
15 issued to the individual or group of which the significantly involved
16 person is a member shall be revoked and the individual or group
17 shall be deemed ineligible to hold any ownership or investment
18 interest in a medical cannabis cultivator, medical cannabis
19 manufacturer, medical cannabis dispensary, or clinical registrant for
20 a period of at least two years, commencing from the date of
21 revocation, and for such additional period of time as the
22 commission deems appropriate, based on the duration of the
23 nondisclosure, the size of the individual's or group's investment
24 interest in the permitted entity, the amount of profits, revenue, or
25 income realized by the individual or group from the permitted entity
26 during the period of nondisclosure, and whether the individual had a
27 disqualifying conviction or would otherwise have been deemed
28 ineligible to be a significantly involved person in a medical
29 cannabis cultivator, medical cannabis manufacturer, medical
30 cannabis dispensary, or clinical registrant.

31 For purposes of this section, the term "applicant" shall include
32 any owner, director, officer, or employee of, and any significantly
33 involved person in, a medical cannabis cultivator, medical cannabis
34 manufacturer, medical cannabis dispensary, or clinical registrant.
35 The commission is authorized to exchange fingerprint data with and
36 receive criminal history record background information from the
37 Division of State Police and the Federal Bureau of Investigation
38 consistent with the provisions of applicable federal and State laws,
39 rules, and regulations. The Division of State Police shall forward
40 criminal history record background information to the commission
41 in a timely manner when requested pursuant to the provisions of
42 this section.

43 An applicant who is required to undergo a criminal history
44 record background check pursuant to this section shall submit to
45 being fingerprinted in accordance with applicable State and federal
46 laws, rules, and regulations. No check of criminal history record

1 background information shall be performed pursuant to this section
2 unless the applicant has furnished the applicant's written consent to
3 that check. An applicant who is required to undergo a criminal
4 history record background check pursuant to this section who
5 refuses to consent to, or cooperate in, the securing of a check of
6 criminal history record background information shall not be
7 considered for a permit to operate, or authorization to be employed
8 at or to be a significantly involved person in, a medical cannabis
9 cultivator, medical cannabis manufacturer, medical cannabis
10 dispensary, or clinical registrant. An applicant shall bear the cost
11 for the criminal history record background check, including all
12 costs of administering and processing the check.

13 (2) The commission shall not approve an applicant for a permit
14 to operate, or authorization to be employed at or to be a
15 significantly involved person in, a medical cannabis cultivator,
16 medical cannabis manufacturer, medical cannabis dispensary, or
17 clinical registrant if the criminal history record background
18 information of the applicant reveals a disqualifying conviction as
19 set forth in subsection c. of this section.

20 (3) Upon receipt of the criminal history record background
21 information from the Division of State Police and the Federal
22 Bureau of Investigation, the commission shall provide written
23 notification to the applicant of the applicant's qualification for or
24 disqualification for a permit to operate or be a director, officer, or
25 employee of, or a significantly involved person in, a medical
26 cannabis cultivator, medical cannabis manufacturer, medical
27 cannabis dispensary, or clinical registrant.

28 If the applicant is disqualified because of a disqualifying
29 conviction pursuant to the provisions of this section, the conviction
30 that constitutes the basis for the disqualification shall be identified
31 in the written notice.

32 (4) The Division of State Police shall promptly notify the
33 commission in the event that an individual who was the subject of a
34 criminal history record background check conducted pursuant to
35 this section is convicted of a crime or offense in this State after the
36 date the background check was performed. Upon receipt of that
37 notification, the commission shall make a determination regarding
38 the continued eligibility to operate or be a director, officer, or
39 employee of, or a significantly involved person in, a medical
40 cannabis cultivator, medical cannabis manufacturer, medical
41 cannabis dispensary, or clinical registrant.

42 (5) Notwithstanding the provisions of subsection c. of this
43 section to the contrary, the commission may offer provisional
44 authority for an applicant to be an owner, director, officer, or
45 employee of, or a significantly involved person in, a medical
46 cannabis cultivator, medical cannabis manufacturer, medical

1 cannabis dispensary, or clinical registrant for a period not to exceed
2 three months if the applicant submits to the commission a sworn
3 statement attesting that the person has not been convicted of any
4 disqualifying conviction pursuant to this section.

5 (6) Notwithstanding the provisions of subsection c. of this
6 section to the contrary, no applicant to be an owner, director,
7 officer, or employee of, or a significantly involved person in, a
8 medical cannabis cultivator, medical cannabis manufacturer,
9 medical cannabis dispensary, or clinical registrant shall be
10 disqualified on the basis of any conviction disclosed by a criminal
11 history record background check conducted pursuant to this section
12 if the individual has affirmatively demonstrated to the commission
13 clear and convincing evidence of rehabilitation. In determining
14 whether clear and convincing evidence of rehabilitation has been
15 demonstrated, the following factors shall be considered:

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

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

19 (c) the circumstances under which the crime or offense
20 occurred;

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

22 (e) the age of the individual when the crime or offense was
23 committed;

24 (f) whether the crime or offense was an isolated or repeated
25 incident;

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

28 (h) any evidence of rehabilitation, including good conduct in
29 prison or in the community, counseling or psychiatric treatment
30 received, acquisition of additional academic or vocational
31 schooling, successful participation in correctional work-release
32 programs, or the recommendation of those who have had the
33 individual under their supervision.

34 e. The commission shall issue a permit to operate or be an
35 owner, director, officer, or employee of, or a significantly involved
36 person in, a medical cannabis cultivator, medical cannabis
37 manufacturer, or medical cannabis dispensary if the commission
38 finds that issuing such a permit would be consistent with the
39 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
40 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
41 met. The denial of an application shall be considered a final agency
42 decision, subject to review by the Appellate Division of the
43 Superior Court. A permit to operate a medical cannabis cultivator,
44 medical cannabis manufacturer, or medical cannabis dispensary
45 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1
46 et al.) shall be valid for one year and shall be renewable annually.

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

9 g. A medical cannabis cultivator, medical cannabis
10 manufacturer, medical cannabis dispensary, or clinical registrant
11 shall report any change in information to the commission not later
12 than 10 days after such change, or the permit shall be deemed null
13 and void.

14 h. Each medical cannabis dispensary and clinical registrant
15 shall maintain and make available on its Internet website, if any, a
16 standard price list that shall apply to all medical cannabis, medical
17 cannabis products, and related supplies and paraphernalia sold or
18 dispensed by the medical cannabis dispensary or clinical registrant,
19 which prices shall be reasonable and consistent with the actual costs
20 incurred by the medical cannabis dispensary or clinical registrant in
21 connection with acquiring and selling, transferring, or dispensing
22 the medical cannabis or medical cannabis product and related
23 supplies and paraphernalia. The prices charged by the medical
24 cannabis dispensary or clinical registrant shall not deviate from the
25 prices indicated on the entity's current price list, provided that a
26 price list maintained by a medical cannabis dispensary or clinical
27 registrant may allow for medical cannabis to be made available at a
28 reduced price or without charge to qualifying patients who have a
29 demonstrated financial hardship, as that term shall be defined by the
30 commission by regulation. A price list required pursuant to this
31 subsection may be revised no more than once per month, and each
32 medical cannabis dispensary and clinical registrant shall be
33 responsible for ensuring that the commission has a copy of the
34 facility's current price list. A medical cannabis dispensary or
35 clinical registrant shall be liable to a civil penalty of \$1,000 for
36 each sale that occurs at a price that deviates from the entity's
37 current price list, and to a civil penalty of \$10,000 for each week
38 during which the entity's current price list is not on file with the
39 commission. Any civil penalties collected by the commission
40 pursuant to this section shall be used by the commission for the
41 purposes of administering the State medical cannabis program.

42 i. The commission shall adopt regulations to:

43 (1) require such written documentation of each delivery or
44 dispensation of cannabis to, and pickup of cannabis for, a registered
45 qualifying patient, including the date and amount dispensed, and, in
46 the case of delivery, the date and times the delivery commenced and

1 was completed, the address where the medical cannabis was
2 delivered, the name of the patient or caregiver to whom the medical
3 cannabis was delivered, and the name, handler certification number,
4 and delivery certification number of the medical cannabis handler
5 who performed the delivery, to be maintained in the records of the
6 medical cannabis dispensary or clinical registrant, as the
7 commission determines necessary to ensure effective
8 documentation of the operations of each medical cannabis
9 dispensary or clinical registrant;

10 (2) monitor, oversee, and investigate all activities performed by
11 medical cannabis cultivators, medical cannabis manufacturers,
12 medical cannabis dispensaries, and clinical registrants;

13 (3) ensure adequate security of all facilities 24 hours per day
14 and security of all delivery methods to registered qualifying
15 patients; and

16 (4) establish thresholds for administrative action to be taken
17 against a medical cannabis cultivator, medical cannabis
18 manufacturer, medical cannabis dispensary, or clinical registrant
19 and its employees, officers, investors, directors, or governing board
20 pursuant to subsection m. of this section, including, but not limited
21 to, specific penalties or disciplinary actions that may be imposed in
22 a summary proceeding.

23 j. (1) Each medical cannabis cultivator, medical cannabis
24 manufacturer, medical cannabis dispensary, and clinical registrant
25 shall require the owners, directors, officers, and employees at the
26 permitted facility to complete at least eight hours of ongoing
27 training each calendar year. The training shall be tailored to the
28 roles and responsibilities of the individual's job function, and shall
29 include training on confidentiality and such other topics as shall be
30 required by the commission.

31 (2) Each medical cannabis dispensary and clinical registrant
32 shall consider whether to make interpreter services available to the
33 population served, including for individuals with a visual or hearing
34 impairment. The commission shall provide assistance to any
35 medical cannabis dispensary or clinical registrant that seeks to
36 provide such services in locating appropriate interpreter resources.
37 A medical cannabis dispensary or clinical registrant shall assume
38 the cost of providing interpreter services pursuant to this
39 subsection.

40 k. (1) The first six alternative treatment centers issued permits
41 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
42 shall be authorized to sell or transfer such permit and other assets to
43 a for-profit entity, provided that: the sale or transfer is approved by
44 the commission; each owner, director, officer, and employee of, and
45 significantly involved person in, the entity seeking to purchase or
46 receive the transfer of the permit, undergoes a criminal history

1 record background check pursuant to subsection d. of this section,
2 provided that nothing in this subsection shall be construed to
3 require any individual to undergo a criminal history record
4 background check if the individual would otherwise be exempt from
5 undergoing a criminal history record background check pursuant to
6 subsection d. of this section; the commission finds that the sale or
7 transfer of the permit would be consistent with the purposes of
8 P.L.2009, c.307 (C.24:6I-1 et al.); and no such sale or transfer shall
9 be authorized more than one year after the effective date of
10 P.L.2019, c.153 (C.24:6I-5.1 et al.). The sale or transfer of a permit
11 pursuant to this subsection shall not be subject to the requirements
12 of the “New Jersey Nonprofit Corporation Act,” N.J.S.15A:1-1 et
13 seq., provided that, prior to or at the time of the sale or transfer, all
14 debts and obligations of the nonprofit entity are either paid in full or
15 assumed by the for-profit entity purchasing or acquiring the permit,
16 or a reserve fund is established for the purpose of paying in full the
17 debts and obligations of the nonprofit entity, and the for-profit
18 entity pays the full value of all assets held by the nonprofit entity,
19 as reflected on the nonprofit entity’s balance sheet, in addition to
20 the agreed-upon price for the sale or transfer of the entity’s
21 alternative treatment center permit. Until such time as the members
22 of the Cannabis Regulatory Commission are appointed and the
23 commission first organizes, the Department of Health shall have
24 full authority to approve a sale or transfer pursuant to this
25 paragraph.

26 (2) The sale or transfer of any interest of five percent or more in
27 a medical cannabis cultivator, medical cannabis manufacturer,
28 medical cannabis dispensary, or clinical registrant permit shall be
29 subject to approval by the commission and conditioned on the entity
30 that is purchasing or receiving transfer of the interest in the medical
31 cannabis cultivator, medical cannabis manufacturer, medical
32 cannabis dispensary, or clinical registrant permit completing a
33 criminal history record background check pursuant to the
34 requirements of subsection d. of this section.

35 1. No employee of any department, division, agency, board, or
36 other State, county, or local government entity involved in the
37 process of reviewing, processing, or making determinations with
38 regard to medical cannabis cultivator, medical cannabis
39 manufacturer, medical cannabis dispensary, or clinical registrant
40 permit applications shall have any direct or indirect financial
41 interest in the cultivating, manufacturing, or dispensing of medical
42 cannabis or related paraphernalia, or otherwise receive anything of
43 value from an applicant for a medical cannabis cultivator, medical
44 cannabis manufacturer, medical cannabis dispensary, or clinical
45 registrant permit in exchange for reviewing, processing, or making
46 any recommendations with respect to a permit application.

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

16 (cf: P.L.2019, c.153, s.10)

17

18 35. (New section) Medical Cannabis Provisions.

19 Nothing in P.L. , c. (C.) (pending before the
20 Legislature as this bill) shall be construed:

21 a. to limit any privileges or rights of a registered qualifying
22 patient, designated caregiver, institutional caregiver, or alternative
23 treatment center as provided in the “Jake Honig Compassionate Use
24 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), or
25 P.L.2015, c.158 (C.18A:40-12.22 et al.) concerning the medical use
26 of cannabis;

27 b. to authorize an alternative treatment center to dispense
28 cannabis to or on behalf of a person who is not a registered
29 qualifying patient, unless that alternative treatment center is deemed
30 to be licensed to engage in the retail sale of cannabis pursuant to
31 section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a license by the
32 commission following receipt of a municipality’s written approval
33 for a cannabis retailer pursuant to subparagraph (a) of paragraph (3)
34 of subsection a. of section 33 of P.L. , c. (C.) (pending
35 before the Legislature as this bill), or otherwise has applied for a
36 license, and been approved and issued a license by the commission
37 pursuant to P.L. , c. (C.) (pending before the Legislature as
38 this bill) to simultaneously operate as a cannabis retailer, and the
39 alternative treatment center has certified to the commission, and to
40 the municipality in which it is located and intends to engage in retail
41 sales, that it has sufficient quantities of medical cannabis and
42 medical cannabis products available to meet the reasonably
43 anticipated need of registered qualifying patients, and the
44 commission, and municipality, if applicable, has accepted the
45 alternative treatment center’s certification;

46 c. to authorize an alternative treatment center to purchase or
47 acquire cannabis or cannabis products in a manner or from a source

1 not permitted under the “Jake Honig Compassionate Use Medical
2 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
3 c.158 (C.18A:40-12.22 et al.), unless that alternative treatment
4 center is deemed to be a licensed cannabis establishment pursuant
5 to section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a license by
6 the commission following receipt of a municipality’s written
7 approval for the cannabis establishment pursuant to subparagraph
8 (a) of paragraph (3) of subsection a. of section 33 of P.L. ,
9 c. (C.) (pending before the Legislature as this bill), or
10 otherwise has applied for a license, and been approved and issued a
11 license by the commission pursuant to P.L. , c. (C.)
12 (pending before the Legislature as this bill) to simultaneously
13 operate as a cannabis establishment, and the alternative treatment
14 center has certified to the commission, and if operating as a
15 cannabis retailer, to the municipality in which it is located and
16 intends to engage in retail sales, that it has sufficient quantities of
17 medical cannabis and, if applicable, medical cannabis products
18 available to meet the reasonably anticipated treatment needs of
19 registered qualifying patients, and the commission, and
20 municipality, if applicable, has accepted the alternative treatment
21 center’s certification;

22 d. to authorize an alternative treatment center issued a permit
23 under section 7 of P.L.2009, c.307 (C.24:6I-7) to operate on the
24 same premises as a cannabis license holder or applicant for a
25 license, unless that alternative treatment center is deemed to be a
26 licensed cannabis establishment pursuant to section 7 of P.L.2009,
27 c.307 (C.24:6I-7) and issued a license by the commission following
28 receipt of a municipality’s written approval for the cannabis
29 establishment pursuant to subparagraph (a) of paragraph (3) of
30 subsection a. of section 33 of P.L. , c. (C.) (pending before
31 the Legislature as this bill), or otherwise has applied for a license,
32 and been approved and issued a license by the commission pursuant
33 to P.L. , c. (C.) (pending before the Legislature as this bill)
34 to simultaneously operate as a cannabis establishment, and the
35 alternative treatment center has certified to the commission, and if
36 operating as a cannabis retailer, to the municipality in which it is
37 located and intends to engage in retail sales, that it has sufficient
38 quantities of medical cannabis and, if applicable, medical cannabis
39 products available to meet the reasonably anticipated treatment
40 needs of registered qualifying patients, and the commission, and
41 municipality, if applicable, has accepted the alternative treatment
42 center’s certification; or

43 In determining whether to accept, pursuant to this section, an
44 alternative treatment center’s certification that it has sufficient
45 quantities of medical cannabis or medical cannabis products
46 available to meet the reasonably anticipated needs of registered
47 qualifying patients, the commission, and if applicable a
48 municipality in consultation with the commission, shall

1 assess patient enrollment, inventory, sales of medical cannabis and
2 medical cannabis products, and any other factors determined by the
3 commission through regulation. If an alternative treatment center is
4 found by the commission to not have sufficient quantities of
5 medical cannabis or medical cannabis products available to meet
6 the reasonably anticipated needs of qualified patients, the
7 commission may issue fines, limit retail sales, temporarily suspend
8 the alternative treatment center's cannabis establishment license, or
9 issue any other penalties determined by the commission through
10 regulation.

11

12 36. (New section) Medical Cannabis – Additional Regulatory
13 Requirements.

14 a. An alternative treatment center issued a permit under section
15 7 of P.L.2009, c.307 (C.24:6I-7) shall, as a condition of engaging in
16 operations associated with personal use cannabis, after being
17 deemed to be licensed pursuant to that section and issued a license
18 by the commission following receipt of a municipality's written
19 approval for a cannabis retailer pursuant to subparagraph (a) of
20 paragraph (3) of subsection a. of section 33 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), or otherwise issued a
22 license by the commission pursuant to P.L. , c. (C.)
23 (pending before the Legislature as this bill) to simultaneously
24 operate as a cannabis establishment, certify to the commission, and
25 if operating as a cannabis retailer, to the municipality in which it is
26 located and intends to engage in retail sales, that it has sufficient
27 quantities of medical cannabis and, if applicable, medical cannabis
28 products available to meet the reasonably anticipated treatment
29 needs of registered qualifying patients, and the commission, and
30 municipality, if applicable, has accepted the alternative treatment
31 center's certification.

32 b. In determining whether to accept, pursuant to this section, an
33 alternative treatment center's certification that it has sufficient
34 quantities of medical cannabis or medical cannabis products
35 available to meet the reasonably anticipated needs of registered
36 qualifying patients, the commission, and if applicable a
37 municipality in consultation with the commission, shall
38 assess patient enrollment, inventory, sales of medical cannabis and
39 medical cannabis products, and any other factors determined by the
40 commission through regulation. If an alternative treatment center is
41 found by the commission to not have sufficient quantities of
42 medical cannabis or medical cannabis products available to meet
43 the reasonably anticipated needs of qualified patients, the
44 commission may issue fines, limit retail sales, temporarily suspend
45 the alternative treatment center's cannabis establishment license, or
46 issue any other penalties determined by the commission through
47 regulation.

1 37. (New section) Businesses Treatment of Cannabis
2 Establishments, Distributors, and Delivery Services.

3 With respect to the business treatment of cannabis
4 establishments, distributors, and delivery services:

5 a. A financial institution, as defined by section 2 of P.L.1983,
6 c.466 (C.17:16K-2), shall not, subject to the suspension or
7 revocation of a charter or other available enforcement action by the
8 Commissioner of Banking and Insurance, engage in any
9 discriminatory activities with respect to the banking activities of a
10 cannabis establishment, distributor, or delivery service, or the
11 banking activities of a person associated with a cannabis
12 establishment, distributor, or delivery service.

13 b. (1) In no case shall a cannabis grower operate or be located
14 on land that is valued, assessed or taxed as an agricultural or
15 horticultural use pursuant to the "Farmland Assessment Act of
16 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

17 (2) As used in this paragraph, "State or local economic
18 incentive" means a financial incentive, awarded by the State, any
19 political subdivision of the State, or any agency or instrumentality
20 of the State or political subdivision of the State, to any non-
21 governmental person, association, for-profit or non-profit
22 corporation, joint venture, limited liability company, partnership, sole
23 proprietorship, or other form of business organization or entity, or
24 agreed to between the government and non-governmental parties, for
25 the purpose of stimulating economic development or redevelopment
26 in New Jersey, including, but not limited to, a bond, grant, loan,
27 loan guarantee, matching fund, tax credit, or other tax expenditure.

28 (a) (i) A person or entity issued a license to operate as a
29 cannabis grower, cannabis processor, cannabis wholesaler, cannabis
30 distributor, cannabis retailer, or cannabis delivery service, or that
31 employs a certified personal use cannabis handler to perform work for
32 or on behalf of a cannabis establishment, distributor, or delivery
33 service shall not be eligible for a State or local economic incentive.

34 (ii) The issuance of a license to operate as a cannabis grower,
35 cannabis processor, cannabis wholesaler, cannabis distributor,
36 cannabis retailer, or cannabis delivery service, or the issuance of a
37 certification to perform work for or on behalf of a cannabis
38 establishment, distributor, or delivery service to a person or entity
39 that has been awarded a State or local economic incentive shall
40 invalidate the right of the person or entity to benefit from the
41 economic incentive as of the date of issuance of the license or
42 certification.

43 (b) (i) A property owner, developer, or operator of a project to
44 be used, in whole or in part, as a cannabis grower, cannabis
45 processor, cannabis wholesaler, cannabis distributor, cannabis
46 retailer, or cannabis delivery service, or to employ a certified
47 personal use cannabis handler to perform work for or on behalf of a
48 cannabis establishment, distributor, or delivery service, shall not be

1 eligible for a State or local economic incentive during the period of
2 time that the economic incentive is in effect.

3 (ii) The issuance of a license to operate as a cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service, or issuance of a
6 certification to a personal use cannabis handler employed by a
7 person or entity to perform work for or on behalf of a cannabis
8 establishment, distributor, or delivery service at a location that is
9 the subject of a State or local economic incentive shall invalidate
10 the right of a property owner, developer, or operator to benefit from
11 the economic incentive as of the date of issuance of the license.

12

13 38. Section 29 of P.L.2019, c.153 (C.24:6I-22) is amended to
14 read as follows:

15 29. a. (1) The commission shall develop and maintain a system
16 for tracking :

17 (a) the cultivation of medical cannabis, the manufacturing of
18 medical cannabis products, the transfer of medical cannabis and
19 medical cannabis products between medical cannabis cultivators,
20 medical cannabis manufacturers, medical cannabis dispensaries,
21 clinical registrants, and testing laboratories as authorized pursuant
22 to paragraph (5) of subsection a. of section 7 of P.L.2009, c.307
23 (C.24:6I-7) and subsection h. of section 27 of P.L.2019, c.153
24 (C.24:6I-20), and the dispensing or delivery of medical cannabis to
25 registered qualifying patients, designated caregivers, and
26 institutional caregivers; and

27 (b) the production of personal use cannabis, the processing of
28 cannabis items, the transportation by cannabis distributors or other
29 transfer of cannabis items between the premises of cannabis growers,
30 cannabis processors, cannabis wholesalers, cannabis retailers, and
31 testing facilities, the retail sale of cannabis items to persons 21 years of
32 age or older, and the delivery of cannabis items to persons 21 years of
33 age or older by personal use cannabis handlers as authorized pursuant
34 to P.L. , c. (C.) (pending before the Legislature as this bill).

35 (2) The tracking system shall, among other features as
36 determined by the commission, utilize a stamp affixed to a
37 container or package for medical cannabis or personal use cannabis
38 items to assist in the collection of the information required to be
39 tracked pursuant to subsection c. of this section.

40 (a) The commission, in consultation with the Director of the
41 Division of Taxation, shall secure stamps based on the designs,
42 specifications, and denominations prescribed by the commission in
43 regulation, and which incorporate encryption, security, and
44 counterfeit-resistant features to prevent the unauthorized
45 duplication or counterfeiting of any stamp. The stamp shall be
46 readable by a scanner or similar device that may be used by the
47 commission, the Director of the Division of Taxation, [and]

1 medical cannabis cultivators, medical cannabis manufacturers,
2 medical cannabis dispensaries, **【or】** and clinical registrants , and
3 personal use cannabis growers, cannabis processors, cannabis
4 wholesalers, cannabis distributors, cannabis retailers, and cannabis
5 delivery services.

6 (b) The commission, and the Director of the Division of
7 Taxation if authorized by the commission, shall make stamps
8 available for purchase by medical cannabis cultivators, medical
9 cannabis manufacturers, and clinical registrants, and personal use
10 cannabis growers, cannabis processors, cannabis wholesalers, cannabis
11 distributors, cannabis retailers, and cannabis delivery services, which
12 shall be the only entities authorized to affix a stamp to a container
13 or package for medical cannabis or personal use cannabis in
14 accordance with applicable regulations promulgated by the
15 commission in consultation with the Director of the Division of
16 Taxation. The price charged by the commission **【to medical**
17 **cannabis cultivators, medical cannabis manufacturers, and clinical**
18 **registrants】** for a stamp **【required pursuant to this paragraph】** shall
19 be reasonable and commensurate with the cost of producing the
20 stamp.

21 (c) A medical cannabis cultivator, medical cannabis
22 manufacturer, medical cannabis dispensary, clinical registrant, or
23 certified medical cannabis handler , or a personal use cannabis
24 grower, cannabis processor, cannabis wholesaler, cannabis
25 distributor, cannabis retailer, cannabis delivery service, or certified
26 personal use cannabis handler, shall not purchase, sell, offer for
27 sale, transfer, transport, or deliver any medical cannabis or personal
28 use cannabis item unless a stamp is properly affixed to the container
29 or package for the medical cannabis or personal use cannabis item.

30 b. The purposes of the system developed and maintained under
31 this section include, but are not limited to:

32 (1) preventing the diversion of medical cannabis and personal
33 use cannabis items to criminal enterprises, gangs, cartels, persons
34 not authorized to possess medical cannabis or personal use cannabis
35 items, and other states;

36 (2) preventing persons from substituting or tampering with
37 medical cannabis and personal use cannabis items;

38 (3) ensuring an accurate accounting of the cultivation,
39 manufacturing, transferring, dispensing, and delivery of medical
40 cannabis , and the production, processing, transporting, transferring,
41 sale, and delivery of personal use cannabis items;

42 (4) ensuring that the testing results from licensed testing
43 laboratories and facilities are accurately reported; and

44 (5) ensuring compliance with the rules and regulations adopted
45 by the commission and any other law of this State that charges the

1 commission with a duty, function, or power related to medical
2 cannabis or personal use cannabis items.

3 c. The system developed and maintained under this section
4 shall be capable of tracking, at a minimum:

5 (1) the propagation of immature medical cannabis plants and
6 personal use cannabis plants, the production of medical cannabis by
7 a medical cannabis cultivator , and the production of personal use
8 cannabis by a cannabis grower;

9 (2) the utilization of medical cannabis in the manufacture,
10 production, and creation of medical cannabis products by a medical
11 cannabis manufacturer , the processing of personal use cannabis items
12 by a cannabis processor, the receiving, storing, and sending of
13 personal use cannabis items by a cannabis wholesaler, and the
14 transporting in bulk cannabis items by a cannabis distributor;

15 (3) the transfer of medical cannabis and medical cannabis
16 products , and personal use cannabis items, to and from licensed
17 testing laboratories and facilities for testing purposes;

18 (4) the dispensing of medical cannabis by a medical cannabis
19 dispensary or clinical registrant , and the selling and delivery of
20 personal use cannabis items by a cannabis retailer or cannabis delivery
21 service;

22 (5) the furnishing of medical cannabis by a medical cannabis
23 dispensary or clinical registrant to a medical cannabis handler for
24 delivery , and the furnishing of personal use cannabis items by a
25 cannabis retailer to a personal use cannabis handler for delivery;

26 (6) the delivery of medical cannabis by a medical cannabis
27 handler , and the delivery of personal use cannabis items by a personal
28 use cannabis handler;

29 (7) the purchase, sale, or other transfer of medical cannabis and
30 medical cannabis products between medical cannabis cultivators,
31 medical cannabis manufacturers, medical cannabis dispensaries, and
32 clinical registrants as authorized pursuant to paragraph (5) of
33 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) and
34 subsection h. of section 27 of P.L.2019, c.153 (C.24:6I-20) , and the
35 purchase, sale, transporting, or other transfer of personal use cannabis
36 items by or between cannabis growers, cannabis processors, cannabis
37 wholesalers, cannabis distributors, cannabis retailers, and cannabis
38 delivery services as authorized pursuant to P.L. , c. (C.)
39 (pending before the Legislature as this bill); and

40 (8) any other information that the commission determines is
41 reasonably necessary to accomplish the duties, functions, and
42 powers of the commission.

43 (cf: P.L.2019, c.153, s.29)

44

45 39. (New section) Local Cannabis Taxation; Local Cannabis
46 Transfer Tax and User Tax.

1 a. (1) A municipality may adopt an ordinance imposing a transfer
2 tax on the sale of cannabis items by a cannabis establishment that is
3 located in the municipality. At the discretion of the municipality, the
4 tax may be imposed on: receipts from the sale of cannabis or cannabis
5 items from one cannabis establishment to another cannabis
6 establishment; receipts from the retail sales by a cannabis retailer to
7 retail customers who are 21 years of age or older; or any combination
8 thereof. Each municipality shall set its own rate or rates, but in no
9 case shall a rate exceed: two percent of the receipts from each sale by a
10 cannabis grower; two percent of the receipts from each sale by a
11 cannabis processor; one percent of the receipts from each sale by a
12 cannabis wholesaler; and two percent of the receipts from each sale by
13 a cannabis retailer.

14 (2) A local tax ordinance adopted pursuant to paragraph (1) of this
15 subsection shall also include provisions for imposing a user tax, at the
16 equivalent transfer tax rates, on any concurrent license holder, as
17 permitted by section 33 of P.L. , c. (C.) (pending before the
18 Legislature as this bill), operating more than one cannabis
19 establishment. The user tax shall be imposed on the value of each
20 transfer or use of cannabis items not otherwise subject to the transfer
21 tax imposed pursuant to paragraph (1) of this subsection, from the
22 license holder's establishment that is located in the municipality to any
23 of the other license holder's establishments, whether located in the
24 municipality or another municipality.

25 b. (1) A transfer tax or user tax imposed pursuant this section
26 shall be in addition to any other tax imposed by law. Any
27 transaction for which the transfer tax or user tax is imposed, or
28 could be imposed, pursuant to this section, other than those which
29 generate receipts from the retail sales by cannabis retailers, shall be
30 exempt from the tax imposed under the "Sales and Use Tax Act,"
31 P.L.1966, c.30 (C.54:32B-1 et seq.). The transfer tax or user tax
32 shall be collected or paid, and remitted to the municipality by the
33 cannabis establishment from the cannabis establishment purchasing
34 or receiving the cannabis item, or from the customer at the point of
35 sale, on behalf of the municipality by the cannabis establishment
36 selling or transferring the cannabis item. The transfer tax or user
37 tax shall be stated, charged, and shown separately on any sales slip,
38 invoice, receipt, or other statement or memorandum of the price
39 paid or payable for the cannabis item.

40 (2) Every cannabis establishment required to collect a transfer
41 tax or user tax imposed by ordinance pursuant to this section shall
42 be personally liable for the transfer tax or user tax imposed,
43 collected, or required to be collected under this section. Any
44 cannabis establishment shall have the same right with respect to
45 collecting the transfer tax or user tax from another cannabis
46 establishment or the customer as if the transfer tax or user tax was a
47 part of the sale and payable at the same time, or with respect to non-
48 payment of the transfer tax or user tax by the cannabis

1 establishment or customer, as if the transfer tax or user tax was a
2 part of the purchase price of the cannabis item, and payable at the
3 same time; provided, however, that the chief fiscal officer of the
4 municipality which imposes the transfer tax or user tax shall be
5 joined as a party in any action or proceeding brought to collect the
6 transfer tax or user tax.

7 (3) No cannabis establishment required to collect a transfer tax or
8 user tax imposed by ordinance pursuant to this section shall advertise
9 or hold out to any person or to the public in general, in any manner,
10 directly or indirectly, that the transfer tax or user tax will not be
11 separately charged and stated to another cannabis establishment or the
12 customer or that the transfer tax or user tax will be refunded to the
13 cannabis establishment or the customer.

14 c. (1) All revenues collected from a transfer tax or user tax
15 imposed by ordinance pursuant to this section shall be remitted to
16 the chief financial officer of the municipality in a manner
17 prescribed by the municipality. The chief financial officer shall
18 collect and administer any transfer tax or user tax imposed by
19 ordinance pursuant to this section. The municipality shall enforce
20 the payment of delinquent taxes or transfer fees imposed by
21 ordinance pursuant to this section in the same manner as provided
22 for municipal real property taxes.

23 (2) (a) In the event that the transfer tax or user tax imposed by
24 ordinance pursuant to this section is not paid as and when due by a
25 cannabis establishment, the unpaid balance, and any interest
26 accruing thereon, shall be a lien on the parcel of real property
27 comprising the cannabis establishment in the same manner as all
28 other unpaid municipal taxes, fees, or other charges. The lien shall
29 be superior and paramount to the interest in the parcel of any
30 owner, lessee, tenant, mortgagee, or other person, except the lien of
31 municipal taxes, and shall be on a parity with and deemed equal to
32 the municipal lien on the parcel for unpaid property taxes due and
33 owing in the same year.

34 (b) A municipality shall file in the office of its tax collector a
35 statement showing the amount and due date of the unpaid balance
36 and identifying the lot and block number of the parcel of real
37 property that comprises the delinquent cannabis establishment. The
38 lien shall be enforced as a municipal lien in the same manner as all
39 other municipal liens are enforced.

40 d. As used in this section:

41 “Cannabis” means the same as that term is defined in section 3 of
42 P.L. , c. (C.) (pending before the Legislature as this bill).

43 “Cannabis establishment” means the same as that term is defined
44 in section 3 of P.L. , c. (C.) (pending before the Legislature
45 as this bill).

46 “Cannabis grower” means the same as that term is defined in
47 section 3 of P.L. , c. (C.) (pending before the Legislature as this
48 bill).

1 “Cannabis items” means the same as that term is defined in
2 section 3 of P.L. , c. (C.) (pending before the Legislature
3 as this bill).

4 “Cannabis processor” means the same as that term is defined in
5 section 3 of P.L. , c. (C.) (pending before the Legislature as this
6 bill).

7 “Cannabis retailer” means the same as that term is defined in
8 section 3 of P.L. , c. (C.) (pending before the Legislature
9 as this bill).

10 “Cannabis wholesaler” means the same as that term is defined in
11 section 3 of P.L. , c. (C.) (pending before the Legislature as this
12 bill).

13

14 40. (New section) Cannabis Regulatory, Enforcement Assistance,
15 and Marketplace Modernization Fund.

16 a. All fees and penalties collected by the commission, and all
17 tax revenues on retail sales, if any, and all tax revenues collected
18 pursuant to the provisions of the “Jake Honig Compassionate Use
19 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), except
20 for amounts credited to the Property Tax Reform Account in the
21 Property Tax Relief Fund pursuant to paragraph 1 of Section I of
22 Article VIII of the New Jersey Constitution, shall be deposited in a
23 special nonlapsing fund which shall be known as the “Cannabis
24 Regulatory, Enforcement Assistance, and Marketplace Modernization
25 Fund.”

26 b. Monies in the fund shall be used by the commission to:

27 (1) oversee the development, regulation, and enforcement of
28 activities associated with the personal use of cannabis pursuant to
29 P.L. , c. (C.), and assist with assuming responsibility from
30 the Department of Health for the further development and
31 expansion, regulation, and enforcement of activities associated with
32 the medical use of cannabis pursuant to the “Jake Honig
33 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
34 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.); and

35 (2) reimburse the expenses incurred by any county or municipality
36 for the training costs associated with the attendance and participation
37 of a police officer from its law enforcement unit, as those terms are
38 defined in section 2 of P.L.1961, c.56 (C.52:17B-67), in a program
39 provided by an approved school, also defined in that section, which
40 trains and certifies the police officer, including a police officer with a
41 working dog as that term is defined in section 1 of P.L.2006, c.88
42 (C.10:5-29.7), as a Drug Recognition Expert for detecting, identifying,
43 and apprehending drug-impaired motor vehicle operators, and pay for
44 costs incurred by the State Police in furnishing additional program
45 instructors to provide Drug Recognition Expert training to police
46 officers and working dogs. A municipality or county seeking
47 reimbursement shall apply to the commission, itemizing the costs, with
48 appropriate proofs, for which reimbursement is requested and provide

1 a copy of the certificate issued to the police officer to indicate the
2 successful completion of the program by the police officer, and that
3 officer's working dog, if applicable.

4 c. Any remaining monies, after the commission uses the
5 monies in the fund in accordance with subsection b. of this section,
6 shall be deposited in the State's General Fund

7

8 41. Section 2 of P.L.1970, c.226 (C.24:21-2) is amended to read as
9 follows:

10 2. As used in P.L.1970, c.226 (C.24:21-1 et seq.):

11 "Administer" means the direct application of a controlled
12 dangerous substance, whether by injection, inhalation, ingestion, or
13 any other means, to the body of a patient or research subject by: (1) a
14 practitioner (or, in the practitioner's presence, by the practitioner's
15 lawfully authorized agent), or (2) the patient or research subject at the
16 lawful direction and in the presence of the practitioner.

17 "Agent" means an authorized person who acts on behalf of or at
18 the direction of a manufacturer, distributor, or dispenser but does not
19 include a common or contract carrier, public warehouseman, or
20 employee thereof.

21 "Commissioner" means the Commissioner of Health.

22 "Controlled dangerous substance" means a drug, substance, or
23 immediate precursor in Schedules I through V of article 2 of P.L.1970,
24 c.226 (C.24:21-1 et seq.). The term shall not include distilled spirits,
25 wine, malt beverages, as those terms are defined or used in R.S.33:1-1
26 et seq., or tobacco and tobacco products.

27 "Counterfeit substance" means a controlled dangerous substance
28 which, or the container or labeling of which, without authorization,
29 bears the trademark, trade name, or other identifying mark, imprint,
30 number or device, or any likeness thereof, of a manufacturer,
31 distributor, or dispenser other than the person or persons who in fact
32 manufactured, distributed, or dispensed such substance and which
33 thereby falsely purports or is represented to be the product of, or to
34 have been distributed by, such other manufacturer, distributor, or
35 dispenser.

36 "Deliver" or "delivery" means the actual, constructive, or
37 attempted transfer from one person to another of a controlled
38 dangerous substance, whether or not there is an agency relationship.

39 "Director" means the Director of the Division of Consumer Affairs
40 in the Department of Law and Public Safety.

41 "Dispense" means to deliver a controlled dangerous substance to
42 an ultimate user or research subject by or pursuant to the lawful order
43 of a practitioner, including the prescribing, administering, packaging,
44 labeling, or compounding necessary to prepare the substance for that
45 delivery.

46 "Dispenser" means a practitioner who dispenses.

47 "Distribute" means to deliver other than by administering or
48 dispensing a controlled dangerous substance.

1 "Distributor" means a person who distributes.

2 "Division" means the Division of Consumer Affairs in the
3 Department of Law and Public Safety.

4 "Drug Enforcement Administration" means the Drug Enforcement
5 Administration in the United States Department of Justice.

6 "Drugs" means (a) substances recognized in the official United
7 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
8 United States, or official National Formulary, or any supplement to
9 any of them; and (b) substances intended for use in the diagnosis, cure,
10 mitigation, treatment, or prevention of disease in man or other animals;
11 and (c) substances (other than food) intended to affect the structure or
12 any function of the body of man or other animals; and (d) substances
13 intended for use as a component of any article specified in subsections
14 (a), (b), and (c) of this section; but does not include devices or their
15 components, parts or accessories. "Drugs" shall not mean hemp or a
16 hemp product cultivated, handled, processed, transported, or sold
17 pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
18 (C.4:28-6 et al.).

19 "Hashish" means the resin extracted from any part of the plant
20 **【genus】 Cannabis sativa L.** and any compound, manufacture, salt,
21 derivative, mixture, or preparation of such resin. "Hashish" shall not
22 mean; hemp or a hemp product cultivated, handled, processed,
23 transported, or sold pursuant to the "New Jersey Hemp Farming Act,"
24 P.L.2019, c.238 (C.4:28-6 et al.); or cannabis resin as defined in
25 section 3 of P.L. , c. (C.) (pending before the Legislature as
26 this bill) which is extracted for use in a cannabis item, as defined in
27 that section, in accordance with the "New Jersey Cannabis
28 Regulatory, Enforcement Assistance, and Marketplace
29 Modernization Act," P.L. , c. (C.) (pending before the
30 Legislature as this bill).

31 "Marihuana" means all parts of the plant **【genus】 Cannabis sativa**
32 **L.**, whether growing or not; the seeds thereof; and every compound,
33 manufacture, salt, derivative, mixture, or preparation of the plant or its
34 seeds, except those containing resin extracted from the plant **【**; but
35 shall not include the mature stalks of the plant, fiber produced from the
36 stalks, oil or cake made from the seeds of the plant, any other
37 compound, manufacture, salt, derivative, mixture, or preparation of
38 such mature stalks, fiber, oil, or cake, or the sterilized seed of the plant
39 which is incapable of germination**】**. "Marihuana" shall not mean;
40 hemp or a hemp product cultivated, handled, processed, transported, or
41 sold pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
42 (C.4:28-6 et al.); or cannabis as defined in section 3 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill) which is
44 cultivated and processed for use in a cannabis item, as defined in that
45 section, in accordance with the "New Jersey Cannabis Regulatory,
46 Enforcement Assistance, and Marketplace Modernization Act,"
47 P.L. , c. (C.) (pending before the Legislature as this bill).

1 "Manufacture" means the production, preparation, propagation,
2 compounding, conversion, or processing of a controlled dangerous
3 substance, either directly or by extraction from substances of natural
4 origin, or independently by means of chemical synthesis, or by a
5 combination of extraction and chemical synthesis, and includes any
6 packaging or repackaging of the substance or labeling or relabeling of
7 its container, except that this term does not include the preparation or
8 compounding of a controlled dangerous substance by an individual for
9 the individual's own use or the preparation, compounding, packaging,
10 or labeling of a controlled dangerous substance: (1) by a practitioner as
11 an incident to the practitioner's administering or dispensing of a
12 controlled dangerous substance in the course of the practitioner's
13 professional practice, or (2) by a practitioner (or under the
14 practitioner's supervision) for the purpose of, or as an incident to,
15 research, teaching, or chemical analysis and not for sale.

16 "Narcotic drug" means any of the following, whether produced
17 directly or indirectly by extraction from substances of vegetable origin,
18 or independently by means of chemical synthesis, or by a combination
19 of extraction and chemical synthesis:

20 (a) Opium, coca leaves, and opiates;

21 (b) A compound, manufacture, salt, derivative, or preparation of
22 opium, coca leaves, or opiates;

23 (c) A substance (and any compound, manufacture, salt, derivative,
24 or preparation thereof) which is chemically identical with any of the
25 substances referred to in subsections (a) and (b), except that the words
26 "narcotic drug" as used in P.L.1970, c.226 (C.24:21-1 et seq.) shall not
27 include decocainized coca leaves or extracts of coca leaves, which
28 extracts do not contain cocaine or ecgonine.

29 "Official written order" means an order written on a form provided
30 for that purpose by the Attorney General of the United States or his
31 delegate, under any laws of the United States making provisions
32 therefor, if such order forms are authorized and required by the federal
33 law, and if no such form is provided, then on an official form provided
34 for that purpose by the division. If authorized by the Attorney General
35 of the United States or the division, the term shall also include an order
36 transmitted by electronic means.

37 "Opiate" means any dangerous substance having an addiction-
38 forming or addiction-sustaining liability similar to morphine or being
39 capable of conversion into a drug having such addiction-forming or
40 addiction-sustaining liability. It does not include, unless specifically
41 designated as controlled under section 3 of P.L.1970, c.226 (C.24:21-1
42 et seq.), the dextrorotatory isomer of 3-methoxy-n-methylmorphinan
43 and its salts (dextromethorphan). It does include its racemic and
44 levorotatory forms.

45 "Opium poppy" means the plant of the species *Papaver*
46 *somniferum* L., except the seeds thereof.

47 "Person" means any corporation, association, partnership, trust,
48 other institution or entity, or one or more individuals.

1 "Pharmacist" means a registered pharmacist of this State.

2 "Pharmacy owner" means the owner of a store or other place of
3 business where controlled dangerous substances are compounded or
4 dispensed by a registered pharmacist; but nothing in this chapter
5 contained shall be construed as conferring on a person who is not
6 registered or licensed as a pharmacist any authority, right, or privilege
7 that is not granted to the person by the pharmacy laws of this State.

8 "Poppy straw" means all parts, except the seeds, of the opium
9 poppy, after mowing.

10 "Practitioner" means a physician, dentist, veterinarian, scientific
11 investigator, laboratory, pharmacy, hospital, or other person licensed,
12 registered, or otherwise permitted to distribute, dispense, conduct
13 research with respect to, or administer a controlled dangerous
14 substance in the course of professional practice or research in this
15 State.

16 (a) "Physician" means a physician authorized by law to practice
17 medicine in this or any other state.

18 (b) "Veterinarian" means a veterinarian authorized by law to
19 practice veterinary medicine in this State.

20 (c) "Dentist" means a dentist authorized by law to practice
21 dentistry in this State.

22 (d) "Hospital" means any federal institution, or any institution for
23 the care and treatment of the sick and injured, operated or approved by
24 the appropriate State department as proper to be entrusted with the
25 custody and professional use of controlled dangerous substances.

26 (e) "Laboratory" means a laboratory to be entrusted with the
27 custody of narcotic drugs and the use of controlled dangerous
28 substances for scientific, experimental, and medical purposes and for
29 purposes of instruction approved by the Department of Health.

30 "Production" includes the manufacture, planting, cultivation,
31 growing, or harvesting of a controlled dangerous substance.

32 "Immediate precursor" means a substance which the division has
33 found to be and by regulation designates as being the principal
34 compound commonly used or produced primarily for use, and which is
35 an immediate chemical intermediary used or likely to be used in the
36 manufacture of a controlled dangerous substance, the control of which
37 is necessary to prevent, curtail, or limit such manufacture.

38 "Substance use disorder involving drugs" means taking or using a
39 drug or controlled dangerous substance, as defined in this chapter, in
40 association with a state of psychic or physical dependence, or both,
41 arising from the use of that drug or controlled dangerous substance on
42 a continuous basis. A substance use disorder is characterized by
43 behavioral and other responses, including, but not limited to, a strong
44 compulsion to take the substance on a recurring basis in order to
45 experience its psychic effects, or to avoid the discomfort of its
46 absence.

47 "Ultimate user" means a person who lawfully possesses a
48 controlled dangerous substance for the person's own use or for the use

1 of a member of the person's household or for administration to an
2 animal owned by the person or by a member of the person's household.
3 (cf: P.L.2019, c.238, s.11)

4

5 42. Section 5 of P.L.1970, c.226 (C.24:21-5) is amended to read as
6 follows:

7 5. Schedule I.

8 a. Tests. The director shall place a substance in Schedule I if he
9 finds that the substance: (1) has high potential for abuse; and (2) has
10 no accepted medical use in treatment in the United States; or lacks
11 accepted safety for use in treatment under medical supervision.

12 b. The controlled dangerous substances listed in this section are
13 included in Schedule I, subject to any revision and republishing by the
14 director pursuant to subsection d. of section 3 of P.L.1970, c.226
15 (C.24:21-3), and except to the extent provided in any other schedule.

16 c. Any of the following opiates, including their isomers, esters,
17 and ethers, unless specifically excepted, whenever the existence of
18 such isomers, esters, ethers and salts is possible within the specific
19 chemical designation:

- 20 (1) Acetylmethadol
- 21 (2) Allylprodine
- 22 (3) Alphacetylmethadol
- 23 (4) Alphameprodine
- 24 (5) Alphamethadol
- 25 (6) Benzethidine
- 26 (7) Betacetylmethadol
- 27 (8) Betameprodine
- 28 (9) Betamethadol
- 29 (10) Betaprodine
- 30 (11) Clonitazene
- 31 (12) Dextromoramide
- 32 (13) Dextrorphan
- 33 (14) Diampromide
- 34 (15) Diethylthiambutene
- 35 (16) Dimenoxadol
- 36 (17) Dimepheptanol
- 37 (18) Dimethylthiambutene
- 38 (19) Dioxaphetyl butyrate
- 39 (20) Dipipanone
- 40 (21) Ethylmethylthiambutene
- 41 (22) Etonitazene
- 42 (23) Etoxidine
- 43 (24) Furethidine
- 44 (25) Hydroxypethidine
- 45 (26) Ketobemidone
- 46 (27) Levomoramide
- 47 (28) Levophenacilmorphan
- 48 (29) Morpheridine

- 1 (30) Noracymethadol
- 2 (31) Norlevorphanol
- 3 (32) Normethadone
- 4 (33) Norpipanone
- 5 (34) Phenadoxone
- 6 (35) Phenampromide
- 7 (36) Phenomorphan
- 8 (37) Phenoperidine
- 9 (38) Piritramide
- 10 (39) Proheptazine
- 11 (40) Properidine
- 12 (41) Racemoramide
- 13 (42) Trimeperidine.

14 d. Any of the following narcotic substances, their salts, isomers
15 and salts of isomers, unless specifically excepted, whenever the
16 existence of such salts, isomers and salts of isomers is possible within
17 the specific chemical designation:

- 18 (1) Acetorphine
- 19 (2) Acetylcodone
- 20 (3) Acetyldihydrocodeine
- 21 (4) Benzylmorphine
- 22 (5) Codeine methylbromide
- 23 (6) Codeine-N-Oxide
- 24 (7) Cyprenorphine
- 25 (8) Desomorphine
- 26 (9) Dihydromorphine
- 27 (10) Etorphine
- 28 (11) Heroin
- 29 (12) Hydromorphanol
- 30 (13) Methyldesorphine
- 31 (14) Methylhydromorphine
- 32 (15) Morphine methylbromide
- 33 (16) Morphine methylsulfonate
- 34 (17) Morphine-N-Oxide
- 35 (18) Myrophine
- 36 (19) Nicocodeine
- 37 (20) Nicomorphine
- 38 (21) Normorphine
- 39 (22) Phoclodine
- 40 (23) Thebacon.

41 e. Any material, compound, mixture or preparation which
42 contains any quantity of the following hallucinogenic substances, their
43 salts, isomers and salts of isomers, unless specifically excepted,
44 whenever the existence of such salts, isomers, and salts of isomers is
45 possible within the specific chemical designation:

- 46 (1) 3,4-methylenedioxy amphetamine
- 47 (2) 5-methoxy-3,4-methylenedioxy amphetamine
- 48 (3) 3,4,5-trimethoxy amphetamine

- 1 (4) Bufotenine
- 2 (5) Diethyltryptamine
- 3 (6) Dimethyltryptamine
- 4 (7) 4-methyl-2,5-dimethoxylamphetamine
- 5 (8) Ibogaine
- 6 (9) Lysergic acid diethylamide
- 7 (10) Marihuana; except that on and after the effective date of the
- 8 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
- 9 Marketplace Modernization Act,” P.L. , c. (C.) (pending
- 10 before the Legislature as this bill), marihuana shall no longer be
- 11 included in Schedule I, and shall not be designated or rescheduled and
- 12 included in any other schedule by the director pursuant to the
- 13 director’s designation and rescheduling authority set forth in section 3
- 14 of P.L.1970, c.226 (C.24:21-3).
- 15 (11) Mescaline
- 16 (12) Peyote
- 17 (13) N-ethyl-3-piperidyl benzilate
- 18 (14) N-methyl-3-piperidyl benzilate
- 19 (15) Psilocybin
- 20 (16) Psilocyn
- 21 (17) Tetrahydrocannabinols, except when found in hemp or a hemp
- 22 product cultivated, handled, processed, transported, or sold pursuant to
- 23 the “New Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et
- 24 al.), or a cannabis item as defined in section 3 of P.L. , c. (C.)
- 25 (pending before the Legislature as this bill) that is grown, cultivated,
- 26 produced, or processed in accordance with the “New Jersey Cannabis
- 27 Regulatory, Enforcement Assistance, and Marketplace Modernization
- 28 Act,” P.L. , c. (C.) (pending before the Legislature as this bill).
- 29 (cf: P.L.2019, c.238, s.12)
- 30
- 31 43. R.S.24:5-18 is amended to read as follows:
- 32 24:5-18. For the purposes of this subtitle a drug or device shall
- 33 also be deemed to be misbranded:
- 34 a. If its labeling is false or misleading in any particular.
- 35 b. If in package form unless it bears a label containing the
- 36 name and place of business of the manufacturer, packer, or
- 37 distributor.
- 38 c. If any word, statement or other information required by or
- 39 under authority of this subtitle to appear on the label or labeling is
- 40 not prominently placed thereon with such conspicuousness (as
- 41 compared with other words, statements or designs in the labeling)
- 42 and in such terms as to render it likely to be read and understood by
- 43 the ordinary individual under customary conditions of purchase and
- 44 use.
- 45 d. If it is for use by man and contains any quantity of the
- 46 narcotic or hypnotic substance alpha-eucaine, barbituric acid, beta-
- 47 eucaine, bromal, cannabis other than as defined in section 3 of
- 48 P.L. , c. (C.) (pending before the Legislature as this bill),

1 carbromal, chloral, coca, cocaine, codeine, heroin, marihuana,
2 morphine, opium, paraldehyde, peyote, or sulphonmethane; or any
3 chemical derivative of such substance, which derivative has been by
4 the Department of Health of the State of New Jersey after
5 investigation found to be, and by regulations under this subtitle
6 designated as, habit forming; unless its label bears the name and
7 quantity or proportion of such substance, or derivative and in
8 juxtaposition therewith, the statement "Warning--May be habit
9 forming."

10 e. If it is a drug and is not designated solely by a name
11 recognized in an official compendium, unless its label bears (1) the
12 common or usual name of the drug, if such there be; and (2) in case
13 it is fabricated from 2 or more ingredients, the common or usual
14 name of each active ingredient, including the kind and quantity or
15 proportion of any alcohol, and also including, whether active or not,
16 the name and quantity or proportion of any bromides, ether,
17 chloroform, acetanilid, acetphanetidin, amidopyrine, antipyrine,
18 atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis
19 glusocides, mercury, ouabain, strophanthin, strychnine, thyroid, or
20 any derivative or preparation of any such substances, contained
21 therein; provided, that to the extent that compliance with the
22 requirements of clause (2) of this paragraph is impracticable,
23 exemptions may be established by regulations promulgated by the
24 State department.

25 f. Unless its labeling bears (1) adequate directions for use; and
26 (2) such adequate warnings against use in those pathological
27 conditions or by children where its use may be dangerous to health,
28 or against unsafe dosage or methods or duration of administration
29 or application, in such manner and form, as are necessary for the
30 protection of users; provided, that where any requirement of clause
31 (1) of this paragraph, as applied to any drug or device, is not
32 necessary for the protection of the public health, the Department of
33 Health of the State of New Jersey may promulgate regulations
34 exempting such drug or device from such requirement.

35 g. If it purports to be a drug the name of which is recognized in
36 an official compendium, unless it is packaged and labeled as
37 prescribed therein; provided, that the method of packing may be
38 modified with the consent of the State department. Whenever a
39 drug is recognized in both the United States Pharmacopoeia and the
40 Homeopathic Pharmacopoeia of the United States it shall be subject
41 to the requirements of the United States Pharmacopoeia unless it is
42 labeled and offered for sale as a homeopathic drug, in which case it
43 shall be subject to the provisions of the Homeopathic
44 Pharmacopoeia of the United States and not to those of the United
45 States Pharmacopoeia.

46 h. If it has been found by the Department of Health of the State
47 of New Jersey to be a drug liable to deterioration, unless it is
48 packaged in such form and manner, and its label bears a statement

1 of such precautions, as the Department of Health of the State of
2 New Jersey may by regulations require as necessary for the
3 protection of the public health. No such regulation shall be
4 established for any drug recognized in an official compendium until
5 the State department shall have informed the appropriate body
6 charged with the revision of such compendium of the need for such
7 packaging or labeling requirements and such body shall have failed
8 within a reasonable time to prescribe such requirements.

9 i. (1) If it is a drug and its container is so made, formed or
10 filled as to be misleading; or (2) if it is an imitation of another drug;
11 or (3) if it is offered for sale under the name of another drug.

12 j. If it is dangerous to health when used in the dosage, or with
13 the frequency or duration prescribed, recommended, or suggested in
14 the labeling thereof.

15 k. If it is a depressant or stimulant drug as defined pursuant to
16 law and not in the possession or control of a person specified by
17 law as entitled to possession or control of such depressant or
18 stimulant drug. Any depressant or stimulant drug misbranded under
19 the preceding sentence shall be deemed dangerous or fraudulent for
20 purposes of marking and detaining under the provisions of section
21 24:4-12 of this Title.

22 (cf: P.L.1966, c.314, s.8)

23
24 44. (New section) Personal Use of Cannabis or Cannabis Resin.

25 Notwithstanding any other provision of law, the following acts
26 are not unlawful and shall not be an offense or a basis for seizure or
27 forfeiture of assets under N.J.S.2C:64-1 et seq. or other applicable
28 law for persons 21 years of age or older, provided the acts are
29 consistent with the relevant definitions set forth in section 3 of
30 P.L. , c. (C.) (pending before the Legislature as this bill),
31 and when an act involves cannabis or a cannabis item, it was first
32 obtained from a licensed cannabis retailer, evidenced by it being in
33 its original packaging or by a sales slip, invoice, receipt, or other
34 statement or memorandum:

35 a. Possessing, displaying, purchasing, or transporting: cannabis
36 paraphernalia; one ounce (28.35 grams) or less of cannabis; the
37 equivalent of one ounce (28.35 grams) or less of cannabis infused
38 product in solid, liquid, or concentrate form, based upon an
39 equivalency calculation for different product forms set by the
40 Cannabis Regulatory Commission, established pursuant to section
41 31 of P.L.2019, c.153 (C.24:6I-24), in its regulations, and for which
42 the commission may utilize research conducted in other states on
43 the issue of product equivalency calculations when setting this
44 equivalency; or 5 grams (0.176 ounce) or less of cannabis resin.
45 Possessing, displaying, purchasing, or transporting at any one time
46 any amount of cannabis or cannabis resin in an amount greater than
47 as permitted pursuant to this subsection, or an infused product in
48 solid, liquid, or concentrate form with more than the equivalency

1 permitted pursuant to this subsection shall be considered a violation
2 of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106
3 (N.J.S.2C:35-1 et al.), and subject the person to a civil penalty or
4 prosecution as if the person possessed, displayed, purchased, or
5 transported marijuana or hashish in violation of that act;

6 b. Transferring without remuneration: one ounce (28.35 grams)
7 or less of cannabis; the equivalent of one ounce (28.35 grams) or
8 less of cannabis infused product in solid, liquid, or concentrate
9 form, based upon the equivalency calculation for different product
10 forms set by the commission pursuant to subsection a. of this
11 section; or five grams (0.176 ounce) or less of cannabis resin to a
12 person who is of legal age for purchasing cannabis items, provided
13 that such transfer is for non-promotional, non-business purposes.
14 Transferring at any one time any amount of cannabis or cannabis
15 resin in an amount greater than as permitted pursuant to this
16 subsection, or an infused product in solid, liquid, or concentrate
17 form with more than the equivalency permitted pursuant to this
18 subsection, or to a person who is not of legal age to purchase
19 cannabis items, shall be considered a violation of the
20 “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106
21 (N.J.S.2C:35-1 et al.), and subject the person to prosecution as if
22 the person distributed marijuana or hashish in violation of that act,
23 unless the transfer to a person who is not of legal age was done by a
24 cannabis establishment licensed pursuant to P.L. , c. (C.)
25 (pending before the Legislature as this bill), or an employee or
26 agent thereof, in which case it is a civil violation and the civil
27 penalty set forth in subsection b. of section 57 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill) shall
29 apply;

30 c. Taking delivery of or consuming a lawfully possessed
31 cannabis item, provided that nothing in this section shall permit a
32 person to smoke, vape, or aerosolize any cannabis item in a public
33 place. This prohibition includes the smoking, vaping, or
34 aerosolizing of a cannabis item in any public place pursuant to law
35 that prohibits the smoking of tobacco, including N.J.S.2C:33-13 and
36 the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-
37 55 et seq.), and any indoor public place, as that term is defined in
38 section 3 of P.L.2005, c.383 (C.26:3D-57), or portion thereof, even
39 if the smoking of tobacco is otherwise permitted in that place or
40 portion thereof pursuant to the “New Jersey Smoke-Free Air Act”;
41 except that the smoking, vaping, or aerosolizing of a cannabis item
42 shall be permitted in a cannabis consumption area as set forth in
43 section 28 of P.L.2019, c.153 (C.24:6I-21), and may be permitted by
44 the person or entity that owns or controls a hotel, motel, or other
45 lodging establishment as defined in section 1 of P.L.1967, c.95
46 (C.29:4-5) in up to 20 percent of its guest rooms. The smoking,
47 vaping, or aerosolizing of a cannabis item may also be prohibited or
48 otherwise regulated in multifamily housing that is a multiple

1 dwelling as defined in section 3 of P.L.1967, c.76 (C.55:13A-3), as
2 decided by the person or entity that owns or controls the
3 multifamily housing, or prohibited or otherwise regulated in the
4 units of a condominium, as those terms are defined by section 3 of
5 P.L.1969, c.257 (C.46:8B-3), if approved by the association for the
6 condominium and a majority of all of the condominium's unit
7 owners, as those terms are defined in that section. Except as
8 otherwise provided by P.L. , c. (C.) (pending before the
9 Legislature as this bill), any penalties that may be assessed for the
10 smoking of tobacco where prohibited under the "New Jersey
11 Smoke-Free Air Act" shall be applicable to the smoking, vaping, or
12 aerosolizing of cannabis where prohibited. Concerning the
13 consumption of any cannabis item, other than by smoking, vaping,
14 or aerosolizing: a person or entity that owns or controls a property,
15 other than multifamily housing that is a multiple dwelling as
16 defined in section 3 of P.L.1967, c.76 (C.55:13A-3), a unit of a
17 condominium, as those terms are defined by section 3 of P.L.1969,
18 c.257 (C.46:8B-3), or a site in a mobile home park as defined in
19 section 3 of P.L.1983, c.386 (C.40:55D-102), which site is leased to
20 the owner of a manufactured home, as defined in that section, that is
21 installed thereon, may prohibit or otherwise regulate the
22 consumption of cannabis items on or in that property, including a
23 casino hotel facility as defined in section 19 of P.L.1977, c.110
24 (C.5:12-19) with respect to a hotel property, a casino as defined in
25 section 6 of P.L.1977, c.110 (C.5:12-6), or casino simulcasting
26 facility authorized pursuant to the "Casino Simulcasting Act,"
27 P.L.1992, c.19 (C.5:12-191 et al.); and a municipality may enact an
28 ordinance making it an unlawful act for any person 21 years of age
29 or older to consume, other than by smoking, vaping, or
30 aerosolizing, any cannabis item in a public place, including any
31 indoor public place as that term is defined in section 3 of P.L.2005,
32 c.383 (C.26:3D-57), or portion thereof, and providing a civil
33 penalty for a violation in accordance with section 70 of P.L. ,
34 c. (C.) (pending before the Legislature as this bill); and
35 d. Assisting another person to engage in any of the acts
36 described in subsections a. through c. of this section, provided that
37 the person being assisted is of legal age to purchase cannabis items and
38 the assistance being provided is without remuneration.

39

40 45. (New section) Licensee and Consumer Protections.

41 a. Individuals and licensed cannabis establishments,
42 distributors, and delivery services shall not be subject to arrest,
43 prosecution, or penalty in any manner, or denied any right or
44 privilege, including but not limited to civil liability or disciplinary
45 action by a business, occupational, or professional licensing board
46 or bureau, solely for conduct permitted under P.L. , c. (C.)
47 (pending before the Legislature as this bill).

1 b. The presence of cannabinoid metabolites in the bodily fluids
2 of a person engaged in conduct permitted under P.L. , c. (C.)
3 (pending before the Legislature as this bill):

4 (1) with respect to a student, employee, or tenant, shall not form
5 the basis for refusal to enroll or employ or lease to or otherwise
6 penalize that person, unless failing to do so would put the school,
7 employer, or landlord in violation of a federal contract or cause it to
8 lose federal funding;

9 (2) with respect to a patient shall not constitute the use of an
10 illicit substance resulting in denial of medical care, including organ
11 transplant, and a patient's use of cannabis items may only be
12 considered with respect to evidence-based clinical criteria; and

13 (3) with respect to a parent or legal guardian of a child or
14 newborn infant, or a pregnant woman shall not form the sole or
15 primary basis for any action or proceeding by the Division of Child
16 Protection and Permanency, or any successor agencies; provided,
17 however, that nothing in this paragraph shall preclude any action or
18 proceeding by the division based on harm or risk of harm to a child or
19 the use of information on the presence of cannabinoid metabolites in
20 the bodily fluids of any person in any action or proceeding.

21

22 46. (New section) Employers, Driving, Minors and Control of
23 Property.

24 a. No employer shall refuse to hire or employ any person or
25 shall discharge from employment or take any adverse action against
26 any employee with respect to compensation, terms, conditions, or
27 other privileges of employment because that person does or does
28 not smoke, vape, aerosolize or otherwise use cannabis items, unless
29 the employer has a rational basis for doing so which is reasonably
30 related to the employment, including the responsibilities of the
31 employee or prospective employee.

32 b. Nothing in P.L. , c. (C.) (pending before the
33 Legislature as this bill):

34 (1) Requires an employer to amend or repeal, or affect, restrict
35 or preempt the rights and obligations of employers to maintain a
36 drug and alcohol free workplace or require an employer to permit or
37 accommodate the use, consumption, being under the influence,
38 possession, transfer, display, transportation, sale, or growth of
39 cannabis or cannabis items in the workplace, or to affect the ability
40 of employers to have policies prohibiting cannabis use or
41 intoxication by employees during work hours.

42 (2) Is intended to allow driving under the influence of cannabis
43 items or driving while impaired by cannabis items or to supersede
44 laws related to driving under the influence of marijuana or cannabis
45 items or driving while impaired by marijuana or cannabis items.

46 (3) Is intended to permit the transfer of cannabis items, with or
47 without remuneration, to a person under the age of 21 or to allow a
48 person under the age of 21 to purchase, possess, use, transport,

1 grow, or consume cannabis items, unless the person is under the age
2 of 21, but at least 18 years of age, and an employee of a cannabis
3 establishment, distributor, or delivery service acting in the person's
4 employment capacity.

5 (4) Shall, consistent with subsection c. of section 44 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill), prohibit
7 a person or entity that owns or controls a property from prohibiting
8 or otherwise regulating the consumption, use, display, transfer,
9 distribution, sale, or transportation of cannabis items on or in that
10 property, or portion thereof, including a hotel property that is a
11 casino hotel facility as defined in section 19 of P.L.1977, c.110
12 (C.5:12-19), a casino as defined in section 6 of P.L.1977, c.110
13 (C.5:12-6), or casino simulcasting facility authorized pursuant to
14 the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.),
15 provided that a person or entity that owns or controls multifamily
16 housing that is a multiple dwelling as defined in section 3 of
17 P.L.1967, c.76 (C.55:13A-3), a unit of a condominium as defined in
18 section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a mobile home
19 park as defined in section 3 of P.L.1983, c.386 (C.40:55D-102), which
20 site is leased to the owner of a manufactured home, as defined in that
21 section, that is installed thereon, may only prohibit or otherwise
22 regulate the smoking, vaping, or aerosolizing, but not other
23 consumption, of cannabis items, and further provided that
24 municipalities may not prohibit delivery, possession, or
25 consumption of cannabis items by a person 21 years of age or older
26 as permitted by section 44 of P.L. , c. (C.) (pending
27 before the Legislature as this bill).

28 (5) Is intended to permit any person to possess, consume, use,
29 display, transfer, distribute, sell, transport, or grow cannabis items
30 in a school, hospital, detention facility, adult correctional facility, or
31 youth correction facility.

32 (6) Is intended to permit the smoking, vaping, or aerosolizing of
33 cannabis items in any place that any other law prohibits the
34 smoking of tobacco, including N.J.S.2C:33-13 and the "New Jersey
35 Smoke-Free Air Act," P.L.2005, c.383 (C.26:3D-55 et seq.). Except
36 as otherwise provided by P.L. , c. (C.) (pending before the
37 Legislature as this bill), any fines or civil penalties that may be
38 assessed for the smoking of tobacco in designated places shall be
39 applicable to the smoking, vaping, or aerosolizing of cannabis
40 items.

41

42 47. (New section) Consuming, including by smoking, vaping, or
43 aerosolizing, any cannabis item available for lawful consumption
44 pursuant to the "New Jersey Cannabis Regulatory, Enforcement
45 Assistance, and Marketplace Modernization Act," P.L. ,
46 c. (C.) (pending before the Legislature as this bill), is
47 prohibited in any area of any building of, on the grounds of, or in
48 any facility owned, leased, or controlled by, any public or private

1 institution of higher education or a related entity thereof, regardless
2 of whether the area or facility is an indoor place or is outdoors. As
3 used in this section “related entity” includes, but is not limited to,
4 the foundation, auxiliary services corporation, or alumni
5 association, or any subsidiary thereof, of an institution of higher
6 learning. Any penalties that may be assessed for the smoking of
7 tobacco where prohibited under the “New Jersey Smoke-Free Air
8 Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), shall be applicable to
9 the consumption of cannabis items where prohibited by this section.

10
11 48. (New section) Lawful Operation of Cannabis Establishments,
12 Distributors, and Delivery Services.

13 Notwithstanding any other provision of law, the following acts
14 are not unlawful and shall not be a criminal offense or a basis for
15 seizure or forfeiture of assets under N.J.S.2C:64-1 et seq. or other
16 applicable law, provided the acts are undertaken by a person 21 years
17 of age or older while acting within the scope of authority provided by
18 a license, or are undertaken by a person 18 years of age or older while
19 acting within the scope of authority as an employee of a licensed
20 cannabis establishment, distributor, or delivery service, or provided by
21 a cannabis handler certification issued pursuant to P.L. , c. (C.)
22 (pending before the Legislature as this bill) and are consistent with
23 the relevant definitions set forth in section 3 of P.L. , c. (C.)
24 (pending before the Legislature as this bill):

25 a. manufacturing, possessing, or purchasing cannabis
26 paraphernalia or the sale of cannabis paraphernalia to a person who
27 is 21 years of age or older;

28 b. possessing, displaying, transporting, or delivering cannabis
29 items; purchasing cannabis from a cannabis cultivation facility;
30 purchasing cannabis items from a cannabis product manufacturing
31 facility; or selling cannabis items to consumers, if the person
32 conducting the activities described in this subsection has obtained a
33 current, valid license to operate as a cannabis retailer or is acting in
34 his capacity as an owner, employee, or agent of a licensed cannabis
35 retailer;

36 c. cultivating, harvesting, processing, packaging, transporting,
37 displaying, or possessing cannabis; delivering or transferring
38 cannabis to a cannabis testing facility; selling cannabis to a cannabis
39 cultivation facility, a cannabis product manufacturing facility, or a
40 cannabis retailer; or purchasing cannabis from a cannabis cultivation
41 facility, if the person conducting the activities described in this
42 subsection has obtained a current, valid license to operate a cannabis
43 cultivation facility or is acting in his capacity as an owner,
44 employee, or agent of a licensed cannabis cultivation facility;

45 d. packaging, processing, transporting, manufacturing,
46 displaying, or possessing cannabis items; delivering or transferring
47 cannabis items to a cannabis testing facility; selling cannabis items
48 to a cannabis retailer or a cannabis product manufacturing facility;

1 purchasing cannabis from a cannabis cultivation facility; or
2 purchasing cannabis items from a cannabis product manufacturing
3 facility, if the person conducting the activities described in this
4 subsection has obtained a current, valid license to operate a cannabis
5 product manufacturing facility or is acting in his capacity as an
6 owner, employee, or agent of a licensed cannabis product
7 manufacturing facility;

8 e. possessing, cultivating, processing, repackaging, storing,
9 transporting, displaying, transferring, or delivering cannabis items if
10 the person has obtained a current, valid license to operate a cannabis
11 testing facility or is acting in his capacity as an owner, employee, or
12 agent of a licensed cannabis testing facility; and

13 f. leasing or otherwise allowing the use of property owned,
14 occupied, or controlled by any person, corporation, or other entity
15 for any of the activities conducted lawfully in accordance with
16 subsections a. through e. of this section.

17

18 49. (New section) Contract Enforceability.

19 No contract shall be unenforceable on the basis that
20 manufacturing, distributing, dispensing, possessing, or using any
21 cannabis item or marijuana is prohibited by federal law. No contract
22 entered into by a licensee, its employees, or its agents as permitted
23 pursuant to a valid license issued by the commission, or by those
24 who allow property to be used by a licensee, its employees, or its
25 agents as permitted pursuant to a valid license issued by the
26 commission, shall be deemed unenforceable on the basis that the
27 actions or conduct permitted pursuant to the license are prohibited
28 by federal law.

29

30 50. (New section) Federal and Interstate Relations.

31 a. Law enforcement agencies in this State shall not cooperate
32 with or provide assistance to the government of the United States or
33 any agency thereof in enforcing the “Controlled Substances Act,”
34 21 U.S.C. 801 et seq., solely for actions consistent with P.L. ,

35 c. (C.) (pending before the Legislature as this bill), except
36 pursuant to a valid court order.

37 b. No agency or subdivision of an agency of this State may
38 refuse to perform any duty under P.L. , c. (C.) (pending
39 before the Legislature as this bill) on the basis that manufacturing,
40 transporting, distributing, dispensing, delivering, possessing, or
41 using any cannabis item or marijuana is prohibited by federal law.

42 c. The commission may not revoke or refuse to issue or renew
43 a license or certification pursuant to section 20, 22, 23, 24, 25, or 26
44 of P.L. , c. (C.) (pending before the Legislature as this bill) on
45 the basis that manufacturing, transporting, distributing, dispensing,
46 delivering, possessing, or using any cannabis item or marijuana is
47 prohibited by federal law.

1 d. Nothing in this section shall be construed to limit the authority
2 of an agency or subdivision of any agency of this State to cooperate
3 with or assist the government of the United States or any agency
4 thereof, or the government of another state or agency thereof, in
5 matters pertaining to illegal interstate trafficking of marijuana, hashish,
6 or cannabis items.

7
8 51. (New section) Limitations.

9 The provisions of P.L. , c. (C.) (pending before the
10 Legislature as this bill) concerning the development, regulation, and
11 enforcement of activities associated with personal use cannabis, as
12 well as acts involving personal use cannabis or cannabis resin, shall
13 not be construed:

14 a. To amend or affect in any way any State or federal law
15 pertaining to employment matters;

16 b. To amend or affect in any way any State or federal law
17 pertaining to landlord-tenant matters;

18 c. To prohibit a recipient of a federal grant or an applicant for a
19 federal grant from prohibiting the manufacture, transportation,
20 delivery, possession, or use of cannabis items to the extent
21 necessary to satisfy federal requirements for the grant;

22 d. To prohibit a party to a federal contract or a person applying
23 to be a party to a federal contract from prohibiting the manufacture,
24 transport, distribution, delivery, possession, or use of cannabis
25 items to the extent necessary to comply with the terms and
26 conditions of the contract or to satisfy federal requirements for the
27 contract;

28 e. To require a person to violate a federal law; or

29 f. To exempt a person from a federal law or obstruct the
30 enforcement of a federal law.

31
32 52. N.J.S.2C:35-2 is amended to read as follows:

33 2C:35-2. As used in this chapter:

34 "Administer" means the direct application of a controlled
35 dangerous substance or controlled substance analog, whether by
36 injection, inhalation, ingestion, or any other means, to the body of a
37 patient or research subject by: (1) a practitioner (or, in his
38 presence, by his lawfully authorized agent), or (2) the patient or
39 research subject at the lawful direction and in the presence of the
40 practitioner.

41 "Agent" means an authorized person who acts on behalf of or at
42 the direction of a manufacturer, distributor, or dispenser but does
43 not include a common or contract carrier, public warehouseman, or
44 employee thereof.

45 "Controlled dangerous substance" means a drug, substance, or
46 immediate precursor in Schedules I through V, marijuana and
47 hashish as defined in this section, any substance the distribution of
48 which is specifically prohibited in N.J.S.2C:35-3, in section 3 of

1 P.L.1997, c.194 (C.2C:35-5.2), in section 5 of P.L.1997, c.194
2 (C.2C:35-5.3), in section 2 of P.L.2011, c.120 (C.2C:35-5.3a), or in
3 section 2 of P.L.2013, c.35 (C.2C:35-5.3b), and any drug or
4 substance which, when ingested, is metabolized or otherwise
5 becomes a controlled dangerous substance in the human body.
6 When any statute refers to controlled dangerous substances, or to a
7 specific controlled dangerous substance, it shall also be deemed to
8 refer to any drug or substance which, when ingested, is metabolized
9 or otherwise becomes a controlled dangerous substance or the
10 specific controlled dangerous substance, and to any substance that
11 is an immediate precursor of a controlled dangerous substance or
12 the specific controlled dangerous substance. The term shall not
13 include distilled spirits, wine, malt beverages, as those terms are
14 defined or used in R.S.33:1-1 et seq., **[or]** tobacco and tobacco
15 products, or cannabis or cannabis resin as defined in section 3 of
16 P.L. , c. (C.) (pending before the Legislature as this bill).
17 The term, wherever it appears in any law or administrative
18 regulation of this State, shall include controlled substance analogs.

19 "Controlled substance analog" means a substance that has a
20 chemical structure substantially similar to that of a controlled
21 dangerous substance and that was specifically designed to produce
22 an effect substantially similar to that of a controlled dangerous
23 substance. The term shall not include a substance manufactured or
24 distributed in conformance with the provisions of an approved new
25 drug application or an exemption for investigational use within the
26 meaning of section 505 of the "Federal Food, Drug and Cosmetic
27 Act," 52 Stat. 1052 (21 U.S.C. s.355).

28 "Counterfeit substance" means a controlled dangerous substance
29 or controlled substance analog which, or the container or labeling of
30 which, without authorization, bears the trademark, trade name, or
31 other identifying mark, imprint, number, or device, or any likeness
32 thereof, of a manufacturer, distributor, or dispenser other than the
33 person or persons who in fact manufactured, distributed, or
34 dispensed the substance and which thereby falsely purports or is
35 represented to be the product of, or to have been distributed by,
36 such other manufacturer, distributor, or dispenser.

37 "Deliver" or "delivery" means the actual, constructive, or
38 attempted transfer from one person to another of a controlled
39 dangerous substance or controlled substance analog, whether or not
40 there is an agency relationship.

41 "Dispense" means to deliver a controlled dangerous substance or
42 controlled substance analog to an ultimate user or research subject
43 by or pursuant to the lawful order of a practitioner, including the
44 prescribing, administering, packaging, labeling, or compounding
45 necessary to prepare the substance for that delivery. "Dispenser"
46 means a practitioner who dispenses.

1 "Distribute" means to deliver other than by administering or
2 dispensing a controlled dangerous substance or controlled substance
3 analog. "Distributor" means a person who distributes.

4 "Drugs" means (a) substances recognized in the official United
5 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
6 United States, or official National Formulary, or any supplement to
7 any of them; and (b) substances intended for use in the diagnosis,
8 cure, mitigation, treatment, or prevention of disease in man or other
9 animals; and (c) substances (other than food) intended to affect the
10 structure or any function of the body of man or other animals; and
11 (d) substances intended for use as a component of any article
12 specified in subsections (a), (b), and (c) of this section; but does not
13 include devices or their components, parts, or accessories.

14 "Drug or alcohol dependent person" means a person who as a
15 result of using a controlled dangerous substance or controlled
16 substance analog or alcohol has been in a state of psychic or
17 physical dependence, or both, arising from the use of that controlled
18 dangerous substance or controlled substance analog or alcohol on a
19 continuous or repetitive basis. Drug or alcohol dependence is
20 characterized by behavioral and other responses, including but not
21 limited to a strong compulsion to take the substance on a recurring
22 basis in order to experience its psychic effects, or to avoid the
23 discomfort of its absence.

24 "Hashish" means the resin extracted from any part of the plant
25 **【Genus】** *Cannabis sativa* L. and any compound, manufacture, salt,
26 derivative, mixture, or preparation of such resin. "Hashish" shall
27 not mean: hemp or a hemp product cultivated, handled, processed,
28 transported, or sold pursuant to the "New Jersey Hemp Farming
29 Act," P.L.2019, c.238 (C.4:28-6 et al.); or cannabis resin as defined
30 in section 3 of P.L. , c. (C.) (pending before the Legislature as
31 this bill) which is extracted for use in a cannabis item, as defined in
32 that section, in accordance with the "New Jersey Cannabis
33 Regulatory, Enforcement Assistance, and Marketplace Modernization
34 Act," P.L. , c. (C.) (pending before the Legislature as this
35 bill).

36 "Manufacture" means the production, preparation, propagation,
37 compounding, conversion, or processing of a controlled dangerous
38 substance or controlled substance analog, either directly or by
39 extraction from substances of natural origin, or independently by
40 means of chemical synthesis, or by a combination of extraction and
41 chemical synthesis, and includes any packaging or repackaging of
42 the substance or labeling or relabeling of its container, except that
43 this term does not include the preparation or compounding of a
44 controlled dangerous substance or controlled substance analog by
45 an individual for his own use or the preparation, compounding,
46 packaging, or labeling of a controlled dangerous substance: (1) by
47 a practitioner as an incident to his administering or dispensing of a
48 controlled dangerous substance or controlled substance analog in

1 the course of his professional practice, or (2) by a practitioner (or
2 under his supervision) for the purpose of, or as an incident to,
3 research, teaching, or chemical analysis and not for sale.

4 "Marijuana" means all parts of the plant **【Genus】** *Cannabis*
5 *sativa* L., whether growing or not; the seeds thereof, and every
6 compound, manufacture, salt, derivative, mixture, or preparation of
7 the plant or its seeds, except those containing resin extracted from
8 the plant **【**; but shall not include the mature stalks of the plant, fiber
9 produced from the stalks, oil, or cake made from the seeds of the
10 plant, any other compound, manufacture, salt, derivative, mixture,
11 or preparation of mature stalks, fiber, oil, or cake, or the sterilized
12 seed of the plant which is incapable of germination**】**. "Marijuana"
13 shall not mean: hemp or a hemp product cultivated, handled,
14 processed, transported, or sold pursuant to the "New Jersey Hemp
15 Farming Act," P.L.2019, c.238 (C.4:28-6 et al.); or cannabis as
16 defined in section 3 of P.L. , c. (C.) (pending before the
17 Legislature as this bill) which is cultivated and processed for use in
18 a cannabis item, as defined in that section, in accordance with the
19 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
20 Marketplace Modernization Act," P.L. , c. (C.) (pending
21 before the Legislature as this bill).

22 "Narcotic drug" means any of the following, whether produced
23 directly or indirectly by extraction from substances of vegetable
24 origin, or independently by means of chemical synthesis, or by a
25 combination of extraction and chemical synthesis:

26 (a) Opium, coca leaves, and opiates;

27 (b) A compound, manufacture, salt, derivative, or preparation of
28 opium, coca leaves, or opiates;

29 (c) A substance (and any compound, manufacture, salt,
30 derivative, or preparation thereof) which is chemically identical
31 with any of the substances referred to in subsections (a) and (b),
32 except that the words "narcotic drug" as used in this act shall not
33 include decocainized coca leaves or extracts of coca leaves, which
34 extracts do not contain cocaine or ecogine.

35 "Opiate" means any dangerous substance having an addiction-
36 forming or addiction-sustaining liability similar to morphine or
37 being capable of conversion into a drug having such addiction-
38 forming or addiction-sustaining liability. It does not include, unless
39 specifically designated as controlled pursuant to the provisions of
40 section 3 of P.L.1970, c.226 (C.24:21-3), the dextrorotatory isomer
41 of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan).
42 It does include its racemic and levorotatory forms.

43 "Opium poppy" means the plant of the species *Papaver*
44 *somniferum* L., except the seeds thereof.

45 "Person" means any corporation, association, partnership, trust,
46 other institution or entity, or one or more individuals.

1 "Plant" means an organism having leaves and a readily
2 observable root formation, including, but not limited to, a cutting
3 having roots, a rootball or root hairs.

4 "Poppy straw" means all parts, except the seeds, of the opium
5 poppy, after mowing.

6 "Practitioner" means a physician, dentist, veterinarian, scientific
7 investigator, laboratory, pharmacy, hospital, or other person
8 licensed, registered, or otherwise permitted to distribute, dispense,
9 conduct research with respect to, or administer a controlled
10 dangerous substance or controlled substance analog in the course of
11 professional practice or research in this State.

12 (a) "Physician" means a physician authorized by law to practice
13 medicine in this or any other state and any other person authorized
14 by law to treat sick and injured human beings in this or any other
15 state.

16 (b) "Veterinarian" means a veterinarian authorized by law to
17 practice veterinary medicine in this State.

18 (c) "Dentist" means a dentist authorized by law to practice
19 dentistry in this State.

20 (d) "Hospital" means any federal institution, or any institution
21 for the care and treatment of the sick and injured, operated or
22 approved by the appropriate State department as proper to be
23 entrusted with the custody and professional use of controlled
24 dangerous substances or controlled substance analogs.

25 (e) "Laboratory" means a laboratory to be entrusted with the
26 custody of narcotic drugs and the use of controlled dangerous
27 substances or controlled substance analogs for scientific,
28 experimental, and medical purposes and for purposes of instruction
29 approved by the Department of Health.

30 "Production" includes the manufacture, planting, cultivation,
31 growing, or harvesting of a controlled dangerous substance or
32 controlled substance analog.

33 "Immediate precursor" means a substance which the Division of
34 Consumer Affairs in the Department of Law and Public Safety has
35 found to be and by regulation designates as being the principal
36 compound commonly used or produced primarily for use, and
37 which is an immediate chemical intermediary used or likely to be
38 used in the manufacture of a controlled dangerous substance or
39 controlled substance analog, the control of which is necessary to
40 prevent, curtail, or limit such manufacture.

41 "Residential treatment facility" means any facility licensed and
42 approved by the Department of Human Services and which is
43 approved by any county probation department for the inpatient
44 treatment and rehabilitation of drug or alcohol dependent persons.

45 "Schedules I, II, III, IV, and V" are the schedules set forth in
46 sections 5 through 8 of P.L.1970, c.226 (C.24:21-5 through 24:21-
47 8) and in section 4 of P.L.1971, c.3 (C.24:21-8.1) and as modified
48 by any regulations issued by the Director of the Division of

1 Consumer Affairs in the Department of Law and Public Safety
2 pursuant to the director's authority as provided in section 3 of
3 P.L.1970, c.226 (C.24:21-3).

4 "State" means the State of New Jersey.

5 "Ultimate user" means a person who lawfully possesses a
6 controlled dangerous substance or controlled substance analog for
7 his own use or for the use of a member of his household or for
8 administration to an animal owned by him or by a member of his
9 household.

10 "Prescription legend drug" means any drug which under federal
11 or State law requires dispensing by prescription or order of a
12 licensed physician, veterinarian, or dentist and is required to bear
13 the statement "Rx only" or similar wording indicating that such
14 drug may be sold or dispensed only upon the prescription of a
15 licensed medical practitioner and is not a controlled dangerous
16 substance or stramonium preparation.

17 "Stramonium preparation" means a substance prepared from any
18 part of the stramonium plant in the form of a powder, pipe mixture,
19 cigarette, or any other form with or without other ingredients.

20 "Stramonium plant" means the plant *Datura Stramonium* Linne,
21 including *Datura Tatula* Linne.

22 (cf: P.L.2019, c.238, s.10)

23

24 53. (New section) Criminal Investigation.

25 None of the following shall, individually or collectively,
26 constitute reasonable articulable suspicion of a crime, unless on
27 property used for school purposes which is owned by a school or
28 school board, or at any detention facility, adult correctional facility, or
29 youth correction facility:

30 a. The odor of cannabis or burnt cannabis;

31 b. The possession of or the suspicion of possession of
32 marijuana or hashish without evidence of quantity in excess of any
33 amount that would exceed the amount of cannabis or cannabis resin
34 which may be lawfully possessed pursuant to section 44 of P.L. ,

35 c. (C.) (pending before the Legislature as this bill); or

36 c. The possession of marijuana or hashish without evidence of
37 quantity in excess of any amount that would exceed the amount of
38 cannabis or cannabis resin which may be lawfully possessed
39 pursuant to section 44 of P.L. , c. (C.) (pending before the
40 Legislature as this bill), in proximity to any amount of cash or
41 currency.

42

43 54. N.J.S 2C:36-1 is amended to read as follows:

44 2C:36-1. Drug paraphernalia, defined; determination.

45 a. As used in this act, "drug paraphernalia" means all
46 equipment, products and materials of any kind which are used or
47 intended for use in planting, propagating, cultivating, growing,
48 harvesting, manufacturing, compounding, converting, producing,

1 processing, preparing, testing, analyzing, packaging, repackaging,
2 storing, containing, concealing, ingesting, inhaling, or otherwise
3 introducing into the human body a controlled dangerous substance,
4 controlled substance analog or toxic chemical in violation of the
5 provisions of chapter 35 of this title. It shall include, but not be
6 limited to:

7 **【a.】** (1) kits used or intended for use in planting, propagating,
8 cultivating, growing or harvesting of any species of plant which is a
9 controlled dangerous substance or from which a controlled
10 dangerous substance can be derived;

11 **【b.】** (2) kits used or intended for use in manufacturing,
12 compounding, converting, producing, processing, or preparing
13 controlled dangerous substances or controlled substance analogs;

14 **【c.】** (3) isomerization devices used or intended for use in
15 increasing the potency of any species of plant which is a controlled
16 dangerous substance;

17 **【d.】** (4) testing equipment used or intended for use identifying,
18 or in analyzing the strength, effectiveness or purity of controlled
19 dangerous substances or controlled substance analogs;

20 **【e.】** (5) scales and balances used or intended for use in weighing
21 or measuring controlled dangerous substances or controlled
22 substance analogs;

23 **【f.】** (6) dilutants and adulterants, such as quinine hydrochloride,
24 mannitol, mannite, dextrose and lactose, used or intended for use in
25 cutting controlled dangerous substances or controlled substance
26 analogs;

27 **【g.】** (7) separation gins and sifters used or intended for use in
28 removing twigs and seeds from, or in otherwise cleaning or
29 refining, **【marihuana】** marijuana;

30 **【h.】** (8) blenders, bowls, containers, spoons and mixing devices
31 used or intended for use in compounding controlled dangerous
32 substances or controlled substance analogs;

33 **【i.】** (9) capsules, balloons, envelopes and other containers used
34 or intended for use in packaging small quantities of controlled
35 dangerous substances or controlled substance analogs;

36 **【j.】** (10) containers and other objects used or intended for use in
37 storing or concealing controlled dangerous substances, controlled
38 substance analogs or toxic chemicals;

39 **【k.】** (11) objects used or intended for use in ingesting, inhaling,
40 or otherwise introducing **【marihuana】** marijuana, cocaine, hashish,
41 hashish oil, nitrous oxide or the fumes of a toxic chemical into the
42 human body, such as **【(1)】** (a) metal, wooden, acrylic, glass, stone,
43 plastic, or ceramic pipes with or without screens, permanent
44 screens, hashish heads, or punctured metal bowls; **【(2)】** (b) water
45 pipes; **【(3)】** (c) carburetion tubes and devices; **【(4)】** (d) smoking
46 and carburetion masks; **【(5)】** (e) roach clips, meaning objects used

1 to hold burning material, such as a marihuana cigarette, that has
2 become too small or too short to be held in the hand; **[(6)]** (f)
3 miniature cocaine spoons, and cocaine vials; **[(7)]** (g) chamber
4 pipes; **[(8)]** (h) carburetor pipes; **[(9)]** (i) electric pipes; **[(10)]** (j)
5 air-driven pipes; **[(11)]** (k) chillums; **[(12)]** (l) bonges; **[(13)]** (m)
6 ice pipes or chillers; **[(14)]** (n) compressed gas containers, such as
7 tanks, cartridges or canisters, that contain food grade or
8 pharmaceutical grade nitrous oxide as a principal ingredient; **[(15)]**
9 (o) chargers or charging bottles, meaning metal, ceramic or plastic
10 devices that contain an interior pin that may be used to expel
11 compressed gas from a cartridge or canister; and **[(16)]** (p) tubes,
12 balloons, bags, fabrics, bottles or other containers used to
13 concentrate or hold in suspension a toxic chemical or the fumes of a
14 toxic chemical.

15 b. In determining whether or not an object is drug
16 paraphernalia, the trier of fact, in addition to or as part of the
17 proofs, may consider the following factors:

18 **[a.]** (1) (a) statements by an owner or by anyone in control of
19 the object concerning its use;

20 **[b.]** (b) the proximity of the object **[of]** to illegally possessed
21 controlled dangerous substances, controlled substance analogs or
22 toxic chemicals;

23 **[c.]** (c) the existence of any residue of illegally possessed
24 controlled dangerous substances, controlled substance analogs or
25 toxic chemicals on the object;

26 **[d.]** (d) direct or circumstantial evidence of the intent of an
27 owner, or of anyone in control of the object, to deliver it to persons
28 whom he knows intend to use the object to facilitate a violation of
29 this act; the innocence of an owner, or of anyone in control of the
30 object, as to a direct violation of this act shall not prevent a finding
31 that the object is intended for use as drug paraphernalia;

32 **[e.]** (e) instructions, oral or written, provided with the object
33 concerning its use;

34 **[f.]** (f) descriptive materials accompanying the object which
35 explain or depict its use;

36 **[g.]** (g) national or local advertising whose purpose the person
37 knows or should know is to promote the sale of objects intended for
38 use as drug paraphernalia;

39 **[h.]** (h) the manner in which the object is displayed for sale;

40 **[i.]** (i) the existence and scope of legitimate uses for the object
41 in the community; and

42 **[j.]** (j) expert testimony concerning its use.

43 (2) If an object appears to be for use, intended for use, or
44 designed for use with cannabis or cannabis items in accordance with
45 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
46 Marketplace Modernization Act,” P.L. , c. (C.) (pending

1 before the Legislature as this bill), the object is presumed to be a
2 lawful cannabis paraphernalia as defined in section 3 of that act
3 (C.), and does not alone constitute reasonable articulable
4 suspicion that the object is a drug paraphernalia, notwithstanding
5 that the object could also be used with marijuana, hashish, or
6 another illegal controlled substance or controlled substance analog,
7 unless the owner or any other person in proximity to or in control of
8 the object was in possession of marijuana, hashish, or another
9 illegal controlled dangerous substance or controlled substance
10 analog, or the object was in proximity of marijuana, hashish, or
11 another illegally possessed controlled dangerous substance or
12 controlled substance analog to indicate its use, intended use, or
13 design for use with that controlled dangerous substance or
14 controlled substance analog.
15 (cf: P.L.2007, c.31, s.2)

16

17 55. N.J.S.2C:35-16 is amended to read as follows:

18 2C:35-16. a. In addition to any disposition authorized by this
19 title, the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43),
20 or any other statute indicating the dispositions that can be ordered
21 for an adjudication of delinquency, and notwithstanding the
22 provisions of subsection c. of N.J.S.2C:43-2, a person convicted of
23 or adjudicated delinquent for a violation of any offense defined in
24 this chapter or chapter 36 of this title shall forthwith forfeit his right
25 to operate a motor vehicle over the highways of this State for a
26 period to be fixed by the court at not less than six months or more
27 than two years which shall commence on the day the sentence is
28 imposed unless the court finds compelling circumstances
29 warranting an exception or except as provided in subsection e. of
30 this section. For the purposes of this section, compelling
31 circumstances warranting an exception exist if the forfeiture of the
32 person's right to operate a motor vehicle over the highways of this
33 State will result in extreme hardship and alternative means of
34 transportation are not available. In the case of a person who at the
35 time of the imposition of sentence is less than 17 years of age, the
36 period of any suspension of driving privileges authorized herein,
37 including a suspension of the privilege of operating a motorized
38 bicycle, shall commence on the day the sentence is imposed and
39 shall run for a period as fixed by the court of not less than six
40 months or more than two years after the day the person reaches the
41 age of 17 years. If the driving privilege of any person is under
42 revocation, suspension, or postponement for a violation of any
43 provision of this title or Title 39 of the Revised Statutes at the time
44 of any conviction or adjudication of delinquency for a violation of
45 any offense defined in this chapter or chapter 36 of this title, any
46 revocation, suspension, or postponement period imposed herein
47 shall commence as of the date of termination of the existing
48 revocation, suspension, or postponement.

1 b. If forfeiture or postponement of driving privileges is ordered
2 by the court pursuant to subsection a. of this section, the court shall
3 collect forthwith the New Jersey driver's license or licenses of the
4 person and forward such license or licenses to the Chief
5 Administrator of the New Jersey Motor Vehicle Commission along
6 with a report indicating the first and last day of the suspension or
7 postponement period imposed by the court pursuant to this section.
8 If the court is for any reason unable to collect the license or licenses
9 of the person, the court shall cause a report of the conviction or
10 adjudication of delinquency to be filed with the Chief
11 Administrator. That report shall include the complete name,
12 address, date of birth, eye color, and sex of the person and shall
13 indicate the first and last day of the suspension or postponement
14 period imposed by the court pursuant to this section. The court shall
15 inform the person orally and in writing that if the person is
16 convicted of personally operating a motor vehicle during the period
17 of license suspension or postponement imposed pursuant to this
18 section, the person shall, upon conviction, be subject to the
19 penalties set forth in R.S.39:3-40. A person shall be required to
20 acknowledge receipt of the written notice in writing. Failure to
21 receive a written notice or failure to acknowledge in writing the
22 receipt of a written notice shall not be a defense to a subsequent
23 charge of a violation of R.S.39:3-40. If the person is the holder of a
24 driver's license from another jurisdiction, the court shall not collect
25 the license but shall notify forthwith the Chief Administrator who
26 shall notify the appropriate officials in the licensing jurisdiction.
27 The court shall, however, in accordance with the provisions of this
28 section, revoke the person's non-resident driving privilege in this
29 State.

30 c. In addition to any other condition imposed, a court may in
31 its discretion suspend, revoke or postpone in accordance with the
32 provisions of this section the driving privileges of a person admitted
33 to supervisory treatment under N.J.S.2C:36A-1 or N.J.S.2C:43-12
34 without a plea of guilty or finding of guilt.

35 d. After sentencing and upon notice to the prosecutor, a person
36 subject to suspension or postponement of driving privileges under
37 this section may seek revocation of the remaining portion of any
38 suspension or postponement based on compelling circumstances
39 warranting an exception that were not raised at the time of
40 sentencing. The court may revoke the suspension or postponement
41 if it finds compelling circumstances.

42 e. Provided that the person was not convicted of or adjudicated
43 delinquent for a violation of any offense defined in this chapter or
44 chapter 36 of this title other than those enumerated in this
45 subsection, the forfeiture or postponement of driving privileges set
46 forth in subsection a. of this section shall not apply to any person
47 convicted of or adjudicated delinquent for an offense which if
48 committed by an adult would constitute:

1 (1) distribution of, or possessing or having under control with
2 intent to distribute, marijuana or hashish in violation of paragraph
3 (11) of subsection b. of N.J.S.2C:35-5, or a lesser amount of
4 marijuana or hashish in violation of paragraph (12) of subsection b.
5 that section, or a violation of either of those paragraphs based on an
6 amount of marijuana or hashish described herein and a violation of
7 subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection
8 a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1) for distributing, or
9 possessing or having under control with intent to distribute, on or
10 within 1,000 feet of any school property, or on or within 500 feet of
11 the real property comprising a public housing facility, public park, or
12 public building;

13 (2) using, being under the influence of, or failing to make lawful
14 disposition of marijuana or hashish in violation of paragraph (3) of
15 subsection a., or subsection b. or subsection c. of N.J.S.2C:35-10; or

16 (3) a violation involving marijuana or hashish as described in
17 paragraph (1) or (2) of this subsection and using or possessing with
18 intent to use drug paraphernalia with that marijuana or hashish in
19 violation of N.J.S.2C:36-2.

20 (cf: P.L.2008, c.84, s.2)

21

22 56. N.J.S.2B:12-31 is amended to read as follows:

23 2B:12-31. Suspension of driving privileges.

24 a. (1) If a defendant charged with a disorderly persons offense,
25 a petty disorderly persons offense, a violation of a municipal
26 ordinance, or a violation of any other law of this State for which a
27 penalty may be imposed fails to appear at any scheduled court
28 proceeding after written notice has been given to said defendant
29 pursuant to the Rules of Court, a municipal court may order the
30 suspension of the person's driving privileges or nonresident
31 reciprocity privilege or prohibit the person from receiving or
32 obtaining driving privileges until the pending matter is adjudicated
33 or otherwise disposed of, except by dismissal for failure of
34 defendant to appear.

35 (2) If a defendant sentenced to pay a fine or costs, make
36 restitution, perform community service, serve a term of probation,
37 or do any other act as a condition of that sentence fails to do so, a
38 municipal court may order the suspension of the person's driving
39 privileges or nonresident reciprocity privilege or prohibit the person
40 from receiving or obtaining driving privileges until the terms and
41 conditions of the sentence have been performed or modified.

42 b. Prior to any action being taken pursuant to the provisions of
43 this section, the defendant shall be given notice of the proposed
44 action and afforded an opportunity to appear before the court to
45 contest the validity of the proposed action.

46 c. The municipal court shall notify the **【Division of】** New
47 Jersey Motor 【Vehicles】 Vehicle Commission of any action taken
48 pursuant to the provisions of this section.

1 d. Any action taken by a municipal court pursuant to this
2 section shall be in addition to any other remedies which are
3 available to the court and in addition to any other penalties which
4 may be imposed by the court.

5 e. (1) When a defendant whose license has been suspended
6 pursuant to subsection a. of this section satisfies the requirements of
7 that subsection, the municipal court shall forward to the [Division
8 of] New Jersey Motor [Vehicles] Vehicle Commission a notice to
9 restore the defendant's driving privileges.

10 (2) There shall be included in the fines and penalties imposed by
11 a court on a defendant whose license has been suspended pursuant
12 to subsection a. of this section, the following:

13 (a) A fee of \$3.00 which shall be transferred to the [Division
14 of] New Jersey Motor [Vehicles] Vehicle Commission;

15 (b) A penalty of \$10.00 for the issuance of the failure to appear
16 notice; and

17 (c) A penalty of \$15.00 for the order of suspension of
18 defendant's driving privileges.

19 (cf: N.J.S.2B:12-31)

20
21 57. (New section) Prohibition of Persons Under the Legal Age
22 Purchasing Cannabis or Cannabis Resin.

23 Consistent with the relevant definitions set forth in section 3 of
24 P.L. , c. (C.) (pending before the Legislature as this bill):

25 a. A cannabis establishment licensee, cannabis distributor
26 licensee, or cannabis delivery service licensee, either directly or
27 indirectly by an agent or employee, shall not sell, offer for sale,
28 distribute for commercial purpose at no cost or minimal cost, or
29 give or furnish for consumption, any cannabis items to a person
30 under 21 years of age.

31 b. Any licensee or employee or agent of a licensee who allows
32 a person under the age of 21 to procure cannabis items which,
33 pursuant to section 44 of P.L. , c. (C.) (pending before the
34 Legislature as this bill) are not unlawful for persons 21 years of age
35 or older to procure for personal use, shall be subject to a civil
36 penalty of not less than \$250 for the first violation; \$500 for the
37 second violation; and \$1,000 for the third and each subsequent
38 violation; in addition, subject to a hearing, a licensee's license may
39 be revoked, suspended, or otherwise limited. The penalties provided
40 for in this subsection shall be recovered by a summary proceeding
41 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274
42 (C.2A:58-10 et seq.).

43 c. The establishment of all of the following facts by a licensee,
44 employee, or agent, allowing any such person under the age of 21 to
45 procure cannabis items shall constitute a defense to any violation of
46 the provisions of subsection a. or b. of this section:

47 (1) That the purchaser of the cannabis item falsely represented
48 that the person was of legal age to make the purchase, by producing

1 either a United States passport; driver's license or non-driver
2 identification card issued by the New Jersey Motor Vehicle
3 Commission; a driver's license issued pursuant to the laws of
4 another state; or any other identification card issued by a state or the
5 United States that bears a picture of the person, the name of the
6 person, the person's date of birth, and a physical description of the
7 person; and

8 (2) That the sale or distribution was made in good faith, relying
9 upon the production of the identification in paragraph (1) of this
10 subsection and in the reasonable belief that the purchaser or
11 recipient was actually of legal age to make the purchase.

12 d. It shall be unlawful for a person under the age of 21 to
13 purchase, acquire, or attempt to purchase or acquire a cannabis item,
14 even if the cannabis item may be legally purchased by persons at or
15 above the legal age for purchasing cannabis items.

16 For purposes of this subsection, purchasing a cannabis item
17 includes accepting a cannabis item, and acquiring a cannabis item
18 includes consuming a cannabis item.

19 e. It shall be unlawful for a person under the age of 21 to
20 present or offer to a cannabis establishment, distributor, or delivery
21 service, or the cannabis establishment's, distributor's, or delivery
22 service's agent or employee, any written or oral evidence of age or
23 other personal identifying information that is false, fraudulent, or not
24 actually the person's own, including the use of a driver's license or
25 other government-issued form of identification in violation of section
26 1 of P.L.1983, c.565 (C.2C:21-2.1), N.J.S.2C:21-17, section 5 of
27 P.L.2003, c.184 (C.2C:21-17.2), or section 6 of P.L.1968, c.313
28 (C.33:1-81.7), for the purpose of:

29 (1) Purchasing, attempting to purchase, or otherwise procuring
30 or attempting to procure cannabis items; or

31 (2) Gaining access to a cannabis establishment's, distributor's,
32 or delivery service's premises.

33 f. Except as permitted by the commission by rule or regulation,
34 or as necessary on an emergency basis, a person under legal age for
35 purchasing cannabis items may not enter or attempt to enter any
36 portion of a licensed premises that is posted or otherwise identified
37 as being prohibited to the use of persons under legal age for
38 purchasing cannabis items, unless accompanied by and supervised
39 by a parent or legal guardian.

40 g. Any person under the legal age to purchase cannabis, who
41 knowingly possesses without legal authority or who knowingly
42 consumes any cannabis item, in any school, public conveyance,
43 public place, place of public assembly, or motor vehicle, shall be
44 guilty of an offense as set forth in section 1 of P.L.1979, c.264
45 (C.2C:33-15). Any person under the legal age to purchase
46 cannabis, who knowingly possesses without legal authority or who
47 knowingly consumes, any cannabis item on private property shall

1 be guilty of a municipal violation as set forth in section 1 of
2 P.L.2000, c.33 (C.40:48-1.2).

3 h. The prohibitions of this section do not apply to a person
4 under the legal age for purchasing cannabis items who is acting
5 under the direction of the commission or under the direction of
6 State or local law enforcement agencies for the purpose of
7 investigating possible violations of the laws prohibiting the sale of
8 cannabis items to persons who are under the legal age for
9 purchasing cannabis items.

10 i. The prohibitions of this section do not apply to a person
11 under the legal age for purchasing cannabis items who is acting
12 under the direction of a licensee for the purpose of investigating
13 possible violations by employees of the licensee of laws prohibiting
14 sales of cannabis items to persons who are under the legal age for
15 purchasing cannabis items.

16

17 58. Section 1 of P.L.1983, c.565 (C.2C:21-2.1) is amended to
18 read as follows:

19 1. a. A person who knowingly sells, offers or exposes for sale,
20 or otherwise transfers, or possesses with the intent to sell, offer or
21 expose for sale, or otherwise transfer, a document, printed form or
22 other writing which falsely purports to be a driver's license, birth
23 certificate or other document issued by a governmental agency and
24 which could be used as a means of verifying a person's identity or
25 age or any other personal identifying information is guilty of a
26 crime of the second degree.

27 b. A person who knowingly makes, or possesses devices or
28 materials to make, a document or other writing which falsely
29 purports to be a driver's license, birth certificate or other document
30 issued by a governmental agency and which could be used as a
31 means of verifying a person's identity or age or any other personal
32 identifying information is guilty of a crime of the second degree.

33 c. A person who knowingly exhibits, displays or utters a
34 document or other writing which falsely purports to be a driver's
35 license, birth certificate or other document issued by a
36 governmental agency and which could be used as a means of
37 verifying a person's identity or age or any other personal identifying
38 information is guilty of a crime of the third degree. A violation of
39 N.J.S.2C:28-7, constituting a disorderly persons offense, section 1
40 of P.L.1979, c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of
41 P.L.1968, c.313 (C.33:1-81.7) in a case where the person uses the
42 personal identifying information of another to illegally purchase an
43 alcoholic beverage or for using the personal identifying information
44 of another to misrepresent **【his】** the person's age for the purpose of
45 obtaining tobacco or other consumer product denied to persons
46 under **【18】** 21 years of age shall not, except as otherwise set forth
47 in this subsection, constitute an offense under this subsection if the
48 actor received only that benefit or service and did not perpetrate or

1 attempt to perpetrate any additional injury or fraud on another. If a
2 person used the personal identifying information of another to
3 misrepresent the person's age for the purpose of illegally obtaining
4 any cannabis item available for lawful consumption pursuant to the
5 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
6 Marketplace Modernization Act," P.L. , c. (C.) (pending
7 before the Legislature as this bill), the person shall be subject to a
8 civil penalty of \$50. The civil penalty provided for in this
9 subsection shall be collected pursuant to the "Penalty Enforcement
10 Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary
11 proceeding before the municipal court having jurisdiction. A civil
12 penalty recovered under the provisions of this subsection shall be
13 recovered by and in the name of the State by the local municipality.
14 The penalty shall be paid into the treasury of the municipality in
15 which the violation occurred for the general use of the municipality.

16 d. A person who knowingly possesses a document or other
17 writing which falsely purports to be a driver's license, birth
18 certificate or other document issued by a governmental agency and
19 which could be used as a means of verifying a person's identity or
20 age or any other personal identifying information is guilty of a
21 crime of the fourth degree. A violation of N.J.S.2C:28-7,
22 constituting a disorderly persons offense, section 1 of P.L.1979,
23 c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of P.L.1968, c.313
24 (C.33:1-81.7) in a case where the person uses the personal
25 identifying information of another to illegally purchase an alcoholic
26 beverage or for using the personal identifying information of
27 another to misrepresent his age for the purpose of obtaining tobacco
28 or other consumer product denied to persons under **[18]** 21 years of
29 age shall not, except as otherwise set forth in this subsection,
30 constitute an offense under this subsection if the actor received only
31 that benefit or service and did not perpetrate or attempt to perpetrate
32 any additional injury or fraud on another. If the personal
33 identifying information of another is used to obtain any cannabis
34 item available for lawful consumption pursuant to the "New Jersey
35 Cannabis Regulatory, Enforcement Assistance, and Marketplace
36 Modernization Act," P.L. , c. (C.) (pending before the
37 Legislature as this bill), the person shall be subject to a civil penalty
38 of \$50. The penalty provided for in this subsection shall be
39 collected pursuant to the "Penalty Enforcement Law of 1999,"
40 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
41 before the municipal court having jurisdiction. A penalty recovered
42 under the provisions of this subsection shall be recovered by and in
43 the name of the State by the local municipality. The penalty shall
44 be paid into the treasury of the municipality in which the violation
45 occurred for the general use of the municipality.

46 e. In addition to any other disposition authorized by this Title,
47 the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43), or any
48 other statute indicating the dispositions that may be ordered for an

1 adjudication of delinquency, and, notwithstanding the provisions of
2 subsection c. of N.J.S.2C:43-2, every person convicted of₂ or
3 adjudicated delinquent or penalized for a violation of any offense
4 defined in this section shall forthwith forfeit his right to operate a
5 motor vehicle over the highways of this State for a period to be
6 fixed by the court at not less than six months or more than two
7 years which shall commence on the day the sentence is imposed. In
8 the case of any person who at the time of the imposition of the
9 sentence is less than 17 years of age, the period of the suspension of
10 driving privileges authorized herein, including a suspension of the
11 privilege of operating a motorized bicycle, shall commence on the
12 day the sentence is imposed and shall run for a period as fixed by
13 the court of not less than six months or more than two years after
14 the day the person reaches the age of 17 years. If the driving
15 privilege of any person is under revocation, suspension, or
16 postponement for a violation of any provision of this Title or Title
17 39 of the Revised Statutes at the time of any conviction or
18 adjudication of delinquency for a violation of any offense defined in
19 this chapter or chapter 36 of this Title, the revocation, suspension,
20 or postponement period imposed herein shall commence as of the
21 date of termination of the existing revocation, suspension or
22 postponement.

23 The court before whom any person is convicted of₂ or
24 adjudicated delinquent or penalized for a violation of any offense
25 defined in this section shall collect forthwith the New Jersey
26 driver's license or licenses of that person and forward the license or
27 licenses to the Chief Administrator of the New Jersey Motor
28 Vehicle Commission along with a report indicating the first and last
29 day of the suspension or postponement period imposed by the court
30 pursuant to this section. If the court is for any reason unable to
31 collect the license or licenses of the person, the court shall cause a
32 report of the conviction or adjudication of delinquency to be filed
33 with the director. The report shall include the complete name,
34 address, date of birth, eye color and sex of the person and shall
35 indicate the first and last day of the suspension or postponement
36 period imposed by the court pursuant to this section. The court
37 shall inform the person orally and in writing that if the person is
38 convicted of personally operating a motor vehicle during the period
39 of license suspension or postponement imposed pursuant to this
40 section, the person shall, upon conviction, be subject to the
41 penalties set forth in R.S.39:3-40. A person shall be required to
42 acknowledge receipt of the written notice in writing. Failure to
43 receive a written notice or failure to acknowledge in writing the
44 receipt of a written notice shall not be a defense to a subsequent
45 charge of a violation of R.S.39:3-40. If the person is the holder of a
46 driver's license from another jurisdiction, the court shall not collect
47 the license, but shall notify forthwith the director who shall notify
48 the appropriate officials in that licensing jurisdiction. The court

1 shall, however, in accordance with the provisions of this section,
2 revoke the person's non-resident driving privileges in this State.

3 In addition to any other condition imposed, a court, in its
4 discretion, may suspend, revoke or postpone the driving privileges
5 of a person admitted to supervisory treatment under N.J.S.2C:36A-1
6 or N.J.S.2C:43-12 without a plea of guilty or finding of guilt.
7 (cf: P.L.2005, c.224, s.1)

8

9 59. N.J.S.2C:21-17 is amended to read as follows:

10 2C:21-17. Impersonation; Theft of identity; crime.

11 a. A person is guilty of a crime if the person engages in one or
12 more of the following actions by any means including, but not
13 limited to, the use of electronic communications or an Internet
14 website:

15 (1) Impersonates another or assumes a false identity and does an
16 act in such assumed character or false identity for the purpose of
17 obtaining a benefit for himself or another or to injure or defraud
18 another;

19 (2) Pretends to be a representative of some person or
20 organization and does an act in such pretended capacity for the
21 purpose of obtaining a benefit for himself or another or to injure or
22 defraud another;

23 (3) Impersonates another, assumes a false identity or makes a
24 false or misleading statement regarding the identity of any person,
25 in an oral or written application for services, for the purpose of
26 obtaining services;

27 (4) Obtains any personal identifying information pertaining to
28 another person and uses that information, or assists another person
29 in using the information, in order to assume the identity of or
30 represent himself as another person, without that person's
31 authorization and with the purpose to fraudulently obtain or attempt
32 to obtain a benefit or services, or avoid the payment of debt or other
33 legal obligation or avoid prosecution for a crime by using the name
34 of the other person; or

35 (5) Impersonates another, assumes a false identity or makes a
36 false or misleading statement, in the course of making an oral or
37 written application for services, with the purpose of avoiding
38 payment for prior services. Purpose to avoid payment for prior
39 services may be presumed upon proof that the person has not made
40 full payment for prior services and has impersonated another,
41 assumed a false identity or made a false or misleading statement
42 regarding the identity of any person in the course of making oral or
43 written application for services.

44 As used in this section:

45 "Benefit" means, but is not limited to, any property, any
46 pecuniary amount, any services, any pecuniary amount sought to be
47 avoided or any injury or harm perpetrated on another where there is
48 no pecuniary value.

1 b. (Deleted by amendment, P.L.2005, c.224).

2 c. A person who violates subsection a. of this section is guilty
3 of a crime as follows:

4 (1) If the actor obtains a benefit or deprives another of a benefit
5 in an amount less than \$500 and the offense involves the identity of
6 one victim, the actor shall be guilty of a crime of the fourth degree
7 except that a second or subsequent conviction for such an offense
8 constitutes a crime of the third degree; or

9 (2) If the actor obtains a benefit or deprives another of a benefit
10 in an amount of at least \$500 but less than \$75,000, or the offense
11 involves the identity of at least two but less than five victims, the
12 actor shall be guilty of a crime of the third degree; or

13 (3) If the actor obtains a benefit or deprives another of a benefit
14 in the amount of \$75,000 or more, or the offense involves the
15 identity of five or more victims, the actor shall be guilty of a crime
16 of the second degree.

17 d. A violation of N.J.S.2C:28-7, constituting a disorderly
18 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
19 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
20 where the person uses the personal identifying information of
21 another to illegally purchase an alcoholic beverage or for using the
22 personal identifying information of another to misrepresent **[his]**
23 the person's age for the purpose of obtaining tobacco or other
24 consumer product denied to persons under **[19]** 21 years of age
25 shall not, except as otherwise set forth in this subsection, constitute
26 an offense under this section if the actor received only that benefit
27 or service and did not perpetrate or attempt to perpetrate any
28 additional injury or fraud on another. If a person used the personal
29 identifying information of another to misrepresent the person's age
30 for the purpose of illegally obtaining any cannabis item available for
31 lawful consumption pursuant to the "New Jersey Cannabis
32 Regulatory, Enforcement Assistance, and Marketplace Modernization
33 Act," P.L. , c. (C.) (pending before the Legislature as this
34 bill), the person shall be subject to a civil penalty of \$50. The civil
35 penalty provided for in this subsection shall be collected pursuant to
36 the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-
37 10 et seq.), in a summary proceeding before the municipal court
38 having jurisdiction. A civil penalty recovered under the provisions
39 of this subsection shall be recovered by and in the name of the State
40 by the local municipality. The penalty shall be paid into the
41 treasury of the municipality in which the violation occurred for the
42 general use of the municipality.

43 e. The sentencing court shall issue such orders as are necessary
44 to correct any public record or government document that contains
45 false information as a result of a theft of identity. The sentencing
46 court may provide restitution to the victim in accordance with the
47 provisions of section 4 of P.L.2002, c.85 (C.2C:21-17.1).

48 (cf: P.L.2013, c.241, s.1)

1 60. Section 5 of P.L.2003, c.184 (C.2C:21-17.2) is amended to
2 read as follows:

3 5. a. A person is guilty of a crime of the second degree if, in
4 obtaining or attempting to obtain a driver's license, birth certificate
5 or other document issued by a governmental agency which could be
6 used as a means of verifying a person's identity, age or any other
7 personal identifying information, that person knowingly exhibits,
8 displays or utters a document or other writing which falsely
9 purports to be a driver's license, birth certificate or other document
10 issued by a governmental agency or which belongs or pertains to a
11 person other than the person who possesses the document.

12 b. Notwithstanding the provisions of N.J.S.2C:1-8 or any other
13 law, a conviction under this section shall not merge with a
14 conviction of any other criminal offense, nor shall such other
15 conviction merge with a conviction under this section, and the court
16 shall impose separate sentences upon each violation of this section
17 and any other criminal offense.

18 c. A violation of N.J.S.2C:28-7, constituting a disorderly
19 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
20 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
21 where the person uses the personal identifying information of
22 another to illegally purchase an alcoholic beverage or for using the
23 personal identifying information of another to misrepresent his age
24 for the purpose of obtaining tobacco or other consumer product
25 denied to persons under **18** 21 years of age shall not, except as
26 otherwise set forth in this subsection, constitute an offense under
27 this section if the actor received only that benefit or service and did
28 not perpetrate or attempt to perpetrate any additional injury or fraud
29 on another. If the personal identifying information of another is
30 used to obtain any cannabis item available for lawful consumption
31 pursuant to the "New Jersey Cannabis Regulatory, Enforcement
32 Assistance, and Marketplace Modernization Act," P.L. _____,
33 c. (C. _____) (pending before the Legislature as this bill), the person
34 shall be subject to a civil penalty of \$50. The civil penalty provided
35 for in this subsection shall be collected pursuant to the "Penalty
36 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.),
37 in a summary proceeding before the municipal court having
38 jurisdiction. A civil penalty recovered under the provisions of this
39 subsection shall be recovered by and in the name of the State by the
40 local municipality. The penalty shall be paid into the treasury of
41 the municipality in which the violation occurred for the general use
42 of the municipality.

43 (cf: P.L.2005, c.224, s.4)

44

45 61. The title of P.L.1968, c.313 is amended to read as follows:

46 **AN ACT** relating to the establishing of proof of age for purposes of

1 purchasing alcoholic beverages or cannabis items in certain
2 cases.

3 (cf: P.L.1968, c.313, title)

4

5 62. Section 6 of P.L.1968, c.313 (C.33:1-81.7) is amended to
6 read as follows:

7 6. It shall be unlawful for the owner of an identification card,
8 as defined by this act, to transfer said card to any other person for
9 the purpose of aiding such person to secure alcoholic beverages or
10 cannabis items available for lawful consumption pursuant to the
11 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
12 Marketplace Modernization Act,” P.L. , c. (C.) (pending
13 before the Legislature as this bill). Any person who shall transfer
14 such identification card for the purpose of aiding such transferee to
15 obtain alcoholic beverages shall be guilty of a **[misdemeanor]**
16 disorderly persons offense and, upon conviction thereof, shall be
17 sentenced to pay a fine of not more than \$300.00, or undergo
18 imprisonment for not more than 60 days. Any person not entitled
19 thereto who shall have unlawfully procured or have issued or
20 transferred to him, as aforesaid, identification card or any person
21 who shall make any false statement on any card required by
22 subsection (c) hereof to be signed by him shall be guilty of a
23 **[misdemeanor]** disorderly persons offense and, upon conviction
24 thereof, shall be sentenced to pay a fine of not more than \$300.00,
25 or undergo imprisonment for not more than 60 days.

26 (cf: P.L.1968, c.313, s.6)

27

28 63. The title of P.L.1991, c.169 is amended to read as follows:

29 **AN ACT** concerning the retail sale of alcoholic beverages or
30 cannabis items, amending R.S.33:1-81 and P.L.1979, c.264 and
31 supplementing chapter 1 of Title 33 of the Revised Statutes.

32 (cf: P.L.1991, c.169, title)

33

34 64. Section 3 of P.L.1991, c.169 (C.33:1-81.1a) is amended to
35 read as follows:

36 3. A parent, guardian or other person having legal custody of a
37 person under 18 years of age found in violation of R.S.33:1-81 or
38 section 1 of P.L.1979, c.264 (C.2C:33-15) with respect to
39 purchasing, possessing, or consuming any alcoholic beverage or
40 cannabis item available for lawful consumption pursuant to the
41 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
42 Marketplace Modernization Act,” P.L. , c. (C.) (pending
43 before the Legislature as this bill) shall be notified of the violation
44 in writing. The parent, guardian or other person having legal
45 custody of a person under 18 years of age shall be subject to a fine
46 in the amount of \$500.00 upon any subsequent violation of
47 R.S.33:1-81 or section 1 of P.L.1979, c.264 (C.2C:33-15) on the
48 part of such person if it is shown that the parent, guardian or other

1 person having legal custody failed or neglected to exercise
2 reasonable supervision or control over the conduct of the person
3 under 18 years of age.

4 (cf: P.L.1991, c.169, s.3)

5

6 65. The title of P.L.1979, c.264 is amended to read as follows:

7 **AN ACT** concerning certain alcoholic beverage and cannabis item
8 offenses by persons under the legal age to purchase alcoholic
9 beverages and cannabis items, and supplementing chapter 33 of
10 Title 2C of the New Jersey Statutes.

11 (cf: P.L.1979, c.264, title)

12

13 66. Section 1 of P.L.1979, c.264 (C.2C:33-15) is amended to
14 read as follows:

15 1. a. (1) Any person under the legal age to purchase alcoholic
16 beverages who knowingly possesses without legal authority or who
17 knowingly consumes any alcoholic beverage in any school, public
18 conveyance, public place, or place of public assembly, or motor
19 vehicle, is guilty of a petty disorderly persons offense, and shall be
20 fined not less than **[\$500]** \$250.

21 (2) (a) Any person under the legal age to purchase cannabis
22 items who knowingly possesses without legal authority any
23 cannabis item, the amount of which may be lawfully possessed by a
24 person of the legal age to purchase cannabis items pursuant to
25 section 44 of P.L. , c. (C.) (pending before the Legislature
26 as this bill), in any school, public conveyance, public place, or
27 place of public assembly, or motor vehicle, is guilty of a petty
28 disorderly persons offense, and shall be fined not less than \$250.

29 (b) Any person under the legal age to purchase cannabis items
30 who knowingly possesses without legal authority any cannabis
31 item, the amount of which exceeds what may be lawfully possessed
32 by a person of the legal age to purchase cannabis items pursuant to
33 section 44 of P.L. , c. (C.) (pending before the Legislature
34 as this bill), or who knowingly consumes any cannabis item in any
35 school, public conveyance, public place, or place of public
36 assembly, or motor vehicle, is guilty of a disorderly persons
37 offense, and shall be fined not less than \$500.

38 b. Whenever this offense is committed in a motor vehicle, the
39 court shall, in addition to the sentence authorized for the offense,
40 suspend or postpone for six months the driving privilege of the
41 defendant. Upon the conviction of any person under this section,
42 the court shall forward a report to the New Jersey Motor Vehicle
43 Commission stating the first and last day of the suspension or
44 postponement period imposed by the court pursuant to this section.
45 If a person at the time of the imposition of a sentence is less than 17
46 years of age, the period of license postponement, including a
47 suspension or postponement of the privilege of operating a
48 motorized bicycle, shall commence on the day the sentence is

1 imposed and shall run for a period of six months after the person
2 reaches the age of 17 years.

3 If a person at the time of the imposition of a sentence has a valid
4 driver's license issued by this State, the court shall immediately
5 collect the license and forward it to the commission along with the
6 report. If for any reason the license cannot be collected, the court
7 shall include in the report the complete name, address, date of birth,
8 eye color, and sex of the person as well as the first and last date of
9 the license suspension period imposed by the court.

10 The court shall inform the person orally and in writing that if the
11 person is convicted of operating a motor vehicle during the period
12 of license suspension or postponement, the person shall be subject
13 to the penalties set forth in R.S.39:3-40. A person shall be required
14 to acknowledge receipt of the written notice in writing. Failure to
15 receive a written notice or failure to acknowledge in writing the
16 receipt of a written notice shall not be a defense to a subsequent
17 charge of a violation of R.S.39:3-40.

18 If the person convicted under this section is not a New Jersey
19 resident, the court shall suspend or postpone, as appropriate, the
20 non-resident driving privilege of the person based on the age of the
21 person and submit to the commission the required report. The court
22 shall not collect the license of a non-resident convicted under this
23 section. Upon receipt of a report by the court, the commission shall
24 notify the appropriate officials in the licensing jurisdiction of the
25 suspension or postponement.

26 c. In addition to the general penalty prescribed for a disorderly
27 persons offense, the court may require any person who violates this
28 act to participate in an alcohol or drug abuse education or treatment
29 program, authorized by the Division of Mental Health and
30 Addiction Services in the Department of Human Services, for a
31 period not to exceed the maximum period of confinement
32 prescribed by law for the offense for which the individual has been
33 convicted.

34 d. Nothing in this act shall apply to possession of alcoholic
35 beverages by any such person while actually engaged in the
36 performance of employment pursuant to an employment permit
37 issued by the Director of the Division of Alcoholic Beverage
38 Control, or for a bona fide hotel or restaurant, in accordance with
39 the provisions of R.S.33:1-26, or while actively engaged in the
40 preparation of food while enrolled in a culinary arts or hotel
41 management program at a county vocational school or **[post**
42 **secondary]** post-secondary educational institution; and nothing in
43 this section shall apply to possession of cannabis items by any such
44 person while actually engaged in the performance of employment
45 by a cannabis establishment, distributor, or delivery service as
46 permitted pursuant to the "New Jersey Cannabis Regulatory,
47 Enforcement Assistance, and Marketplace Modernization Act,"
48 P.L. , c. (C.) (pending before the Legislature as this bill).

1 e. The provisions of section 3 of P.L.1991, c.169 (C.33:1-
2 81.1a) shall apply to a parent, guardian or other person with legal
3 custody of a person under 18 years of age who is found to be in
4 violation of this section.

5 f. An underage person and one or two other persons shall be
6 immune from prosecution under this section if:

7 (1) one of the underage persons called 9-1-1 and reported that
8 another underage person was in need of medical assistance due to
9 alcohol consumption or the consumption of a cannabis item;

10 (2) the underage person who called 9-1-1 and, if applicable, one
11 or two other persons acting in concert with the underage person
12 who called 9-1-1 provided each of their names to the 9-1-1
13 operator;

14 (3) the underage person was the first person to make the 9-1-1
15 report; and

16 (4) the underage person and, if applicable, one or two other
17 persons acting in concert with the underage person who made the 9-
18 1-1 call remained on the scene with the person under the legal age
19 in need of medical assistance until assistance arrived and
20 cooperated with medical assistance and law enforcement personnel
21 on the scene.

22 The underage person who received medical assistance also shall
23 be immune from prosecution under this section.

24 g. For purposes of this section, an alcoholic beverage includes
25 powdered alcohol as defined by R.S.33:1-1, and a cannabis item
26 includes any item available for lawful consumption pursuant to the
27 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
28 Marketplace Modernization Act,” P.L. , c. (C.) (pending
29 before the Legislature as this bill).

30 (cf: P.L.2015, c.137, s.3)

31
32 67. The title of P.L.1981, c.197 is amended to read as follows:

33 **AN ACT** concerning the unauthorized bringing of alcoholic
34 beverages or cannabis items onto school premises, and
35 supplementing chapter 33 of Title 2C of the New Jersey Statutes.

36 (cf: P.L.1981, c.197, title)

37
38 68. Section 1 of P.L.1981, c.197 (C.2C:33-16) is amended to
39 read as follows:

40 1. Any person of legal age to purchase alcoholic beverages or
41 cannabis items, who, in the case of alcoholic beverages, knowingly
42 and without the express written permission of the school board, its
43 delegated authority, or any school principal, brings or possesses any
44 alcoholic beverages, or in the case of cannabis items, brings,
45 possesses, or consumes, including by smoking, vaping, or
46 aerosolizing, any cannabis items, on any property used for school
47 purposes which is owned by any school or school board, is guilty
48 of a disorderly persons offense. For purposes of this section, an

1 alcoholic beverage includes powdered alcohol as defined by
2 R.S.33:1-1, and a cannabis item includes any item available for
3 lawful consumption pursuant to the “New Jersey Cannabis
4 Regulatory, Enforcement Assistance, and Marketplace Modernization
5 Act,” P.L. , c. (C.) (pending before the Legislature as this
6 bill).
7 (cf: P.L.1981, c.197, s.1)

8
9 69. R.S.40:48-1 is amended to read as follows:

10 40:48-1. Ordinances; general purpose. The governing body of
11 every municipality may make, amend, repeal and enforce
12 ordinances to:

13 Finances and property. 1. Manage, regulate and control the
14 finances and property, real and personal, of the municipality;

15 Contracts and contractor's bonds. 2. Prescribe the form and
16 manner of execution and approval of all contracts to be executed by
17 the municipality and of all bonds to be given to it;

18 Officers and employees; duties, terms and salaries. 3. Prescribe
19 and define, except as otherwise provided by law, the duties and
20 terms of office or employment, of all officers and employees; and to
21 provide for the employment and compensation of such officials and
22 employees, in addition to those provided for by statute, as may be
23 deemed necessary for the efficient conduct of the affairs of the
24 municipality;

25 Fees. 4. Fix the fees of any officer or employee of the
26 municipality for any service rendered in connection with his office
27 or position, for which no specific fee or compensation is provided.
28 In the case of salaried officers or employees, such fee shall be paid
29 into the municipal treasury;

30 Salaries instead of fees; disposition of fees. 5. Provide that any
31 officer or employee receiving compensation for his services, in
32 whole or in part by fees, whether paid by the municipality or
33 otherwise, shall be paid a salary to be fixed in the ordinance, and
34 thereafter all fees received by such officer or employee shall be
35 paid into the municipal treasury;

36 Maintain order. 6. Prevent vice, drunkenness and immorality; to
37 preserve the public peace and order; to prevent and quell riots,
38 disturbances and disorderly assemblages; to prohibit the
39 consumption of alcoholic beverages or cannabis items by underage
40 persons on private property pursuant to section 1 of P.L.2000, c.33
41 (C.40:48-1.2);

42 Punish beggars; prevention of loitering. 7. Restrain and punish
43 drunkards, vagrants, mendicants and street beggars; to prevent
44 loitering, lounging or sleeping in the streets, parks or public places;

45 Auctions and noises. 8. Regulate the ringing of bells and the
46 crying of goods and other commodities for sale at auction or
47 otherwise, and to prevent disturbing noises;

1 Swimming; bathing costume; prohibition of public nudity. 9.
2 Regulate or prohibit swimming or bathing in the waters of, in, or
3 bounding the municipality, and to regulate or prohibit persons from
4 appearing upon the public streets, parks and places clad in bathing
5 costumes or robes, or costumes of a similar character; regulate or
6 prohibit persons from appearing in a state of nudity upon all lands
7 within its borders which are under the jurisdiction of the State
8 including, without limitation, all lands owned by, controlled by,
9 managed by or leased by the State;

10 Prohibit annoyance of persons or animals. 10. Regulate or
11 prohibit any practice tending to frighten animals, or to annoy or
12 injure persons in the public streets;

13 Animals; pounds; establishment and regulation. 11. Establish
14 and regulate one or more pounds, and to prohibit or regulate the
15 running at large of horses, cattle, dogs, swine, goats and other
16 animals, and to authorize their impounding and sale for the penalty
17 incurred, and the costs of impounding, keeping and sale; to regulate
18 or prohibit the keeping of cattle, goats or swine in any part of the
19 municipality; to authorize the destruction of dogs running at large
20 therein;

21 Hucksters. 12. Prescribe and regulate the place of vending or
22 exposing for sale articles of merchandise from vehicles;

23 Building regulations; wooden structures. 13. Regulate and
24 control the construction, erection, alteration and repair of buildings
25 and structures of every kind within the municipality; and to
26 prohibit, within certain limits, the construction, erection or
27 alteration of buildings or structures of wood or other combustible
28 material;

29 Inflammable materials; inspect docks and buildings. 14.
30 Regulate the use, storage, sale and disposal of inflammable or
31 combustible materials, and to provide for the protection of life and
32 property from fire, explosions and other dangers; to provide for
33 inspections of buildings, docks, wharves, warehouses and other
34 places, and of goods and materials contained therein, to secure the
35 proper enforcement of such ordinance;

36 Dangerous structures; removal or destruction; procedure. 15.
37 Provide for the removal or destruction of any building, wall or
38 structure which is or may become dangerous to life or health, or
39 might tend to extend a conflagration; and to assess the cost thereof
40 as a municipal lien against the premises;

41 Chimneys and boilers. 16. Regulate the construction and setting
42 up of chimneys, furnaces, stoves, boilers, ovens and other
43 contrivances in which fire is used;

44 Explosives. 17. Regulate, in conformity with the statutes of this
45 State, the manufacture, storage, sale, keeping or conveying of
46 gunpowder, nitroglycerine, dynamite and other explosives;

47 Firearms and fireworks. 18. Regulate and prohibit the sale and
48 use of guns, pistols, firearms, and fireworks of all descriptions;

1 Soft coal. 19. Regulate the use of soft coal in locomotives,
2 factories, power houses and other places;

3 Theaters, schools, churches and public places. 20. Regulate the
4 use of theaters, cinema houses, public halls, schools, churches, and
5 other places where numbers of people assemble, and the exits
6 therefrom, so that escape therefrom may be easily and safely made
7 in case of fire or panic; and to regulate any machinery, scenery,
8 lights, wires and other apparatus, equipment or appliances used in
9 all places of public amusement;

10 Excavations. 21. Regulate excavations below the established
11 grade or curb line of any street, not greater than eight feet, which
12 the owner of any land may make, in the erection of any building
13 upon his own property; and to provide for the giving of notice, in
14 writing, of such intended excavation to any adjoining owner or
15 owners, and that they will be required to protect and care for their
16 several foundation walls that may be endangered by such
17 excavation; and to provide that in case of the neglect or refusal, for
18 10 days, of such adjoining owner or owners to take proper action to
19 secure and protect the foundations of any adjacent building or other
20 structure, that the party or parties giving such notice, or their
21 agents, contractors or employees, may enter into and upon such
22 adjoining property and do all necessary work to make such
23 foundations secure, and may recover the cost of such work and
24 labor in so protecting such adjacent property; and to make such
25 further and other provisions in relation to the proper conduct and
26 performance of said work as the governing body or board of the
27 municipality may deem necessary and proper;

28 Sample medicines. 22. Regulate and prohibit the distribution,
29 depositing or leaving on the public streets or highways, public
30 places or private property, or at any private place or places within
31 any such municipality, any medicine, medicinal preparation or
32 preparations represented to cure ailments or diseases of the body or
33 mind, or any samples thereof, or any advertisements or circulars
34 relating thereto, but no ordinance shall prohibit a delivery of any
35 such article to any person above the age of 12 years willing to
36 receive the same;

37 Boating. 23. Regulate the use of motor and other boats upon
38 waters within or bounding the municipality;

39 Fire escapes. 24. Provide for the erection of fire escapes on
40 buildings in the municipality, and to provide rules and regulations
41 concerning the construction and maintenance of the same, and for
42 the prevention of any obstruction thereof or thereon;

43 Care of injured employees. 25. Provide for the payment of
44 compensation and for medical attendance to any officer or
45 employee of the municipality injured in the performance of his
46 duty;

47 Bulkheads and other structures. 26. Fix and determine the lines
48 of bulkheads or other works or structures to be erected, constructed

1 or maintained by the owners of lands facing upon any navigable
2 water in front of their lands, and in front of or along any highway or
3 public lands of said municipality, and to designate the materials to
4 be used, and the type, height and dimensions thereof;

5 Lifeguard. 27. Establish, maintain, regulate and control a
6 lifeguard upon any beach within or bordering on the municipality;

7 Appropriation for life-saving apparatus. 28. Appropriate
8 moneys to safeguard people from drowning within its borders, by
9 location of apparatus or conduct of educational work in harmony
10 with the plans of the United States volunteer life-saving corps in
11 this State;

12 Fences. 29. Regulate the size, height and dimensions of any
13 fences between the lands of adjoining owners, whether built or
14 erected as division or partition fences between such lands, and
15 whether the same exist or be erected entirely or only partly upon the
16 lands of any such adjoining owners, or along or immediately
17 adjacent to any division or partition line of such lands. To provide,
18 in such ordinance, the manner of securing, fastening or shoring such
19 fences, and for surveying the land when required by statute, and to
20 prohibit in any such ordinance the use at a height of under 10 feet
21 from the ground, of any device, such as wire or cable, that would be
22 dangerous to pedestrians, equestrians, bicyclists, or drivers of off-
23 the-road vehicles, unless that device is clearly visible to pedestrians,
24 equestrians, bicyclists or drivers of off-the-road vehicles. In the
25 case of fences thereafter erected contrary to the provisions thereof,
26 the governing body may provide for a penalty for the violation of
27 such ordinance, and in the case of such fence or fences erected or
28 existing at the time of the passage of any such ordinance, may
29 provide therein for the removal, change or alteration thereof, so as
30 to make such fence or fences comply with the provisions of any
31 such ordinance;

32 Advertise municipality. 30. Appropriate funds for advertising
33 the advantages of the municipality;

34 Government Energy Aggregation Programs. 31. Establish
35 programs and procedures pursuant to which the municipality may
36 act as a government aggregator pursuant to sections 40 through 43
37 of P.L.1999, c.23 (C.48:3-89 through C.48:3-92), section 45 of
38 P.L.1999, c.23 (C.48:3-94), and sections 1, 2 and 6 of P.L.2003,
39 c.24 (C.48:3-93.1 through C.48:3-93.3). Notwithstanding the
40 provisions of any other law, rule or regulation to the contrary, a
41 municipality acting as a government aggregator pursuant to
42 P.L.1999, c.23 (C.48:3-49 et al.) shall not be deemed to be a public
43 utility pursuant to R.S.40:62-24 or R.S.48:1-1 et seq. or be deemed
44 to be operating any form of public utility service pursuant to
45 R.S.40:62-1 et seq., to the extent such municipality is solely
46 engaged in the provision of such aggregation service and not
47 otherwise owning or operating any plant or facility for the

1 production or distribution of gas, electricity, steam or other product
2 as provided in R.S.40:62-12;

3 Joint municipal action on consent for the provision of cable
4 television service. 32. Establish programs and procedures pursuant
5 to which a municipality may act together with one or more
6 municipalities in granting municipal consent for the provision of
7 cable television service pursuant to the provisions of the "Cable
8 Television Act," P.L.1972, c.186 (C.48:5A-1 et seq.) as amended
9 and supplemented. Notwithstanding the provisions of any other
10 law, rule or regulation to the contrary, two or more municipalities
11 acting jointly pursuant to the provisions of P.L.1972, c.186
12 (C.48:5A-1 et seq.) shall not be deemed a public utility pursuant to
13 R.S.48:1-1 et seq., to the extent those municipalities are solely
14 engaged in granting municipal consent jointly and are not otherwise
15 owning or operating any facility for the provision of cable
16 television service as provided in P.L.1972, c.186 (C.48:5A-1 et
17 seq.);

18 Private cable television service aggregation programs. 33.
19 Establish programs and procedures pursuant to which a
20 municipality may employ the services of a private aggregator for
21 the purpose of facilitating the joint action of two or more
22 municipalities in granting municipal consent for the provision of
23 cable television service provided that any such municipality shall
24 adhere to the provisions of the "Cable Television Act," P.L.1972,
25 c.186 (C.48:5A-1 et seq.) as amended and supplemented, and to the
26 provisions of the "Local Public Contracts Law," P.L.1971, c.198
27 (C.40A:11-1 et seq.) as amended and supplemented.
28 Notwithstanding the provisions of any other law, rule or regulation
29 to the contrary, a municipality that employs the services of a private
30 aggregator pursuant to the provisions of P.L.1972, c.186 (C.48:5A-
31 1 et seq.) shall not be deemed a public utility pursuant to R.S.48:1-
32 1 et seq., to the extent that the municipality is solely engaged in
33 employing the services of a private aggregator for the purpose of
34 facilitating the joint action of two or more municipalities in
35 granting municipal consent and is not otherwise owning or
36 operating any facility for the provision of cable television service as
37 provided in P.L.1972, c.186 (C.48:5A-1 et seq.);

38 Protective Custody. 34. Provide protective custody to persons
39 arrested for operating a motor vehicle under the influence of
40 alcoholic beverages, cannabis items as defined in section 3 of
41 P.L. , c. (C.) (pending before the Legislature as this bill),
42 any chemical substance, or any controlled dangerous substance in
43 violation of R.S.39:4-50 as provided in section 1 of P.L.2003, c.164
44 (C.40:48-1.3);

45 Private Outdoor Video Surveillance Camera Registry. 35.
46 Establish a private outdoor video surveillance camera registry and

1 allow voluntary registration of private outdoor video surveillance
2 cameras as provided in P.L.2015, c.142 (C.40:48-1.6 et al.).
3 (cf: P.L.2015, c.142, s.3)

4
5 70. (New section) A municipality may enact an ordinance
6 making it unlawful for any person who is of legal age to consume,
7 other than by smoking, vaping, or aerosolizing, a cannabis item
8 available for lawful consumption pursuant to the "New Jersey
9 Cannabis Regulatory, Enforcement Assistance, and Marketplace
10 Modernization Act," P.L. , c. (C.) (pending before the
11 Legislature as this bill), in any public place as defined in section 3
12 of that act (C.), other than school property described in section 1
13 of P.L.1981, c.197 (C.2C:33-16) for which unlawful consumption is
14 a disorderly persons offense, or when not prohibited by the owner or
15 person responsible for the operation of that public place. A person
16 may be subject to a civil penalty of up to \$200, which shall be
17 recovered in a civil action by a summary proceeding in the name of
18 the municipality pursuant to the "Penalty Enforcement Law of
19 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). The municipal court
20 and the Superior Court shall have jurisdiction of proceedings for the
21 enforcement of the penalty provided by this section.

22
23 71. The title of P.L.2000, c.33 is amended to read as follows:
24 **AN ACT** concerning possession and consumption of alcoholic
25 beverages or cannabis items by underaged persons,
26 supplementing Title 40 of the Revised Statutes and amending
27 R.S.40:48-1.
28 (cf: P.L.2000, c.33, title)

29
30 72. Section 1 of P.L.2000, c.33 (C.40:48-1.2) is amended to read
31 as follows:

32 1. a. A municipality may enact an ordinance making it
33 unlawful for any person under the legal age who, without legal
34 authority, knowingly possesses or knowingly consumes an alcoholic
35 beverage or a cannabis item, other than by smoking, vaping, or
36 aerosolizing, on private property.

37 (1) The ordinance shall provide that a violation involving
38 alcoholic beverage activity shall be punished by a fine of \$250 for a
39 first offense and \$350 for any subsequent offense.

40 (2) The ordinance shall provide that a violation involving
41 cannabis activity shall be punished as follows:

42 (a) If the cannabis item possessed is an amount which may be
43 lawfully possessed by a person of the legal age to purchase cannabis
44 items pursuant to section 44 of P.L. , c. (C.) (pending
45 before the Legislature as this bill): for a first offense, a civil
46 penalty of \$100; for a second offense, a civil penalty of \$200; and
47 for a third or subsequent offense, a fine of \$350. The civil penalties
48 provided for in this subparagraph shall be collected pursuant to the

1 “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10
2 et seq.), in a summary proceeding before the municipal court having
3 jurisdiction. A penalty recovered under the provisions of this
4 subparagraph shall be recovered by and in the name of the
5 municipality.

6 (b) If the cannabis item possessed is an amount that exceeds
7 what may be lawfully possessed by a person of the legal age to
8 purchase cannabis items pursuant to section 44 of P.L. _____,
9 c. (C. _____) (pending before the Legislature as this bill), or if any
10 cannabis item is consumed: for a first offense, a fine of \$250; and
11 for a second or subsequent offense, a fine of \$350.

12 b. The ordinance shall provide that the court may, in addition
13 to the fine authorized for this offense, suspend or postpone for six
14 months the driving privilege of the defendant. Upon the conviction
15 of any person and the suspension or postponement of that person's
16 driver's license, the court shall forward a report to the **【Division of】**
17 **New Jersey Motor 【Vehicles】 Vehicle Commission** stating the first
18 and last day of the suspension or postponement period imposed by
19 the court pursuant to this section. If a person at the time of the
20 imposition of a sentence is less than 17 years of age, the period of
21 license postponement, including a suspension or postponement of
22 the privilege of operating a motorized bicycle, shall commence on
23 the day the sentence is imposed and shall run for a period of six
24 months after the person reaches the age of 17 years.

25 If a person at the time of the imposition of a sentence has a valid
26 driver's license issued by this State, the court shall immediately
27 collect the license and forward it to the **【division】 commission**
28 along with the report. If for any reason the license cannot be
29 collected, the court shall include in the report the complete name,
30 address, date of birth, eye color, and sex of the person, as well as
31 the first and last date of the license suspension period imposed by
32 the court.

33 The court shall inform the person orally and in writing that if the
34 person is convicted of operating a motor vehicle during the period
35 of license suspension or postponement, the person shall be subject
36 to the penalties set forth in R.S.39:3-40. A person shall be required
37 to acknowledge receipt of the written notice in writing. Failure to
38 receive a written notice or failure to acknowledge in writing the
39 receipt of a written notice shall not be a defense to a subsequent
40 charge of a violation of R.S.39:3-40.

41 If the person convicted under such an ordinance is not a New
42 Jersey resident, the court shall suspend or postpone, as appropriate,
43 the non-resident driving privilege of the person based on the age of
44 the person and submit to the **【division】 commission** the required
45 report. The court shall not collect the license of a non-resident
46 convicted under this section. Upon receipt of a report by the court,

1 the **【division】** commission shall notify the appropriate officials in
2 the licensing jurisdiction of the suspension or postponement.

3 c. (1) No ordinance shall prohibit an underaged person from
4 consuming or possessing an alcoholic beverage in connection with a
5 religious observance, ceremony, or rite or consuming or possessing
6 an alcoholic beverage in the presence of and with the permission of
7 a parent, guardian or relative who has attained the legal age to
8 purchase and consume alcoholic beverages.

9 (2) As used in this section:

10 “Alcoholic beverage” includes powdered alcohol as defined by
11 R.S.33:1-1.

12 “Guardian” means a person who has qualified as a guardian of
13 the underaged person pursuant to testamentary or court
14 appointment.

15 “Cannabis items” includes any item available for lawful
16 consumption pursuant to the “New Jersey Cannabis Regulatory,
17 Enforcement Assistance, and Marketplace Modernization Act,”
18 P.L. , c. (C.) (pending before the Legislature as this bill).

19 “Relative” means the underaged person's grandparent, aunt or
20 uncle, sibling, or any other person related by blood or affinity.

21 d. No ordinance shall prohibit possession of alcoholic
22 beverages by any such person while actually engaged in the
23 performance of employment by a person who is licensed under Title
24 33 of the Revised Statutes, or while actively engaged in the
25 preparation of food while enrolled in a culinary arts or hotel
26 management program at a county vocational school or **【post**
27 **secondary】** post-secondary educational institution, and no
28 ordinance shall prohibit possession of cannabis items by any such
29 person while actually engaged in the performance of employment
30 by a cannabis establishment, distributor, or delivery service as
31 permitted pursuant to the “New Jersey Cannabis Regulatory,
32 Enforcement Assistance, and Marketplace Modernization Act,”
33 P.L. , c. (C.) (pending before the Legislature as this bill);
34 however, no ordinance enacted pursuant to this section shall be
35 construed to preclude the imposition of a penalty under this section,
36 R.S.33:1-81, or any other section of law against a person who is
37 convicted of unlawful alcoholic beverage activity or unlawful
38 cannabis activity on or at premises licensed for the sale of alcoholic
39 beverages or cannabis items.

40 (cf: P.L.2000, c.33, s.1)

41

42 73. The title of P.L.2009, c.133 is amended to read as follows:

43 **AN ACT** concerning persons under the legal age to possess and
44 consume alcoholic beverages or cannabis items, amending
45 P.L.1979, c.264, and supplementing P.L.2000, c.33 (C.40:48-1.2
46 et al.).

47 (cf: P.L.2009, c.133, title)

1 74. Section 2 of P.L.2009, c.133 (C.40:48-1.2a) is amended to
2 read as follows:

3 2. a. An underage person and one or two other persons shall be
4 immune from prosecution under an ordinance authorized by section
5 1 of P.L.2000, c.33 (C.40:48-1.2) prohibiting any person under the
6 legal age who, without legal authority, knowingly possesses or
7 knowingly consumes an alcoholic beverage or cannabis item on
8 private property if:

9 (1) one of the underage persons called 9-1-1 and reported that
10 another underage person was in need of medical assistance due to
11 alcohol consumption or the consumption of a cannabis item;

12 (2) the underage person who called 9-1-1 and, if applicable, one
13 or two other persons acting in concert with the underage person
14 who called 9-1-1 provided each of their names to the 9-1-1
15 operator;

16 (3) the underage person was the first person to make the 9-1-1
17 report; and

18 (4) the underage person and, if applicable, one or two other
19 persons acting in concert with the underage person who made the 9-
20 1-1 call remained on the scene with the person under the legal age
21 in need of medical assistance until assistance arrived and
22 cooperated with medical assistance and law enforcement personnel
23 on the scene.

24 b. The underage person who received medical assistance as
25 provided in subsection a. of this section also shall be immune from
26 prosecution under an ordinance authorized by section 1 of P.L.2000,
27 c.33 (C.40:48-1.2).

28 (cf: P.L.2009, c.133, s.2)

29

30 75. Section 2 of P.L.1981, c.512 (C.39:4-50.4a) is amended to
31 read as follows:

32 2. a. The municipal court shall order any person who, after
33 being arrested for a violation of R.S.39:4-50 or section 1 of
34 P.L.1992, c.189 (C.39:4-50.14), refuses to submit, upon request, to
35 a test provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2):

36 (1) if the refusal was in connection with a first offense under this
37 section, to forfeit the right to operate a motor vehicle over the
38 highways of this State until the person installs an ignition interlock
39 device in one motor vehicle owned, leased, or principally operated
40 by the person, whichever the person most often operates, for the
41 purpose of complying with the provisions of P.L.1999, c.417
42 (C.39:4-50.16 et al.);

43 (2) if the refusal was in connection with a second offense under
44 this section, to forfeit the right to operate a motor vehicle over the
45 highways of this State for a period of not less than one year or more
46 than two years following the installation of an ignition interlock
47 device in one motor vehicle owned, leased, or principally operated
48 by the person, whichever the person most often operates, for the

1 purpose of complying with the provisions of P.L.1999, c.417
2 (C.39:4-50.16 et al.);

3 (3) if the refusal was in connection with a third or subsequent
4 offense under this section, to forfeit the right to operate a motor
5 vehicle over the highways of this State for a period of eight years
6 following the installation of an ignition interlock device in one
7 motor vehicle owned, leased, or principally operated by the person,
8 whichever the person most often operates, for the purpose of
9 complying with the provisions of P.L.1999, c.417 (C.39:4-50.16 et
10 al.). A conviction or administrative determination of a violation of
11 a law of a substantially similar nature in another jurisdiction,
12 regardless of whether that jurisdiction is a signatory to the Interstate
13 Driver License Compact pursuant to P.L.1966, c.73 (C.39:5D-1 et
14 seq.), shall constitute a prior conviction under this section.

15 The municipal court shall determine by a preponderance of the
16 evidence whether the arresting officer had probable cause to believe
17 that the person had been driving or was in actual physical control of
18 a motor vehicle on the public highways or quasi-public areas of this
19 State while the person was under the influence of intoxicating
20 liquor or a narcotic, hallucinogenic, or habit-producing drug, or
21 marijuana or cannabis item as defined in section 3 of P.L. _____,
22 c. (C. _____) (pending before the Legislature as this bill); whether
23 the person was placed under arrest, if appropriate, and whether he
24 refused to submit to the test upon request of the officer; and if these
25 elements of the violation are not established, no conviction shall
26 issue. In addition to any other requirements provided by law, a
27 person whose operator's license is revoked for refusing to submit to
28 a test shall be referred to an Intoxicated Driver Resource Center
29 established by subsection (f) of R.S.39:4-50 and shall satisfy the
30 same requirements of the center for refusal to submit to a test as
31 provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2) in
32 connection with a first, second, third or subsequent offense under
33 this section that must be satisfied by a person convicted of a
34 commensurate violation of this section, or be subject to the same
35 penalties as such a person for failure to do so. For a first offense,
36 the revocation may be concurrent with or consecutive to any
37 revocation imposed for a conviction under the provisions of
38 R.S.39:4-50 arising out of the same incident. For a second or
39 subsequent offense, the revocation shall be consecutive to any
40 revocation imposed for a conviction under the provisions of
41 R.S.39:4-50. In addition to issuing a revocation, the municipal
42 court shall fine a person convicted under this section, a fine of not
43 less than \$300 or more than \$500 for a first offense; a fine of not
44 less than \$500 or more than \$1,000 for a second offense; and a fine
45 of \$1,000 for a third or subsequent offense.

46 b. (Deleted by amendment, P.L.2019, c.248)
47 (cf: P.L.2019, c.248, s.3)

1 76. Section 1 of P.L.1983, c.307 (C.39:4-51a) is amended to
2 read as follows:

3 1. a. A person shall not consume an alcoholic beverage or
4 cannabis item as defined in section 3 of P.L. , c. (C.)
5 (pending before the Legislature as this bill) while operating a motor
6 vehicle. A passenger in a motor vehicle shall not consume an
7 alcoholic beverage, and shall not consume by means of smoking,
8 vaping, or aerosolizing a cannabis item, while the motor vehicle is
9 being operated. This subsection shall not apply, with respect to the
10 consumption of an alcoholic beverage, to a passenger of a charter or
11 special bus operated as defined under R.S.48:4-1 or a limousine
12 service.

13 b. A person shall be presumed to have consumed an alcoholic
14 beverage in violation of this section if an unsealed container of an
15 alcoholic beverage is located in the passenger compartment of the
16 motor vehicle, the contents of the alcoholic beverage have been
17 partially consumed and the physical appearance or conduct of the
18 operator of the motor vehicle or a passenger may be associated with
19 the consumption of an alcoholic beverage. For the purposes of this
20 section, the term "unsealed" shall mean a container with its original
21 seal broken, or a container such as a glass or cup.

22 c. For the first offense, a person convicted of violating this
23 section shall be fined **[\$200.00]** \$200 and shall be informed by the
24 court of the penalties for a second or subsequent violation of this
25 section. For a second or subsequent offense, a person convicted of
26 violating this section shall be fined **[\$250.00]** \$250 or shall be
27 ordered by the court to perform community service for a period of
28 10 days in such form and on such terms as the court shall deem
29 appropriate under the circumstances.

30 (cf: P.L.1999, c.356, s.20)

31

32 77. Section 6 of P.L.2000, c.83 (C.39:4-51b) is amended to read
33 as follows:

34 6. a. All occupants of a motor vehicle located on a public
35 highway, or the right-of-way of a public highway, shall be
36 prohibited from possessing any open or unsealed alcoholic beverage
37 container or unsealed cannabis item as defined in section 3 of
38 P.L. , c. (C.) (pending before the Legislature as this bill)
39 that is intended to be consumed by means of smoking, vaping, or
40 aerosolizing. This subsection shall not apply, with respect to the
41 possession of an alcoholic beverage, to a passenger of a charter or
42 special bus operated as defined under R.S.48:4-1 or a limousine
43 service.

44 b. A person shall not be deemed to be in possession of an
45 opened or unsealed alcoholic beverage container or unsealed
46 cannabis item pursuant to this section if such container or unsealed
47 cannabis item is located in the trunk of a motor vehicle, behind the
48 last upright seat in a trunkless vehicle, or in the living quarters of a

1 motor home or house trailer. For the purposes of this section, the
2 term "open or unsealed" shall mean **[a]** an alcoholic beverage
3 container with its original seal broken, or a container or package
4 that is not the original container or package such as a glass **[or]** ,
5 cup, box, bag, or wrapping.

6 c. For a first offense, a person convicted of violating this
7 section shall be fined \$200 and shall be informed by the court of the
8 penalties for a second or subsequent violation of this section. For a
9 second or subsequent offense, a person convicted of violating this
10 section shall be fined \$250 or shall be ordered by the court to
11 perform community service for a period of 10 days in such form
12 and on such terms as the court shall deem appropriate under the
13 circumstances.

14 (cf: P.L.2000, c.83, s.6)

15

16 78. This act shall take effect as follows:

17 a. (1) Sections 1 through 18, 31 and 32, 38 through 43, 51
18 through 56, and 69 through 74 shall take effect immediately; and

19 (2) Sections 19 through 30, 33 through 37, 44 through 50, 57
20 through 68, and 75 through 77 shall take effect immediately, but
21 shall only become operative upon adoption of the commission's
22 initial rules and regulations pursuant to subparagraph (a) of
23 paragraph (1) of subsection d. of section 6 of P.L. , c. (C.)
24 (pending before the Legislature as this bill).

25 b. The Attorney General, State Treasurer, Commissioner of
26 Health, Commissioner of Banking and Insurance, and the
27 Administrative Director of the Courts, and once constituted and
28 organized, the Cannabis Regulatory Commission, may take such
29 anticipatory administrative action as may be necessary to effectuate
30 the provisions of P.L. , c. (C.) (pending before the
31 Legislature as this bill).

32

33

34

STATEMENT

35

36 This bill, titled the "New Jersey Cannabis Regulatory, Enforcement
37 Assistance, and Marketplace Modernization Act," primarily concerns
38 the development, regulation, and enforcement of activities associated
39 with the personal use, by persons 21 years of age or older, of legal
40 cannabis or cannabis resin (the terms provided to distinguish the
41 legalized products from unlawful marijuana or hashish). This would
42 be accomplished through the expansion of the scope and duties of the
43 Cannabis Regulatory Commission, created by P.L.2019, c.153
44 (C.24:6I-5.1 et al.) to oversee the State's medical cannabis program,
45 which is primarily set forth in the "Jake Honig Compassionate Use
46 Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-1 et al.).

47

Cannabis Regulatory Commission

1 With respect to the personal use of cannabis, the general duties,
2 functions, and powers of the commission would include:

3 (1) Regulating the purchase, sale, production, processing,
4 packaging, transportation, and delivery of cannabis items – a broadly
5 defined term which incorporates all cannabis, cannabis resin, cannabis
6 products, and cannabis extracts;

7 (2) Granting, refusing, suspending, revoking, cancelling, or
8 otherwise limiting licenses or conditional licenses for the production,
9 processing, warehousing, transportation, sale, and delivery of cannabis
10 items. As further detailed below with respect to licensing activities, a
11 “conditional license” is a type of license that would be issued by the
12 commission pursuant to an abbreviated application process, after
13 which the conditional license holder has a limited period of time in
14 which to become fully licensed by satisfying all of the remaining
15 conditions for full licensure which were not required for the issuance
16 of the conditional license;

17 (3) Investigating and aiding in the prosecution of violations of law
18 relating to cannabis items;

19 (4) Taking regulatory actions to prohibit advertising of cannabis
20 items in a manner that is appealing to minors, that promotes excessive
21 use, or that promotes illegal activity; and

22 (5) Regulating the use of cannabis items for scientific,
23 pharmaceutical, manufacturing, mechanical, industrial, and other
24 purposes.

25 The commission’s Office of Minority, Disabled Veterans, and
26 Women Medical Cannabis Business Development would be re-titled
27 by removing the reference to “medical,” and this office would
28 establish and administer, under the direction of the commission,
29 unified practices and procedures for promoting participation in the
30 lawful operation of personal use cannabis businesses by persons from
31 socially and economically disadvantaged communities, including by
32 prospective and existing minority owned and women’s owned
33 businesses, as these terms are defined in section 2 of P.L.1986, c.195
34 (C.52:27H-21.18), and disabled veterans’ businesses as defined in
35 section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed
36 as personal use cannabis growers, processors, wholesalers,
37 distributors, retailers, delivery services, or testing facilities under the
38 bill. These unified practices and procedures would include a business’
39 certification and subsequent recertification at regular intervals as a
40 minority owned or women’s owned business, or a disabled veterans’
41 business, in accordance with eligibility criteria and a certification
42 application process established by the commission in consultation with
43 the office.

44 The effectiveness of the office’s methods would be measured by
45 whether the office’s actions resulted in not less than 30 percent of the
46 total number of cannabis licenses issued by the commission being
47 issued to businesses certified by the office; their effectiveness would
48 be further assessed by considering whether the actions resulted in not

1 less than 15 percent of licenses being issued to certified minority
2 owned businesses, and not less than 15 percent of licenses being issued
3 to certified women's owned and disabled veterans' businesses. The
4 office, in support of these efforts, would conduct advertising and
5 promotional campaigns, as well as sponsor seminars and informational
6 programs, directed toward those persons and prospective and existing
7 certified businesses, which would address personal use cannabis
8 business management, marketing, and other practical business matters.

9 Ethical and Conflicts-of-Interest Considerations for the
10 Commission, its Employees, and Other Parties

11 The members of the five-person commission and all commission
12 employees would be subject to ethical and conflicts-of-interest
13 restrictions concerning the regulation of personal use cannabis,
14 addressing activities engaged in prior to, during, and following service
15 with the commission. For instance, a person generally could not be an
16 appointed member or employee of the commission if, during the
17 period commencing three years prior to appointment or employment,
18 the person held any direct or indirect interest in, or any employment
19 by, a holder of or applicant for a personal use cannabis license, unless
20 the person's prior interest would not, in the opinion of the commission,
21 interfere with the person's obligations of appointment or employment;
22 and generally, for a period of two years commencing from the date
23 that a member's or employee's service terminates, that former member
24 or employee would not be permitted to hold any direct or indirect
25 interest in, or any employment by, a holder of or applicant for a
26 cannabis license (this two-year post-service restriction would not apply
27 to secretarial or clerical employees).

28 The bill also expands the "New Jersey Conflicts of Interest Law,"
29 P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the
30 Code of Ethics promulgated by the commission, which applies to all
31 commission members and employees with respect to medical cannabis
32 licensing and other activities, and incorporates similar provisions to
33 address personal use cannabis licensing and other activities. Per the
34 existing law, all members and employees would be prohibited from
35 using any official authority to interfere with or affect the result of an
36 election or nomination for office, coerce or advise any person to
37 contribute anything of value to another person or organization for
38 political purposes, or take active part in any political campaign. For
39 the commission members, the executive director of the commission,
40 and any other employee holding a supervisory or policy-making
41 management position, the law also provides a prohibition on making
42 any political contributions to candidates or campaigns, as that term is
43 defined in "The New Jersey Campaign Contributions and Expenditures
44 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

45 The "New Jersey Conflicts of Interest Law," P.L.1971, c.182
46 (C.52:13D-12 et seq.), is also amended to establish restrictions on
47 various State officers or employees, the Governor and full-time
48 professionals employed in the Governor's Office, full-time members

1 of the Judiciary, and various municipal officers in which licensed or
2 permitted personal use cannabis entities are located. These restrictions
3 concern not only their own activities, but the activities of their
4 associated partnerships, firms, or corporations, and their family
5 members in connection with either employment or another interest in,
6 or representation of, current license holders or applicants. The
7 restrictions are similar to the restrictions on these people and
8 businesses under the current law concerning casino and medical
9 cannabis licensees and applicants, and casino-related and medical
10 cannabis activities, and include a general prohibition on employment,
11 representation, appearance for, or negotiation on behalf of, any license
12 holder or applicant in connection with any cause, application, or
13 matter, and these restrictions can carry over into the post-employment
14 or post-service period following the departure of a person from State
15 or local employment or office.

16 As per existing law, the ethical and conflicts-of-interest restrictions
17 would be enforced by the State Ethics Commission, and any person
18 found to have committed a violation would be subject to a civil penalty
19 of not less than \$500 or more than \$10,000. Additionally, any willful
20 violation of the restrictions similar to the restrictions concerning
21 casino and medical cannabis licensees and applicants that are
22 applicable to the above State or municipal elected, appointed, or
23 employed persons, their associated partnerships, firms, or
24 corporations, and their family members, would be considered a
25 disorderly persons offense, punishable by a term of imprisonment of
26 up to six months, a fine of up to \$1,000, or both.

27 If a license holder or applicant for a license commits a violation
28 involving a commission member or employee with respect to the
29 above described pre-service activities, activities during service, or
30 post-service activities, that license holder or applicant could have their
31 license revoked or suspended, or application denied by the
32 commission.

33 Licensing of Cannabis Businesses; Updating Certain Medical
34 Cannabis Alternative Treatment Centers' Permitted Operations

35 The bill would establish six "marketplace" classes of licensed
36 businesses: a Class 1 Cannabis Grower license, for facilities involved
37 in growing and cultivating cannabis; a Class 2 Cannabis Processor
38 license, for facilities involved in the manufacturing, preparation, and
39 packaging of cannabis items; a Class 3 Cannabis Wholesaler license,
40 for facilities involved in obtaining and selling cannabis items for later
41 resale by other licensees; a Class 4 Cannabis Distributor license, for
42 businesses involved in transporting cannabis items in bulk intrastate,
43 from one licensed cannabis establishment to another; a Class 5
44 Cannabis Retailer license, for locations at which cannabis items and
45 paraphernalia are sold to consumers; and a Class 6 Cannabis Delivery
46 license, for business providing courier services for a licensed
47 cannabis retailer in order to make deliveries of cannabis items and
48 related supplies to a consumer.

1 Except with respect to an initial period in which the number of
2 cannabis grower licenses would be capped, as further explained below,
3 the commission would determine the maximum number of licenses for
4 each class based upon market demands, and would be authorized to
5 make requests for new license applications as it deemed necessary to
6 meet those demands.

7 The commission would be responsible for reviewing each
8 application for a full, annual license, or application for a conditional
9 license, intended to be issued and then subsequently replaced with a
10 full license. Applications would be scored and reviewed based upon a
11 point scale with the commission determining the amount of points, the
12 point categories, and system of point distribution by regulation, subject
13 to some required criteria for consideration in the point scale, such as
14 an analysis of an applicant's: operating plan; environmental plan; and
15 safety and security plans. This point system could be adjusted, or a
16 separate point system used for any application for which a conditional
17 license is sought. Further, in ranking applications, in addition to the
18 awarding of points, the commission would prioritize applications for
19 licensure using two other factors.

20 One prioritizing factor would be based on "impact zones," which
21 are identified under the bill as any municipality that: (1) has a
22 population of 120,000 or more according to the most recently
23 compiled federal decennial census as of the bill taking effect; or (2)
24 ranks in the top 40 percent of municipalities in the State for small
25 amount marijuana possession arrests in the calendar year next
26 preceding the bill taking effect; has a crime index total of 825 or
27 higher based upon the indexes listed in the most recently issued annual
28 Uniform Crime Report by the Division of State Police, as of the bill
29 taking effect; and has an annual average unemployment rate that ranks
30 in the top 15 percent of all municipalities in the State in the calendar
31 year next preceding the bill taking effect. Concerning applications
32 involving impact zones, the commission would not only prioritize
33 applications for at least two licensed businesses in such zones, but
34 would also prioritize applications: that included a person who is a
35 current resident of an impact zone and had resided therein for three or
36 more consecutive years at the time of making the application (to the
37 extent possible the commission would grant at least 25 percent of the
38 total licenses issued, regardless of license class and location of the
39 business, to such applicants); or that included a plan to employ 25
40 percent of employees who reside in an impact zone.

41 The second prioritization would be based upon a point system used
42 to rank applications, which gave higher rankings to an applicant which
43 included an in-State resident of at least five years who was a
44 "significantly involved person," being someone who holds at least a
45 five percent investment interest or is a member of a group who holds
46 at least a 20 percent investment interest and would have authority to
47 make controlling decisions about the cannabis business, or an
48 applicant that met one of the following conditions for its labor

1 environment: being a party to a collective bargaining agreement with a
2 labor organization that currently represents, or is actively seeking to
3 represent, cannabis workers in New Jersey; being a party to a
4 collective bargaining agreement with a labor organization that
5 currently represents cannabis workers in another state; submitting an
6 attestation affirming that the applicant will use best efforts to utilize
7 building trades labor organizations in the construction or retrofit of
8 the facilities associated with the cannabis establishment or distributor;
9 or submitting an attestation affirming that they have a project labor
10 agreement, or will utilize a project labor agreement, which is a form
11 of pre-hire collective bargaining agreement covering terms and
12 conditions, including labor issues and worker grievances, associated
13 with any applicable project.

14 When processing applications, the commission would also
15 incorporate the licensing efforts developed by the Office of Minority,
16 Disabled Veterans, and Women Cannabis Business Development
17 designed to promote the formulation and participation in the lawful
18 operation of cannabis businesses by persons from socially and
19 economically disadvantaged communities.

20 In accordance with the bill, at least 35 percent of the total licenses
21 issued for each class would be conditional licenses. Either a full
22 license or conditional license would only be issued for applications
23 which presented an ownership structure that included an in-State
24 resident of at least two years who was a “significantly involved
25 person.” Another requirement, applicable only to a conditional
26 license, would be that the significantly involved person and any other
27 person with a financial interest who also has decision making authority
28 for a proposed cannabis business could only have, for the immediately
29 preceding taxable year, an adjusted gross income of no more than
30 \$200,000 or no more than \$400,000 if filing jointly with another. For
31 purposes of calculating the 35 percent figure for conditional licenses,
32 the figure would include any conditional license issued to an applicant
33 that was subsequently replaced with a full, annual license (which
34 process is further detailed below).

35 Additionally, at least 10 percent of the total licenses issued for
36 each license class, and at least 25 percent of the overall total number of
37 licenses issued would be designated for and only issued to
38 “microbusinesses.” A microbusiness is described in the bill as
39 employing no more than 10 employees, and: possessing no more than
40 1,000 cannabis plants each month, except that a cannabis distributor’s
41 possession of cannabis plants for transportation would not be subject
42 to this limit; operating an establishment occupying an area of no more
43 than 2,500 square feet, and in the case of a cannabis grower, growing
44 on an area no more than 2,500 square feet measured on a horizontal
45 plane and growing above that plane not higher than 24 feet; in the case
46 of a cannabis processor, acquiring and processing no more than 1,000
47 pounds of cannabis in dried form each month; in the case of a cannabis
48 wholesaler, acquiring for resale no more than 1,000 pounds of

1 cannabis in dried form, or the equivalent amount in any other form, or
2 any combination thereof, each month; and in the case of a cannabis
3 retailer, acquiring for retail sale no more than 1,000 pounds of
4 cannabis in dried form, or the equivalent amount in any other form, or
5 any combination thereof, each month. For this subset of the five
6 classes of cannabis businesses, 100 percent of the ownership would
7 have to involve New Jersey residents who have resided in the State for
8 at least two years.

9 The minimum 10 percent per class, and 25 percent overall, of
10 microbusiness-designated licenses issued would include the number of
11 conditional licenses issued for each class, as these two categories are
12 not considered mutually exclusive of one another.

13 The commission would require that an applicant for licensure,
14 other than an applicant seeking to operate a microbusiness of any class
15 or seeking a conditional license, submit an attestation signed by a bona
16 fide labor organization stating that the applicant entered into a labor
17 peace agreement with such bona fide organization. The maintenance
18 of an agreement would be an ongoing material condition of a full,
19 annual license, unless the business was a microbusiness. Submission
20 of proof of an agreement from an applicant originally issued a
21 conditional license would be a requirement for final approval granting
22 full licensure. As an additional labor requirement, failure to enter, or
23 to make a good faith effort to enter, into a collective bargaining
24 agreement within 200 days of the opening of a cannabis business
25 would result in the suspension or revocation of a license.

26 Any applicant for a license or conditional license would have to
27 provide proof for each person with any investment interest as being 21
28 years of age or older, and each of the following persons associated
29 with the cannabis business for which licensure is sought would be
30 subject to a criminal history record background check: any owner,
31 other than an owner who holds less than a five percent investment
32 interest or who is a member of a group that holds less than a 20
33 percent investment interest, and who has no authority for making
34 controlling business decisions; any director; any officer; and any
35 employee. With respect to qualification or disqualification for
36 licensure based on the background check, the commission would be
37 prohibited from considering any convictions for an offense that
38 occurred prior to the bill's effective date involving the manufacturing,
39 distribution or possession with intent to distribute, less than five
40 pounds of marijuana or less than one pound of hashish, or simple
41 possession of any amount of marijuana or hashish, whether convicted
42 under the laws of this or another state, or under federal law, or any
43 other prior conviction, unless less than five years have passed since
44 convicted, or since completing probation, parole, or a term of
45 imprisonment, and the conviction involved fraud, deceit,
46 embezzlement, employing a minor in a drug distribution scheme, or
47 some other conviction "substantially related to the qualifications,
48 functions, or duties for which the license is required," as determined

1 by the commission. Such a conviction would not be an automatic
2 disqualifier, as the commission would still have the authority to issue a
3 license or conditional license to an applicant which included a person
4 with a “substantially related” conviction, after examining the nature of
5 the offense associated with the conviction, the circumstances at the
6 time of committing the offense, and evidence of rehabilitation since
7 conviction.

8 With respect to the application for a full license, the commission
9 would complete its review for license approval or denial within 90
10 days of the submission of the application, unless the commission
11 determined that more time is required. If approved, a license would be
12 issued by the commission not later than 30 days after it gave notice of
13 the approval, unless the applicant was subsequently found to not be in
14 compliance with relevant regulations or local regulating ordinances
15 applicable to the applicant’s business operations. An issued license
16 would expire after one year, but could be renewed following
17 submission of a new application, in which the applicant would detail
18 aspects of the cannabis licensee’s operations and on-going compliance
19 measures as part of the renewal process.

20 With respect to the application for a conditional license, the
21 commission would complete an expedited review for approval or
22 denial within 30 days, unless the commission determined that more
23 time is required. If approved, a conditional license would be issued by
24 the commission not later than 30 days after it gave notice of the
25 approval, unless the applicant was subsequently found to not be in
26 compliance with relevant regulations or local regulating ordinances
27 applicable to conditionally licensed operations. The applicant would
28 not need to be in compliance with every aspect of the regulatory
29 requirements expected for full licensure in order to obtain a
30 conditional license, but would need to provide sufficient plans for
31 actions to be taken to eventually achieve compliance for full licensure.
32 During a 120-day period following issuance of the conditional license,
33 which period could be extended for an additional period of up to 45
34 days at the discretion of the commission, if it determined that the
35 conditional licensee was in compliance with all plans and other
36 measures necessary to achieve full licensure, it would replace the
37 conditional license with a full, annual license, dated to expire one year
38 from its date of issuance and which could be subsequently renewed; if
39 the conditional licensee was not in compliance as needed for full
40 licensure, the conditional license would automatically expire at the end
41 of the 120-day (or extended) review period.

42 Additionally, the bill would create a license for cannabis testing
43 facilities, which could test samples of both personal use cannabis and
44 medical cannabis products for compliance with health, safety, and
45 potency standards. The above described licensing efforts developed
46 by the Office of Minority, Disabled Veterans, and Women Cannabis
47 Business Development designed to promote the formulation and
48 participation in the lawful operation of cannabis businesses by persons

1 from socially and economically disadvantaged communities would
2 apply to the licensing of testing facilities. The bill would also permit
3 laboratories newly licensed to test batches of medical cannabis
4 products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to
5 also test personal use cannabis products. Any existing laboratory
6 licensed only to test batches of medical cannabis products would be
7 authorized to test personal use cannabis products under an existing
8 license, if the laboratory certifies to the commission that its facility,
9 and the condition and calibration of any equipment used for testing
10 meet the commission's new accreditation requirements for licensure
11 as a personal use cannabis testing facility.

12 Finally, concerning any alternative treatment center that was
13 issued a permit prior to the effective date of P.L.2019, c.153
14 (C.24:6I-5.1 et al.), any such center would be permitted to cultivate
15 from up to two physical locations, provided that the alternative
16 treatment center's combined mature cannabis plant grow canopy
17 between both locations shall not exceed 150,000 square feet of
18 bloom space or the square footage of canopy permitted under the
19 largest tier in the tiered system adopted by the commission pursuant
20 to paragraph (2) of subsection b. of section 21 of P.L. ,
21 c. (C.) (pending before the Legislature as this bill).

22 Certification of Cannabis Handlers

23 In addition to the above described licensing requirements, any
24 individual who performed work for or on behalf of any class of
25 licensee (or conditional licensee) would need to have a valid
26 certification issued by the commission, in order to participate in: the
27 possession, securing, or selling of cannabis items at the licensed
28 premises; the recording of the possession, securing, or selling of
29 cannabis items at that premises; or the transportation of cannabis items
30 to and from licensed establishments, or home delivery of cannabis
31 items and related supplies to a retail consumer. The commission could
32 require that anyone applying for a handler certification successfully
33 complete a one-time course which provides training on checking
34 identification, detecting intoxication, the proper handling of cannabis
35 items, and statutory and regulatory provisions relating to cannabis. A
36 person seeking a certification would also be subject to a criminal
37 history record background check, and subject to the same potential
38 disqualifying standards as applicable to applicants for licenses.

39 Transition to Full Legal Market for Cannabis Items

40 Within 180 days after the bill is signed into law, or within 45 days
41 of all five members of the commission being duly appointed in
42 accordance with the appointment process set forth in paragraph (2) of
43 subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24),
44 whichever date is later (at present the initial appoint process is not
45 complete), and after consultation with the Attorney General, State
46 Treasurer, Commissioner of Health, and Commissioner of Banking
47 and Insurance, the commission would, upon filing proper notice with
48 the Office of Administrative Law, and notwithstanding the provisions

1 of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1
2 et seq.), immediately adopt rules and regulations it prepared that are
3 necessary and proper to enable it to carry out the commission’s duties,
4 functions, and powers with respect to activities associated with the
5 personal use of cannabis or cannabis resin. These initial rules and
6 regulations would be in effect for a period not to exceed one year after
7 the date of filing, and thereafter be adopted, amended, or readopted,
8 and any subsequent rules and regulations adopted, amended, or
9 readopted, in accordance with the “Administrative Procedure Act.”

10 The commission would begin accepting and processing
11 applications for licenses and conditional licenses within 30 days after
12 the commission’s initial rules and regulations have been adopted.
13 Also, at the time of initial adoption, provisions of the bill concerning
14 the lawful operations of licensed cannabis growers, processors,
15 wholesalers, distributors, retailers, and delivery services would
16 become operative to permit those cannabis businesses issued licenses
17 by the commission to commence work in growing, cultivating,
18 processing, packaging, and transporting cannabis and cannabis items
19 for future retail sales, which would not yet be authorized by licensed
20 cannabis retailers.

21 Also becoming operative at this time would be provisions which
22 would deem the following medical cannabis alternative treatment
23 centers to either concurrently hold a Class 1 Cannabis Grower license,
24 a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer
25 license (and any of their satellite dispensaries would also be deemed to
26 hold a Class 5 retailer license), or alternatively to hold only a Class 3
27 Cannabis Wholesaler license:

28 - any alternative treatment center that was issued a permit prior
29 to the effective date of the 2019 medical cannabis reform and
30 expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative
31 treatment center that was issued a permit subsequent to that act’s
32 effective date pursuant to an application submitted prior to that
33 effective date;

34 - the one alternative treatment center, out of four, issued a permit
35 pursuant to an application submitted after the effective date of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications
37 published in the New Jersey Register prior to that effective date, that is
38 expressly exempt, pursuant to subsection a. of section 11 of
39 P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting
40 the holding of concurrent medical cannabis permits, and this
41 alternative treatment center was deemed pursuant to section 7 of
42 P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such
43 permit; and

44 - the one other alternative treatment center, out of three, issued a
45 permit pursuant to an application submitted on or after the effective
46 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly
47 exempt, pursuant to subsection a. of section 11 of P.L.2019,
48 c.153 (C.24:6I-7.1), from statutory provisions prohibiting the

1 holding of concurrent medical cannabis permits, and this other
2 alternative treatment center was deemed pursuant to section 7 of
3 P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such
4 permit.

5 However, any such alternative treatment center deemed to have
6 cannabis licenses, directly or through a satellite dispensary, could not
7 engage in any preparatory work to incorporate personal use cannabis
8 items into its operations, and thus simultaneously function as personal
9 use cannabis businesses, until it submitted written approval to the
10 commission to operate as one or more classes of a cannabis business,
11 received from the municipality in which the business is to be located,
12 and the commission in turn issues an actual license or licenses.

13 Notwithstanding the date determined by the commission to be the
14 first date on which cannabis retailers issued licenses and conditional
15 licenses begin retail sales of personal use cannabis items, discussed
16 below, an alternate treatment center with a locally approved Class 5
17 Retailer license could begin to engage in the retail sale of cannabis
18 items on any date after the date that the commission adopts its initial
19 rules and regulations, and could be legally consumed by persons 21
20 years of age or older, so long as it has certified to the commission, and
21 to the municipality in which it is located and intends to engage in retail
22 sales, that it has sufficient quantities of medical cannabis and medical
23 cannabis products available to meet the reasonably anticipated need of
24 registered qualifying patients.

25 Prior to and during this transition phase leading up to eventual
26 retail sales of cannabis items, every municipality would have the
27 option to authorize and regulate the times of operation, place, manner,
28 and number of licensed cannabis businesses operating within its
29 jurisdiction, in a manner consistent with the bill's regulation of such
30 businesses. Alternatively, but only during a 180-day period following
31 the bill's enactment, a municipality could enact an ordinance to
32 prohibit such operations by any one or more classes of business, other
33 than business operations by a cannabis delivery service making
34 deliveries to consumers. Only an ordinance to prohibit operations by
35 one or more license classes enacted pursuant to the specific authority
36 to do so by the bill would be valid and enforceable; any ordinance
37 enacted prior to the bill's effective date addressing the issue of
38 prohibition within the jurisdiction of a municipality would be null and
39 void, and that municipality could only prohibit the operation of one or
40 more classes of cannabis business by enactment of a new ordinance in
41 accordance with the bill's provisions.

42 The failure of a municipality to timely enact an ordinance
43 prohibiting such operations would result in any class of cannabis
44 business that is not prohibited from operating within the local
45 jurisdiction as being permitted to operate therein for a period of five
46 years as follows: the growing, cultivating, processing, and selling and
47 reselling, and transporting of cannabis and cannabis items by a
48 cannabis grower, cannabis processor, cannabis wholesaler, or cannabis

1 distributor would be permitted uses in all industrial zones of the
2 municipality; and the selling of cannabis items to consumers from a
3 retail store by a cannabis retailer would be a conditional use in all
4 commercial zones or retail zones, subject to meeting the conditions set
5 forth in any applicable zoning ordinance or receiving a variance from
6 one or more of those conditions in accordance with the “Municipal
7 Land Use Law,” P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of
8 any five-year period following a failure to enact a local ordinance, the
9 municipality could revisit the issue of prohibition, but any ordinance
10 would be prospective only and not apply to any cannabis business
11 already operating within the local jurisdiction subject to the ordinance.

12 If a municipality allowed the operation of cannabis businesses, a
13 copy of each license application submitted to the commission for a
14 business to be located within that local jurisdiction would be provided
15 to the municipality, which in turn would inform the commission
16 whether the application complies with its local regulatory scheme, and
17 the local review could be the basis for a denial of an application if it is
18 not in compliance.

19 Lastly, during the transition phrase when applications are being
20 processed and licensed cannabis businesses starting operations or
21 medical alternative treatment centers starting preparatory work or
22 actually incorporating personal use cannabis items into their
23 operations, the commission would determine the first date on which
24 cannabis retailers issued licenses and conditional licenses may begin
25 retail sales of personal use cannabis items. This date would be no
26 more than 180 days after the adoption of the commission’s initial rules
27 and regulations, and the commission would provide at least 30 days’
28 notice of the date to every licensed cannabis establishment and
29 alternative treatment center deemed to be a licensed cannabis
30 establishment, even if that center was already engaging in retail sales.
31 On that date and thereafter, legal retail sales and consumption of
32 personal use cannabis items sold by licensed cannabis retailers would
33 begin.

34 Once retail sales by licensed cannabis retailers have begun, there
35 would be a limitation, for a period of 18 months, on the number and
36 classes of licenses any one licensee could hold. During this time, the
37 bill would not permit a licensed grower, processor, wholesaler,
38 distributor, or delivery service to also be a licensed retailer, and vice
39 versa, plus a grower or processor could only concurrently hold two
40 licenses (either another grower or processor license), and a wholesaler
41 would be limited to just the one wholesaler license; these restrictions
42 would not apply to a medical alternative treatment center deemed to
43 concurrently possess one of each type of cannabis license class as
44 described above. Additionally, throughout this 18-month period, the
45 commission would not allow more than 28 cannabis growers to be
46 simultaneously licensed and engaging in personal use cannabis
47 activities, which number would include any alternative treatment

1 centers deemed to be licensed as cannabis growers who are issued
2 licenses by the commission.

3 Following the 18-month period, a license holder could hold:

4 - a Class 1 Cannabis Grower license, a Class 2 Cannabis
5 Processor license, and a Class 5 Cannabis Retailer license
6 concurrently, provided that no license holder would be authorized
7 to concurrently hold more than one license of each class, except for
8 an alternative treatment center that was deemed, during the 18-
9 month period, to have an additional Class 5 Cannabis Retailer
10 license for each satellite dispensary as described above; or

11 - a Class 3 Cannabis Wholesaler license; in no case could a
12 holder of a Class 3 Cannabis Wholesaler license concurrently hold a
13 license of any other class of listed above.

14 Concerning the above described alternative treatment centers
15 deemed from the onset to hold cannabis licenses and actually issued
16 licenses based upon local approval, after a period no greater than one
17 year from the date that retail sales by licensed cannabis retailers have
18 begun, all such centers, in order to continue their operations
19 concerning personal use cannabis, would be required to submit a
20 certification, prior to the date that a cannabis license was set to expire,
21 as to the continued material accuracy of their previously approved
22 medical permit application to either the Department of Health or the
23 commission, and their compliance with the provisions of this bill as
24 required by the commission. The certification would also need to be
25 supported by a new written approval from the municipality in order for
26 the commission to renew a license for continued personal use
27 operations.

28 Cannabis Consumption Areas

29 A licensed cannabis retailer, medical cannabis dispensary or
30 clinical registrant properly permitted, or an alternative treatment center
31 that has a permit to dispense medical cannabis pursuant to the “Jake
32 Honig Compassionate Use Medical Cannabis Act,” may apply to the
33 commission seeking an endorsement to operate a cannabis
34 consumption area at which the on-premises consumption of personal
35 use or medical cannabis could occur. Along with the commission’s
36 endorsement, the municipality in which the consumption area would
37 operate would also review the application and have to provide a local
38 endorsement.

39 An endorsed cannabis retailer could only allow the consumption of
40 personal use cannabis at its consumption area. Any other endorsed
41 party involved in the medical cannabis marketplace could only allow
42 the consumption of medical cannabis at its consumption area, unless it
43 was also deemed during the transition period to the legal cannabis
44 market (see above) to have one or more Class 5 Cannabis Retailer
45 licenses and was actually issued such a license or licenses, or had
46 otherwise been issued such a license by the commission, in which case
47 both personal use and medical cannabis could be consumed.

1 An on-premises consumption area could either be indoors or
2 outdoors. An indoor consumption area would be a structurally
3 enclosed area within a cannabis retailer, medical cannabis dispensary,
4 clinical registrant facility, or alternative treatment center that is
5 separated by solid walls or windows from the area in which retail sales
6 of cannabis, or retail sales along with the dispensing of medical
7 cannabis occurs, would only be accessible through an interior door
8 after first entering the facility, and, in the case of a personal use
9 consumption area, would need to comply with all ventilation
10 requirements applicable to cigar lounges under the “New Jersey
11 Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the
12 smoking of medical cannabis would not be permitted in an indoor
13 consumption area. An outdoor consumption area would be an exterior
14 structure on the same premises as the cannabis retailer, medical
15 cannabis dispensary, clinical registrant facility, or alternative treatment
16 center, that is either separate from or connected to the facility and that
17 is not required to be completely enclosed, but would need to have
18 enough walls, fences, or other barriers to prevent any view of persons
19 consuming personal use cannabis items or medical cannabis from any
20 sidewalk or other pedestrian or non-motorist right-of-way; and with
21 respect to any consumption by smoking, vaping, or aerosolizing at an
22 outdoor area, the facility would need to ensure that any such activity
23 does not result in migration, seepage, or recirculation of smoke or
24 other exhaled material to any indoor public place or workplace.

25 Business Treatment of Cannabis Licensees

26 Concerning the business treatment of any licensee:

27 A financial institution, as defined by section 2 of P.L.1983,
28 c.466 (C.17:16K-2), would not be permitted to engage in any
29 discriminatory activities with respect to the banking activities of a
30 cannabis business, or the banking activities of a person associated
31 with a cannabis business. Any such activities could result in the
32 suspension or revocation of a financial institution’s charter or other
33 available enforcement action by the Commissioner of Banking and
34 Insurance. Additionally,

35 (1) A cannabis grower would be prohibited from operating or
36 being located on any land that is valued, assessed, or taxed as an
37 agricultural or horticultural use pursuant to the “Farmland Assessment
38 Act of 1964,” P.L.1964, c.48 (C.54:4-23.1 et seq.);

39 (2) A person or entity issued any class of license to operate a
40 cannabis business would not be eligible for a State or local economic
41 incentive during the period of time that the economic incentive is in
42 effect;

43 (3) The issuance of a license to operate as any class of cannabis
44 business to a person or entity that has been awarded a State or local
45 economic incentive would invalidate the right of the person or entity to
46 benefit from the economic incentive as of the date of issuance of the
47 license;

1 (4) A property owner, developer, or operator of a project to be
2 used, in whole or in part, as a cannabis business would not be eligible
3 for a State or local economic incentive during the period of time that
4 the economic incentive is in effect; and

5 (5) The issuance of a license to operate as any class of cannabis
6 business at a location that is the subject of a State or local economic
7 incentive would invalidate the right of a property owner, developer, or
8 operator to benefit from the economic incentive as of the date of
9 issuance of the license.

10 New Jersey Cannabis Regulatory, Enforcement Assistance, and
11 Marketplace Modernization Fund

12 All license fees and licensee penalties would be deposited into a
13 new fund, referred to as the “Cannabis Regulatory, Enforcement
14 Assistance and Marketplace Modernization Fund.” This fund would
15 also receive deposits from the tax revenues collected on medical
16 cannabis transactions pursuant to the “Jake Honig Compassionate
17 Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as
18 well as tax revenues on personal use cannabis retail sales, which tax
19 is mandated by paragraph 13 of Section VII of Article IV of the
20 New Jersey Constitution legalizing and permitting the State’s
21 regulation of cannabis. Monies in this fund would be used for
22 several purposes, including: to pay for the operational costs of the
23 commission; and reimburse expenses incurred by any county or
24 municipality for the training costs associated with the attendance and
25 participation of a police officer in a Drug Recognition Expert program
26 for detecting, identifying, and apprehending drug-impaired motor
27 vehicle operators.

28 Optional Municipal-Level Taxation

29 The bill would also permit any municipality to adopt an ordinance
30 that authorized a local transfer tax. This transfer tax could be imposed
31 on sales that occur within the municipality: between a cannabis
32 business that holds a grower, processor, wholesaler, or retail cannabis
33 license and another such licensed cannabis business; between cannabis
34 retailers and customers; or any combination thereof. This local tax
35 would not be imposed on transfers involving distributors for purposes
36 of the bulk transportation of cannabis items, or delivery services for
37 purposes of delivering cannabis items to consumers. The municipality
38 would have discretion to set the rate or rates of the transfer tax, but a
39 rate could not exceed: two percent of the receipts from each sale by a
40 cannabis grower; two percent of the receipts from each sale by a
41 cannabis processor; one percent of the receipts from each sale by a
42 cannabis wholesaler; and two percent of the receipts from each sale by
43 a cannabis retailer. This tax would be applied in the form of an
44 equivalent user tax on non-sale transactions between cannabis
45 businesses operated by the same license holder. The local transfer tax
46 or user tax would be collected by cannabis businesses and forwarded
47 to the chief financial officer of the municipality for use by that
48 municipality.

1 Legalized and Prohibited Activities Concerning Personal Use
2 Cannabis Items

3 Once the provisions for the lawful personal use of cannabis items
4 become operative and retail sales of cannabis items have begun, the
5 following acts would not be an offense under the “New Jersey Code of
6 Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21
7 years of age or older:

8 (1) Possessing, purchasing, or transporting: cannabis
9 paraphernalia; one ounce or less of cannabis; the equivalent of one
10 ounces or less of cannabis infused product in solid, liquid, or
11 concentrate form, based upon an equivalency calculation for different
12 product forms set by the commission in its regulations; or five grams
13 or less of cannabis resin;

14 (2) Transferring any cannabis item in any amount described above
15 to another person 21 years of age or older, so long as the transfer is for
16 non-promotional, non-business purposes; and

17 (3) Taking delivery of or consuming any lawfully acquired
18 cannabis item, provided that nothing in the bill is intended to permit a
19 person to smoke, vape, aerosolize a cannabis item in a public place,
20 other than a designated consumption area as detailed above.

21 A person possessing, purchasing, transporting, or transferring to
22 another at any one time any cannabis or resin in an amount greater
23 than as permitted, or an infused product in solid, liquid, or concentrate
24 form with more than the equivalency permitted would generally be
25 considered a violation of the “Comprehensive Drug Reform Act of
26 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the
27 person to a civil penalty or prosecution as if the person possessed,
28 purchased, transported, or transferred illegal marijuana or hashish in
29 violation of that act.

30 With respect to consumption, the smoking, vaping, or aerosolizing
31 of a cannabis item would be prohibited in any place pursuant to law
32 that prohibits the smoking of tobacco, including the “New Jersey
33 Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as
34 any “indoor public place” as defined in that act (even if such a place is
35 otherwise permitted to allow the smoking of tobacco), except that
36 smoking, vaping, or aerosolizing would be permitted in a designated
37 consumption area or in up to 20 percent of the guest rooms of a hotel,
38 motel, or other lodging establishment as permitted by the person or
39 entity that owns or controls that establishment. The smoking, vaping,
40 or aerosolizing of cannabis items could also be prohibited in private
41 multifamily housing, as decided by the person or entity that owns or
42 controls the housing, and prohibited in the units of a condominium, if
43 approved by its association and a majority of all of the unit owners.
44 Any fines or civil penalties that could be assessed for the smoking of
45 tobacco where prohibited under the “New Jersey Smoke-Free Air Act”
46 would be applicable to the smoking, vaping, or aerosolizing of
47 cannabis where prohibited under this bill, other than smoking, vaping,
48 or aerosolizing on elementary or secondary school property, which

1 would be classified as a disorderly persons offense (punishable by
2 imprisonment for up to six months, a fine of up to \$1,000, or both).

3 As to consumption other than by smoking, vaping, or aerosolizing:
4 a person or entity that owns or controls a property, except for
5 multifamily housing, a unit of a condominium, or a site in a mobile
6 home park on which a manufactured home is located, could prohibit or
7 otherwise regulate consumption on or in that property; and a
8 municipality would be empowered to enact an ordinance making it
9 unlawful for any person 21 years of age or older to consume any
10 cannabis item in a public place, other than school property (which
11 would be punishable as a disorderly persons offense), and the
12 ordinance could provide for a civil penalty of up to \$200 per violation.
13 The bill would also prohibit consumption in any area of any building
14 of, on the grounds of, or in any facility owned, leased, or controlled
15 by, any public or private institution of higher education or a related
16 entity thereof, regardless of whether the area or facility is an indoor
17 place or outdoors, and the penalty provisions of the “New Jersey
18 Smoke-Free Air Act” would be applicable for a violation.

19 Mere possession of a cannabis item (in addition to consuming such
20 item) on elementary or secondary school property by a person of legal
21 age to purchase such item would be a disorderly persons offense, as is
22 the case currently with respect to the unauthorized possession of
23 alcohol on such property (punishable by imprisonment for up to six
24 months, a fine of up to \$1,000, or both). Additionally, similar to the
25 statutory law’s treatment of the possession of an “open container” of
26 alcohol, or consumption of alcohol, while operating a motor vehicle,
27 the bill would amend relevant laws in Title 39 of the Revised Statutes
28 to make it a motor vehicle offense for the motor vehicle operator to
29 possess an “open container” or “open package” of a cannabis item. A
30 first offense would be subject to a fine of \$200, and a subsequent
31 offense would be subject to a fine of \$250 or alternatively imposition
32 of a period of community service, the same penalties applied to
33 violations involving an alcoholic beverage. Passengers in motor
34 vehicles would be permitted to possess and consume cannabis items,
35 other than such items intended for smoking, vaping, or aerosolizing.

36 Regarding the possession or consumption of a cannabis item by a
37 person under the legal age to purchase cannabis, the bill expands the
38 current laws addressing underage possession or consumption of
39 alcoholic beverages to include cannabis items:

40 -for possession, in a public place, of an amount that may be
41 lawfully possessed by a person of legal age to purchase cannabis
42 items, a first offense would be a petty disorderly persons offense,
43 subject to a fine of not less than \$250;

44 -for possession, on private property, of an amount that may be
45 lawfully possessed by a person of legal age to purchase cannabis
46 items, a first offense would be a civil penalty of \$100, and a second
47 offense would be a civil penalty of \$200; a third or subsequent offense
48 would be a municipal fine of \$350, which is the same as a subsequent

1 offense for possession of an alcoholic beverage on private property;
2 for possession, on private property, of an amount of cannabis items
3 that exceeds what may be lawfully possessed, or consumption on
4 private property, a first offense would be a municipal fine of \$250, and
5 a second or subsequent offense would be a municipal fine of \$350 (the
6 same penalties as applicable to possession or consumption of an
7 alcoholic beverage).

8 Finally, it would also be unlawful, generally punishable as a \$50
9 civil penalty, for an underage person to present a false identification in
10 order to enter a cannabis establishment or obtain cannabis items; this
11 would differ than using a false identification with respect to alcoholic
12 beverages, which is expressly noted in State law as not constituting an
13 offense and therefore carries with it no statutory punishment.

14 De-scheduling Marijuana as a Schedule I Controlled Dangerous
15 Substance

16 On and after the effective date of the bill, marijuana would no
17 longer be included as a Schedule I controlled dangerous substance,
18 which are substances considered to have a high potential for abuse and
19 no accepted medical use, as described in the “New Jersey Controlled
20 Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.). The
21 bill also expressly states that marijuana may not be designated or
22 rescheduled and included in any other schedule by the Director of the
23 Division of Consumer Affairs in the Department of Law and Public
24 Safety pursuant to the director’s designation and rescheduling
25 authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

26 Sentencing Relief for Certain Marijuana and Hashish Offenses

27 As part of a court sentence or adjudication of delinquency imposed
28 after the bill’s effective date, a person would not be subject to a
29 forfeiture or postponement of the person’s driving privileges based on
30 a conviction or finding of delinquency for any of the following
31 offenses:

32 - unlawful distribution of, or possessing or having under control
33 with intent to distribute, less than five pounds of marijuana, or less
34 than one pound of hashish, in violation of paragraph (11) or (12) of
35 subsection b. of N.J.S.2C:35-5, or a violation of either of those
36 paragraphs and a violation of subsection a. of section 1 of P.L.1987,
37 c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327
38 (C.2C:35-7.1), for distributing, or possessing or having under control
39 with intent to distribute, on or within 1,000 feet of any school
40 property, or on or within 500 feet of the real property comprising a
41 public housing facility, public park, or public building;

42 - obtaining, possessing, using, being under the influence of, or
43 failing to make lawful disposition of any amount of marijuana or
44 hashish in violation of paragraph (3) or (4) of subsection a., subsection
45 b., or subsection c. of N.J.S.2C:35-10; or

46 - a violation involving any of the aforementioned offenses and
47 using or possessing with intent to use drug paraphernalia with that
48 marijuana or hashish in violation of N.J.S.2C:36-2.

1 Reporting Requirements by the Commission

2 Lastly, the commission would annually report to the Governor and
3 Legislature regarding the commission’s regulation and enforcement
4 activities associated with the personal use of cannabis pursuant to the
5 bill (and the medical use of cannabis pursuant to the “Jake Honig
6 Compassionate Use Medical Cannabis Act”). The annual report would
7 include information on: the number of criminal arrests or charges for
8 small amount marijuana or hashish possession or distribution,
9 cataloged by the jurisdictions in which the acts resulting in the
10 citations, arrests, or charges occurred, and the race, ethnicity, gender,
11 and age of the persons cited, arrested, or charged; the number of
12 motor vehicle stops by law enforcement, cataloged in the same
13 manner; the total number of personal use cannabis licenses issued
14 since the distribution of the previous report to the Governor and
15 Legislature, as well as the number for each class of license issued; the
16 total number and type of applicants that submitted applications for
17 licenses and whether they were approved, reapproved, or denied, plus
18 data compiled by the Office of Minority, Disabled Veterans, and
19 Women Cannabis Business Development about participation in the
20 lawful operation of cannabis businesses by persons from socially and
21 economically disadvantaged communities, as well as minority owned,
22 disabled veterans’ owned, and women’s owned business development
23 in the personal use cannabis marketplace.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL
RELATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 21

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Assembly Oversight, Reform and Federal Relations Committee reports favorably Assembly Bill No. 21.

This bill, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use, by persons 21 years of age or older, of legal cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish). This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) Regulating the purchase, sale, production, processing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates all cannabis, cannabis resin, cannabis products, and cannabis extracts;

(2) Granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the production, processing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) Investigating and aiding in the prosecution of violations of law relating to cannabis items;

(4) Taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) Regulating the use of cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission's Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to "medical," and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women's owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans' businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis growers, processors, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business' certification and subsequent recertification at regular intervals as a minority owned or women owned business, or a disabled veterans' business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office's methods would be measured by whether the office's actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women's owned and disabled veterans' businesses. The office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment, the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission,

interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed or permitted personal use cannabis entities are located. These restrictions concern not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful

violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating Certain Medical Cannabis Alternative Treatment Centers' Permitted Operations

The bill would establish six “marketplace” classes of licensed businesses: a Class 1 Cannabis Grower license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Processor license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis items in bulk intrastate, from one licensed cannabis establishment to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and paraphernalia are sold to consumers; and a Class 6 Cannabis Delivery license, for business providing courier services for a licensed cannabis retailer in order to make deliveries of cannabis items and related supplies to a consumer.

Except with respect to an initial period in which the number of cannabis grower licenses would be capped, as further explained below, the commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to make requests for new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought. Further, in ranking applications, in addition to the

awarding of points, the commission would prioritize applications for licensure using two other factors.

One prioritizing factor would be based on “impact zones,” which are identified under the bill as any municipality that: (1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect; or (2) ranks in the top 40 percent of municipalities in the State for small amount marijuana possession arrests in the calendar year next preceding the bill taking effect; has a crime index total of 825 or higher based upon the indexes listed in the most recently issued annual Uniform Crime Report by the Division of State Police, as of the bill taking effect; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State in the calendar year next preceding the bill taking effect. Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ 25 percent of employees who reside in an impact zone.

The second prioritization would be based upon a point system used to rank applications, which gave higher rankings to an applicant which included an in-State resident of at least five years who was a “significantly involved person,” being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment: being a party to a collective bargaining agreement with a labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey; being a party to a collective bargaining agreement with a labor organization that currently represents cannabis workers in another state; submitting an attestation affirming that the applicant will use best efforts to utilize building trades labor organizations in the construction or retrofit of the facilities associated with the cannabis establishment or distributor; or submitting an attestation affirming that they have a project labor agreement, or will utilize a project labor agreement, which is a form of pre-hire collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with any applicable project.

When processing applications, the commission would also incorporate the licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development

designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a “significantly involved person.” Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to “microbusinesses.” A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor’s possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis grower, growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis processor, acquiring and processing no more than 1,000 pounds of cannabis in dried form each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds of cannabis in dried form, or the equivalent amount in any other form, or any combination thereof, each month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of cannabis in dried form, or the equivalent amount in any other form, or any combination thereof, each month. For this subset of the five classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona

bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business would result in the suspension or revocation of a license.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the manufacturing, distribution or possession with intent to distribute, less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted under the laws of this or another state, or under federal law, or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or some other conviction "substantially related to the qualifications, functions, or duties for which the license is required," as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a "substantially related" conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances

applicable to the applicant's business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee's operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45 days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories newly licensed to test batches of medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed only to test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, concerning any alternative treatment center that was issued a permit prior to the effective date of P.L.2019, c.153

(C.24:6I-5.1 et al.), any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations does not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system adopted by the commission pursuant to paragraph (2) of subsection b. of section 21 of P.L. , c. (C.) (pending before the Legislature as this bill).

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or home delivery of cannabis items and related supplies to a retail consumer. The commission could require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission's duties, functions, and powers with respect to activities associated with the personal use of cannabis or cannabis resin. These initial rules and regulations would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the "Administrative Procedure Act."

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission's initial rules and regulations have been adopted.

Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis growers, processors, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, processing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative at this time would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), or alternatively to hold only a Class 3 Cannabis Wholesaler license:

- any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act's effective date pursuant to an application submitted prior to that effective date;

- the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

- the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business,

received from the municipality in which the business is to be located, and the commission in turn issues an actual license or licenses.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional licenses begin retail sales of personal use cannabis items, discussed below, an alternate treatment center with a locally approved Class 5 Retailer license could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and regulations, and could be legally consumed by persons 21 years of age or older, so long as it has certified to the commission, and to the municipality in which it is located and intends to engage in retail sales, that it has sufficient quantities of medical cannabis and medical cannabis products available to meet the reasonably anticipated need of registered qualifying patients.

Prior to and during this transition phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate the times of operation, place, manner, and number of licensed cannabis businesses operating within its jurisdiction, in a manner consistent with the bill's regulation of such businesses. Alternatively, but only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, other than business operations by a cannabis delivery service making deliveries to consumers. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, processing, and selling and reselling, and transporting of cannabis and cannabis items by a cannabis grower, cannabis processor, cannabis wholesaler, or cannabis distributor would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition, but any ordinance

would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phase when applications are being processed and licensed cannabis businesses starting operations or medical alternative treatment centers starting preparatory work or actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis establishment and alternative treatment center deemed to be a licensed cannabis establishment, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by licensed cannabis retailers would begin.

Once retail sales by licensed cannabis retailers have begun, there would be a limitation, for a period of 18 months, on the number and classes of licenses any one licensee could hold. During this time, the bill would not permit a licensed grower, processor, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a grower or processor could only concurrently hold two licenses (either another grower or processor license), and a wholesaler would be limited to just the one wholesaler license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as described above. Additionally, throughout this 18-month period, the commission would not allow more than 28 cannabis growers to be simultaneously licensed and engaging in personal use cannabis activities, which number would include any alternative treatment centers deemed to be licensed as cannabis growers who are issued licenses by the commission.

Following the 18-month period, a license holder could hold:

- a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 18-

month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described above; or

- a Class 3 Cannabis Wholesaler license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class of listed above.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application to either the Department of Health or the commission, and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a new written approval from the municipality in order for the commission to renew a license for continued personal use operations.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary or clinical registrant properly permitted, or an alternative treatment center that has a permit to dispense medical cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission’s endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any other endorsed party involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center that is separated by solid walls or windows from the area in which retail sales of cannabis, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use

consumption area, would need to comply with all ventilation requirements applicable to cigar lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor consumption area. An outdoor consumption area would be an exterior structure on the same premises as the cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution’s charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) A cannabis grower would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the “Farmland Assessment Act of 1964,” P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) A person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect;

(3) The issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) A property owner, developer, or operator of a project to be used, in whole or in part, as a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) The issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or

operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and licensee penalties would be deposited into a new fund, referred to as the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund.” This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on personal use cannabis retail sales, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State’s regulation of cannabis. Monies in this fund would be used for several purposes, including: to pay for the operational costs of the commission; and reimburse expenses incurred by any county or municipality for the training costs associated with the attendance and participation of a police officer in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis business that holds a grower, processor, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax would not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis grower; two percent of the receipts from each sale by a cannabis processor; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of

Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) Possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of cannabis; the equivalent of one ounces or less of cannabis infused product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) Transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) Taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a person to smoke, vape, aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis or resin in an amount greater than as permitted, or an infused product in solid, liquid, or concentrate form with more than the equivalency permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a civil penalty or prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited in private multifamily housing, as decided by the person or entity that owns or controls the housing, and prohibited in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act” would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for

multifamily housing, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation. The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both). Additionally, similar to the statutory law’s treatment of the possession of an “open container” of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an “open container” or “open package” of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items:

- for possession, in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a petty disorderly persons offense, subject to a fine of not less than \$250;

- for possession, on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession, on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption on

private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

Finally, it would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to enter a cannabis establishment or obtain cannabis items; this would differ than using a false identification with respect to alcoholic beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the “New Jersey Controlled Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director’s designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

Sentencing Relief for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill’s effective date, a person would not be subject to a forfeiture or postponement of the person’s driving privileges based on a conviction or finding of delinquency for any of the following offenses:

- unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

- obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

- a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission's regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act"). The annual report would include information on: the number of criminal arrests or charges for small amount marijuana or hashish possession or distribution, cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender, and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement, cataloged in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans' owned, and women owned business development in the personal use cannabis marketplace.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 21

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 19, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 21, with committee amendments.

This bill, as amended, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use of products that contain useable cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish) by persons 21 years of age or older. This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) Regulating the purchase, sale, cultivation, manufacturing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates usable cannabis (dried leaves and flowers), cannabis products, cannabis extracts, and any other form of cannabis resin;

(2) Granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the cultivation, manufacturing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) Investigating and aiding in the prosecution of violations of law relating to cannabis items;

(4) Taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) Regulating the use of cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission's Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to "medical," and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women's owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans' businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis cultivators, manufacturers, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business' certification and subsequent recertification at regular intervals as a minority owned or women's owned business, or a disabled veterans' business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office's methods would be measured by whether the office's actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women's owned and disabled veterans' businesses. The office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment,

the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission, interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed personal use cannabis entities are located. These restrictions concern not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating Certain Medical Cannabis Alternative Treatment Centers' Permitted Operations

The bill would establish six "marketplace" classes of licensed businesses: a Class 1 Cannabis Cultivator license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Manufacturer license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and related supplies are sold to consumers; and a Class 6 Cannabis Delivery license, for business providing courier services for consumer purchases that are fulfilled by a licensed cannabis retailer in order to make deliveries of the purchased items to a consumer, and which service would include the ability of a consumer to make a purchase directly through the cannabis delivery service which would be presented by the delivery service for fulfillment by a retailer and then delivered to that consumer.

Except with respect to an initial period in which the number of cannabis cultivator licenses would be capped, as further explained below, the commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to make requests for new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional

license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought, or a microbusiness license is sought, the latter being a smaller business operation further discussed below. Further, in ranking applications, in addition to the awarding of points, the commission would prioritize applications for licensure using several other factors.

One prioritizing factor would be based on "impact zones," which are municipalities negatively impacted by past marijuana enterprises that contributed to higher concentrations of law enforcement activity, unemployment, and poverty, and are identified under the bill as any municipality that: (1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect; or (2) based on data compiled for calendar year 2019, ranks in the top 40 percent of municipalities in the State for small amount marijuana possession arrests; has a crime index total of 825 or higher in the annual Uniform Crime Report by the Division of State Police; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State. Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ at least 25 percent of employees who reside in an impact zone.

Other prioritizing factors would be based on applications for licensure which included an in-State resident of at least five years who was a "significantly involved person," being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment:

- being a party to a collective bargaining agreement with a bona fide labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey;

- being a party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;

- submitting a signed project labor agreement with a bona fide building trades labor organization, which is a form of pre-hire collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with a project for the construction or retrofit of facilities for the applicant's proposed operations; or

- submitting a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the applicant's proposed operations.

The above described prioritizations based on in-State residency and labor environment factors would also be implemented with respect to future applications for any medical cannabis permit issued pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act."

When processing applications, the commission would also incorporate the licensing efforts, discussed above, that are developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a "significantly involved person." Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to "microbusinesses." A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor's possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis cultivator,

growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis manufacturer, acquiring and processing no more than 1,000 pounds of usable cannabis each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month. For this microbusiness subset of the six classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business would result in the suspension or revocation of a license.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the manufacturing, distribution or possession with intent to distribute, less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted

under the laws of this or another state, or under federal law, or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or some other conviction “substantially related to the qualifications, functions, or duties for which the license is required,” as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a “substantially related” conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to the applicant’s business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee’s operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45 days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full

licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories newly licensed to test batches of medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed only to test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing, meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, concerning any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or issued a permit after the effective date of that enactment pursuant to an application submitted based on a request for applications published in the New Jersey Register prior to that effective date, or issued a permit after that effective date pursuant to an application submitted prior to that date, any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system for grow canopies adopted by the commission pursuant to the bill.

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or residential delivery of cannabis items and related supplies to a retail consumer. The commission could require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis

items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

An individual with a valid certification as a personal use cannabis handler would be permitted to also simultaneously have a valid certification as a medical cannabis handler issued under section 27 of P.L.2019, c.153 (C.24:6I-20) so that the individual could additionally perform work for or on behalf of entities issued medical cannabis permits or licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission’s duties, functions, and powers with respect to activities associated with the personal use of cannabis. These initial rules and regulations would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the “Administrative Procedure Act.”

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission’s initial rules and regulations have been adopted. Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis cultivators, manufacturers, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, manufacturing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative at this time would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), and a Class 6 Cannabis

Delivery license, or alternatively to hold only a Class 3 Cannabis Wholesaler license:

- any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act's effective date pursuant to an application submitted prior to that effective date;

- the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

- the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business, received from the municipality in which the business is to be located based on a determination that it's proposed operations comply with the municipality's restrictions on time, location, manner, and allowable number of cannabis businesses, as established in accordance with the bill and further discussed below. Additionally, the commission would only issue actual licenses of the appropriate class so that new personal use activities could begin following a review of the alternative treatment center's operations to confirm that the alternative treatment center has sufficient quantities of medical cannabis and, if applicable, medical cannabis products available to meet the reasonably anticipated need of registered qualifying patients.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional licenses begin retail sales of personal use cannabis items, discussed

below, an alternate treatment center with a locally approved Class 5 Retailer license that is determined by the commission to have sufficient quantities of medical cannabis products to meet patient needs could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and regulations, and these could be legally consumed by persons 21 years of age or older.

Prior to and during this transition phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate the times of operation, place, manner, and number of licensed cannabis businesses operating within its jurisdiction, in a manner consistent with the bill's regulation of such businesses. Alternatively, but only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, other than business operations by a cannabis delivery service making deliveries to consumers. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, manufacturing, and selling and reselling, and transporting of cannabis and cannabis items by a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, or cannabis distributor would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition, but any ordinance would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and

the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phase when applications are being processed and licensed cannabis businesses starting operations or medical alternative treatment centers starting preparatory work or actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis establishment and alternative treatment center deemed to be a licensed cannabis establishment, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by all licensed cannabis retailers would begin.

Once retail sales by licensed cannabis retailers have begun, there would be a limitation, for a period of 24 months, on the number and classes of licenses any one licensee could hold. During this time, the bill would not permit a licensed cultivator, manufacturer, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a cultivator or manufacturer could only concurrently hold two licenses (either another cultivator or manufacturer license), and a wholesaler would be limited to just the one wholesaler license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as described above. Additionally, throughout this 24-month period, the commission would not allow more than 37 cannabis cultivators to be simultaneously licensed and engaging in personal use cannabis activities, which number would include any alternative treatment centers deemed to be licensed as cannabis cultivators who are issued licenses by the commission; however, this limit would not apply to cultivator licenses issued to microbusinesses.

Following the 24-month period, a license holder could hold:

- a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license, and a Class 6 Delivery license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 24-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described above; or
- a Class 3 Cannabis Wholesaler license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit to the commission a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application in accordance with the “Jake Honig Compassionate Use Medical Cannabis Act,” and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a new written approval from the municipality in which it operates order for the commission to renew a license for continued personal use business activities.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary or clinical registrant properly permitted, or an alternative treatment center that has a permit to dispense medical cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission’s endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any other endorsed party involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center that is separated by solid walls or windows from the area in which retail sales of cannabis, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use consumption area, would need to comply with all ventilation requirements applicable to cigar lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor

consumption area. An outdoor consumption area would be an exterior structure on the same premises as the cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution's charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) A cannabis cultivator would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) A person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect;

(3) The issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) A property owner, developer, or operator of a project to be used, in whole or in part, as a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) The issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and licensee penalties would be deposited into a new fund, referred to as the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund.” This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on personal use cannabis retail sales, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State’s regulation of cannabis. Monies in this fund would be used by the commission for several purposes, including: to pay for the operational costs of the commission; and reimburse expenses incurred by any county or municipality, or by the Division of State Police, for the training costs associated with the attendance and participation of a police officer or trooper in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators. Any remaining monies not used by the commission would be deposited in the General Fund.

Optional Social Equity Excise Fee on Cultivation Activities

The bill would establish an optional Social Equity Excise Fee that could be imposed by the commission on personal use cultivation activities by licensed cannabis cultivators, including those alternative treatment centers deemed to be, and actually issued, cultivation licenses; medical cannabis cultivation activities would not be subject to the excise fee. If imposed, the fee would apply to cultivator sales or transfers of usable cannabis to other cannabis businesses, other than another cultivator, and would initially be 1/3 of 1 percent of the Statewide average retail price of an ounce of usable cannabis for consumer purchase. Beginning nine months following the first sale or transfer of usable cannabis subject to the excise fee by a cultivator that is not also an alternative treatment center, the fee could be adjusted by the commission annually as follows:

- up to \$10 per ounce, if the average retail price of an ounce of usable cannabis is \$350 or more;
- up to \$30 per ounce, if the average retail price of an ounce of usable cannabis is less than \$350 but at least \$250;
- up to \$40 per ounce, if the average retail price of an ounce of usable cannabis is less than \$250 but at least \$200; and
- up to \$60 per ounce, if the average retail price of an ounce of usable cannabis is less than \$200.

Any revenues generated by the excise fee would be deposited in the aforementioned “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund,” and specifically designated for annual appropriations by the Legislature, following the commission’s consultation with the Governor and Legislature, that would invest, through grants, loans, reimbursements of expenses, and other financial

assistance in for-profit and non-profit organizations, public entities, as well as direct financial assistance to individuals, in order to create, expand, or promote educational and economic opportunities and activities, and the health and well-being of both communities and individuals. If the excise fee was not imposed or adjusted as previously described, then appropriations would be made from the General Fund for such purposes in an amount equal to the revenues that would have been collected had it been imposed or adjusted.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis business that holds a cultivator, manufacturer, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax could not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis cultivator; two percent of the receipts from each sale by a cannabis manufacturer; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax, if imposed, would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) Possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of usable cannabis; the equivalent of one ounce or less of usable cannabis as a cannabis product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) Transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) Taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a

person to smoke, vape, aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis item in an amount greater than as permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited or otherwise regulated in private multifamily housing, as decided by the person or entity that owns or controls the housing, in the structure or specific units within the structure of a cooperative by the corporation of other legal entity that owns the structure, and in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act” would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for multifamily housing, the structure or specific units of the structure of a cooperative, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation. The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the

penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both). Additionally, similar to the statutory law’s treatment of the possession of an “open container” of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an “open container” or “open package” of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items, however consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy, a fine associated with a violation would not apply to a delinquent offender (under 18 years of age):

-for possession, in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a petty disorderly persons offense, subject to a fine of not less than \$250;

-for possession, on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession, on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption on private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

Finally, it would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to enter a cannabis establishment or obtain cannabis items; this

would differ than using a false identification with respect to alcoholic beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

Consumer and Employee Protections, and Employer Workplace Policies

Individuals (and licensed cannabis businesses) would not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including but not limited to civil liability or disciplinary action by a business, occupational, or professional licensing board or bureau, solely for engaging in conduct with respect to personal use cannabis activities as permitted under the bill. Additionally, the presence of cannabinoid metabolites in the bodily fluids of a person engaged in such permitted conduct:

- with respect to a student, tenant, or employee, other than as discussed below concerning employer actions and policies, could not form the basis for refusal to enroll or employ or lease to or otherwise penalize that person, unless failing to do so would put the school, employer, or landlord in violation of a federal contract or cause it to lose federal funding;

- with respect to a patient, could not constitute the use of an illicit substance resulting in denial of medical care, including organ transplant, and a patient's use of cannabis items may only be considered with respect to evidence-based clinical criteria; and

- with respect to a parent or legal guardian of a child or newborn infant, or a pregnant woman, could not form the sole or primary basis for any action or proceeding by the Division of Child Protection and Permanency, or any successor agencies; provided, however, that nothing would preclude any action or proceeding by the division based on harm or risk of harm to a child or the use of information on the presence of cannabinoid metabolites in the bodily fluids of any person in any action or proceeding.

An employer would not be permitted to refuse to hire or employ a person, or discharge or take any adverse action against an employee because that person or employee does or does not use cannabis items; however, an employer could require an employee to undergo a drug test upon reasonable suspicion of an employee's usage of a cannabis item while engaged in the performance of the employee's work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer, and the employer could utilize the results of that drug test when determining the appropriate employment action concerning the employee. Additionally, nothing in the bill would require an employer to amend, repeal, or otherwise affect an employer's policy and efforts to maintain a drug- and alcohol-free workplace, or require an employer to permit or accommodate any personal use cannabis activities in the workplace.

The bill, to better ensure the above described protections for prospective employees and employees, as well as simultaneously support the authority of employers to require employee drug tests, the commission, in consultation with the Police Training Commission, would prescribe standards, minimum curriculum courses of study, and the approval of private programs, organizations, and schools and their instructors to offer courses of study, for full- or part-time employees, or other contracted persons, to become certified as Workplace Impairment Recognition Experts. These certified persons would be trained to detect and identify an employee's use of cannabis items or other intoxicating substances, and assist in the investigation of workplace accidents.

Law Enforcement Drug Recognition Experts

The bill would also codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators. The new standards and course curricula would be offered by schools approved by the Police Training Commission, and the training commission would consult with the Cannabis Regulatory Commission with respect to aspects of the course curricula that focus on impairment from the use of cannabis items or marijuana. Any police officer certified and recognized by the Police Training Commission as a Drug Recognition Expert prior to the effective date of the bill would continue to be recognized as certified until that certification has expired or was no longer considered valid as determined by that commission, or the certification was replaced with a new certification in accordance with the new standards and course curricula for certification set forth in the bill.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the "New Jersey Controlled Dangerous Substances Act," P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director's designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

No Forfeiture or Postponement of Driving Privileges for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill's effective date, a person would not be subject to a forfeiture or postponement of the person's driving privileges based on

a conviction or finding of delinquency for any of the following offenses:

- unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

- obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

- a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission's regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act"). The annual report would include information on: the number of criminal arrests or charges for small amount marijuana or hashish possession or distribution, cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender, and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement, cataloged in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans' owned, and women's owned business development in the personal use cannabis marketplace.

COMMITTEE AMENDMENTS:

The committee amendments to the bill:

- re-title "cannabis growers" as "cannabis cultivators," as well as "cannabis processors" as "cannabis manufacturers," to better reflect

the licensed activities of cultivating and producing cannabis, and manufacturing of cannabis products and resins undertaken by each license class, respectively, and to more closely match the corresponding medical cultivator and manufacturer permit classes set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et seq.);

- modify the definition of “produce” and include a new definition of “manufacture” to replace “process,” as well as update references throughout the bill, to more precisely differentiate between the growing, cultivation, and harvesting of cannabis by cannabis cultivators and the operations of cannabis manufacturers in creating cannabis products and resins;

- add a definition and include appropriate references throughout the bill for “usable cannabis,” which is the dried leaves and flowers of the female cannabis plant, and may be sold or transferred to other licensed cannabis businesses and converted into cannabis products or resins; this would also be used to determine the lawful amount which could be possessed under the bill in its dried form or equivalent as a cannabis product in solid, liquid, or concentrate form;

- update the definition and references throughout the bill concerning a “cannabis delivery service,” to clarify that such service would be licensed to make deliveries of cannabis items and related supplies based on consumer orders fulfilled by cannabis retailers, and includes the ability of a consumer to make a purchase directly through the delivery service, which after being presented to the retailer for fulfillment, is then delivered to the consumer by the delivery service;

- revise the definition and references throughout the bill regarding a “cannabis retailer,” to correspond to the above described change to the licensed activities of a cannabis delivery service so that a retailer would accept consumer purchases for fulfillment that are presented by a cannabis delivery service;

- clarify the types of alternative treatment centers that have already been issued permits pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act” that would be permitted to cultivate cannabis from up to two physical locations, as described in the statement above;

- update the application process, for both medical permits and personal use licenses, to give priority to applicants that are parties to collective bargaining agreements with bona fide labor organizations, or with signed project labor agreements with bona fide labor organizations for projects to be associated with applicants following their licensure;

- create more flexibility for the application process by better clarifying those provisions which are applicable to applicants for every license class and those which would only be relevant to certain classes and therefore need not be addressed by all applicants;

- establish authority for the commission to establish a separate point system for reviewing and ranking applicants for a microbusiness license, just as it may do for an applicant for a conditional license;

- modify the application scoring system to be used by the commission to rank applications for licenses by eliminating as a criteria for additional points that an applicant can demonstrate having a school of medicine or osteopathic medicine involved in its governance structure;

- modify the criteria to determine which municipalities would be designated as “impact zones” for purposes of prioritizing the licensing of cannabis businesses in such municipalities or the licensing of their residents to operate cannabis businesses, so that the relevant criteria would be based upon data for calendar year 2019;

- increase the timeframe, from within seven days of receipt to within 14 days of receipt, for when the commission is required to forward a copy of an application to the municipality in which the applicant intends to operate a cannabis business so that it may conduct its local review for approval;

- require that applications for license renewal be filed with the commission no later than 90 days prior to the expiration of an existing license;

- provide that at the time of license renewal, a cannabis cultivator’s grow canopy may increase or decrease under the tiered system for grow canopies adopted by the commission as authorized under the bill;

- expressly permit an individual who has a valid certification as a personal use cannabis handler to also simultaneously have a valid certification as a medical cannabis handler to order to work for or on behalf of entities issued medical cannabis permits as well as entities licensed for personal use cannabis activities;

- alter the process by which the commission would issue a cannabis business license to any medical cannabis alternative treatment center in order for it to engage in personal use cannabis activities after being deemed for license approval under the bill, by requiring the commission first review whether the alternative treatment center has sufficient quantities of medical cannabis supplies to meet the reasonably anticipated needs of patients before a license is issued; this approval process would no longer be triggered by any municipal approval of an alternative treatment center’s quantities of supplies, as required under the bill as introduced;

- expand the timeframe of the initial marketplace transition, from 18 months to 24 months, during which certain licensing restrictions are in place with respect to a cap of licensed cannabis cultivators and the types of business licenses that can be concurrently held;

- increase the cap on cultivation licenses to be issued during the 24-month transition period from 28 to 37, and exempt from this cap any cultivation licenses issued to microbusinesses to engage in cannabis cultivation activities;

- provide the commission with the optional authority to impose a Social Equity Excise Fee on the cultivation of cannabis by any cannabis cultivator based on that cultivator's sale or transfer of usable cannabis to another cannabis business, other than another cultivator;

- establish a process for the commission to make recommendations to the Governor and Legislature for making social equity appropriations to support educational and economic opportunities, and the health of both communities and individuals, based upon any amount of revenues collected for the equity fee to be appropriated, or, to make appropriations from the General Fund of an equivalent amount that would have been collected if the commission has not imposed the fee, or adjusted the fee amount, as described in the statement above;

- expand the acceptable forms of government identification which may be used to enter a cannabis business, and in particular purchase cannabis items at a cannabis retailer, to include other country's passports or government-issued documentation for international travel, as well as driver's licenses or other identification cards issued by territories or possessions of the United States, or the District of Columbia;

- include housing cooperatives among the types of multi-dwelling properties at which the smoking, vaping, or aerosolizing of cannabis items may be prohibited or regulated, but not the consumption of cannabis items by other means;

- clarify the balance between a general protection for a person to not have an employer refuse to hire or employ, or take any adverse employment action against the person, because the person does or does not use cannabis items, with an employer's authority to require an employee undergo a drug test "upon reasonable suspicion of an employee's usage of a cannabis item while engaged in the performance of the employee's work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer," which the employer may utilize the results of when determining appropriate employment action concerning the employee;

- require the commission to create standards and a certification process for a Workplace Impairment Recognition Expert, to be issued to full- or part-time employees, or other contracted persons to perform work on behalf of an employer, which demonstrates education and training in detecting and identifying an employee's usage of, or impairment from, a cannabis item or other intoxicating substance, or for assisting in workplace accident investigations;

- codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators, which would additionally involve the Police Training Commission consulting with the Cannabis

Regulatory Commission on any aspects of the new certification criteria that focused on impairment from the use of cannabis items or marijuana; existing certified experts would be grandfathered and still recognized as such under the bill following enactment; and

- eliminate the imposition of fines against any juvenile delinquent offender (under 18 years of age) who violates any provisions of the bill establishing offenses for underage possession or consumption of cannabis items punishable by fine, to be consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy.

FISCAL IMPACT:

The Office of Legislative Services anticipates that the bill will grow annual State revenues and expenditures. Municipal and county governments, in turn, will experience annual revenue expansions and reductions as well as annual expenditure increases. This analysis does not consider the fiscal effects of the constitutional amendment that voters approved in November 2020 that legalized personal use cannabis generally and addressed the taxation thereof.

State Government Effects: Annual State revenues will rise by an indeterminate amount on account of: 1) application, license, certification and criminal background check fees to be paid by persons seeking to participate in the regulated personal use cannabis marketplace; and 2) penalties and fines to be paid for violations of the numerous regulatory and other provisions of the bill. If the Cannabis Regulatory Commission were to impose the optional Social Equity Excise Fee, the State would receive additional indeterminate annual revenue.

An indeterminate increase in annual State expenditures will result from the regulation and oversight of the personal use cannabis marketplace, the enforcement of the regulations, and the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training.

Local Government Effects: Annual revenues of municipal and county governments will increase by indeterminate amounts from: 1) municipal application and license fees to be paid by persons seeking to operate regulated personal use cannabis establishments within the jurisdiction of a municipality that elects to regulate and license the establishments; 2) fines to be paid for violations of municipal license requirements and regulations; and 3) State reimbursements paid to municipal and county governments for expenses they incur in providing drug recognition training to their police officers.

The revenue gain will be reduced by an indeterminate loss of annual municipal fine revenue as the bill downgrades the underage possession and consumption of alcoholic beverages from a disorderly

persons offense to a petty disorderly persons offense. Municipal courts try both offenses.

An indeterminate increase in annual municipal and county government expenditures will result from the optional regulation and oversight of personal use cannabis businesses by municipalities, the enforcement of the municipal regulations and State law pertaining to personal use cannabis, and the provision of drug recognition training to police officers.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 21

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 15, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 21 (1R), with committee amendments.

This bill, as amended, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use of products that contain useable cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish) by persons 21 years of age or older. This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

It also provides for criminal justice reforms with respect to several offenses associated with manufacturing, distributing, or dispensing, or possessing or having under control with intent to manufacture, distribute, or dispense, smaller amounts of marijuana or hashish (hereafter shortened to just distributing, which includes possessing or having under control), as well as possession of smaller amounts of marijuana or hashish, through such means as decriminalizing such offenses, requiring dismissal of pending charges, vacating current entries of guilt or placement in diversionary programs, and vacating current convictions for such offenses, as well as expunging past charges, arrests, and convictions for such offenses and providing for administrative action to expunge records associated with any such matters.

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) regulating the purchase, sale, cultivation, manufacturing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates usable cannabis (dried leaves and

flowers), cannabis products, cannabis extracts, and any other form of cannabis resin;

(2) granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the cultivation, manufacturing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) investigating and aiding in the prosecution of violations of law relating to cannabis and cannabis items;

(4) taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) regulating the use of cannabis and cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission’s Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to “medical,” and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women’s owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans’ businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis cultivators, manufacturers, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business’ certification and subsequent recertification at regular intervals as a minority owned or women’s owned business, or a disabled veterans’ business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office’s methods would be measured by whether the office’s actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women’s owned and disabled veterans’ businesses. The

office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment, the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission, interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed personal use cannabis entities are located. These restrictions concern

not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating the Permit Process for Certain Medical Cannabis Alternative Treatment Centers and Their Permitted Operations

The bill would establish six “marketplace” classes of licensed businesses: a Class 1 Cannabis Cultivator license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Manufacturer license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and related supplies are sold to consumers; and a Class 6 Cannabis Delivery license, for businesses providing courier services for consumer purchases that are fulfilled

by a licensed cannabis retailer in order to make deliveries of the purchased items to a consumer, and which service would include the ability of a consumer to make a purchase directly through the cannabis delivery service which would be presented by the delivery service for fulfillment by a retailer and then delivered to that consumer. Except with respect to an initial period in which the number of cannabis cultivator licenses would be capped, as further explained below, the commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to accept new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought, or a microbusiness license is sought, the latter being a form of smaller business operation further discussed below. Further, in ranking applications, in addition to the awarding of points, the commission would prioritize applications for licensure using several other factors.

One prioritizing factor would be based on "impact zones," which are municipalities negatively impacted by past marijuana enterprises that contributed to higher concentrations of law enforcement activity, unemployment, and poverty, or any combination thereof, and are identified under the bill as any municipality that:

(1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect;

(2) based on data compiled for calendar year 2019, ranks in the top 40 percent of municipalities in the State for small amount marijuana or hashish possession arrests; has a crime index total of 825 or higher in the annual Uniform Crime Report by the Division of State Police; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State;

(3) is a municipality located in a county of the third class, based upon the county's population according to the most recently compiled federal decennial census, that meets all of the criteria set forth in paragraph (2) above, other than having a crime index total of 825 or higher; or

(4) is a municipality located in a county of the second class, based upon the county's population according to the most recently compiled federal decennial census:

- with a population of less than 60,000 according to the most recently compiled federal decennial census, that for calendar year 2019 ranks in the top 40 percent of municipalities in the State for small amount marijuana or hashish possession arrests; has a crime index total of 1,000 or higher based upon the indexes listed in the 2019 annual Uniform Crime Report by the Division of State Police; but for calendar year 2019 does not have a local average annual unemployment rate that ranks in the top 15 percent of all municipalities, based upon average annual unemployment rates estimated for calendar year 2019 by the Office of Research and Information in the Department of Labor and Workforce Development; or

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

Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ at least 25 percent of employees who reside in an impact zone.

Other prioritizing factors would be based on applications for licensure which included an in-State resident of at least five years who was a “significantly involved person,” being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment:

(1) being a party to a collective bargaining agreement with a bona fide labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey;

(2) being a party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;

(3) submitting a signed project labor agreement with a bona fide building trades labor organization, which is a form of pre-hire collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with a

project for the construction or retrofit of facilities for the applicant's proposed operations; or

(4) submitting a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the applicant's proposed operations.

The above described prioritizations based on in-State residency and labor environment factors would also be implemented with respect to future applications for any medical cannabis permit issued pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act."

When processing applications, the commission would also incorporate the licensing efforts, discussed above, that are developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a "significantly involved person." Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to "microbusinesses." A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor's possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis cultivator, growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis manufacturer, acquiring no more than 1,000 pounds of usable cannabis each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each

month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month. For this microbusiness subset of the six classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

Additionally, the commission would establish a process and criteria which would allow a microbusiness the ability, while still issued a valid microbusiness-designated license, to apply to convert and continue operations as a licensed business that is not subject to the aforementioned operational limitations. Upon review of an application to confirm that the commission's criteria have been met, the commission would issue a new annual license of the appropriate business type, and the previously issued microbusiness-designated license would be deemed expired on the date the new license is issued. Any such new annual license would be counted towards the above mentioned percentages of licensed designed for and only issued to microbusinesses, notwithstanding the microbusiness' converted operations.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business based on a full annual or conditional license would result in the suspension or revocation of a license, other than one designated for microbusinesses.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making

controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the distribution of less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted under the laws of this or another state, or under federal law, or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or some other conviction "substantially related to the qualifications, functions, or duties for which the license is required," as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a "substantially related" conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to the applicant's business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee's operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45

days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories licensed after the bill's enactment to test medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed before the bill took effect that could only test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing, meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, with respect to further medical cannabis business operations:

(1) the bill would increase the number of available clinical registrant permits, from four to five, that could be applied for, subject to the review and approval by the commission; and

(2) any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or issued a permit after the effective date of that enactment pursuant to an application submitted based on a request for applications published in the New Jersey Register prior to that effective date, or issued a permit after that effective date pursuant to an application submitted prior to that date, any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system for grow canopies adopted by the commission pursuant to the bill.

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or residential delivery of cannabis items and related supplies to a retail consumer. The commission could require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

An individual with a valid certification as a personal use cannabis handler would be permitted to also simultaneously have a valid certification as a medical cannabis handler issued under section 27 of P.L.2019, c.153 (C.24:6I-20) so that the individual could additionally perform work for or on behalf of entities issued medical cannabis permits or licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission’s duties, functions, and powers with respect to activities associated with the personal use of cannabis. These initial rules and regulations, which would include details with respect to the license application process, would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the “Administrative Procedure Act.”

With respect to the developed application process and the issuance of licenses, during an initial 24-month period following the bill’s enactment, there would be a limitation on the number and classes of licenses any one licensee could hold. During this time, the bill would

not permit a licensed cultivator, manufacturer, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a cultivator or manufacturer could only concurrently hold two licenses (either another cultivator or manufacturer license), and a wholesaler could hold one other distributor license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as further described below.

Additionally, throughout this 24-month period, the commission would not allow more than 37 cannabis cultivators to be simultaneously licensed and engaging in personal use cannabis activities, which number would include any alternative treatment centers deemed to be licensed as cannabis cultivators who are issued licenses by the commission; however, this limit would not apply to cultivator licenses issued to microbusinesses.

Following the 24-month period, a license holder could hold:

(1) a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license, and a Class 6 Delivery license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 24-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described below; or

(2) a Class 3 Cannabis Wholesaler license and a Class 4 Cannabis Distributor license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class, other than a license as a cannabis distributor.

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission's initial rules and regulations have been adopted. Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis cultivators, manufacturers, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, manufacturing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative with the initial rules and regulations would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), and a Class 6 Cannabis Delivery license, or alternatively to hold a

Class 3 Cannabis Wholesaler license, and optionally hold a Class 4 Cannabis Distributor license:

(1) any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act's effective date pursuant to an application submitted prior to that effective date;

(2) the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

(3) the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business, received from the municipality in which the business is to be located based on a determination that it's proposed operations comply with the municipality's restrictions on the number of allowable business, as well as their location, manner, and times of operation, as established in accordance with the bill and further discussed below. Additionally, the commission would only issue actual licenses of the appropriate class so that new personal use activities could begin following a review of the alternative treatment center's operations to confirm that the alternative treatment center has sufficient quantities of medical cannabis and, if applicable, medical cannabis products available to meet the reasonably anticipated needs of registered qualifying patients.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional licenses begin retail sales of personal use cannabis items, discussed

below, an alternate treatment center with a locally approved Class 5 Retailer license that is determined by the commission to have sufficient quantities of medical cannabis products to meet patient needs could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and regulations, and these could be legally consumed by persons 21 years of age or older.

Prior to and during this transitional phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate, in a manner consistent with the bill's regulation of cannabis businesses, the number of licensed businesses, as well as their location, manner, and times of operation within its jurisdiction; however, the time of operation of delivery services would be subject only to regulation by the commission. Alternatively, but only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, but not the delivery of cannabis items and related supplies to consumers by delivery services. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, manufacturing, and selling and reselling of cannabis and cannabis items, and operations for transporting and delivery services by a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, or cannabis delivery service would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition during a new 180-period, but any ordinance would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a

business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phrase, when applications are being processed, and licensed cannabis businesses are starting operations or medical alternative treatment centers starting preparatory work, or actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis business and alternative treatment center deemed to be a licensed cannabis business, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by all licensed cannabis retailers would begin.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit to the commission a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application in accordance with the "Jake Honig Compassionate Use Medical Cannabis Act," and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a new written approval from the municipality in which it operates in order for the commission to renew a license for continued personal use business activities.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary, including an alternative treatment center that has a permit to dispense medical cannabis pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," or clinical registrant may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission's endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any endorsed party

involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, or clinical registrant facility that is separated by solid walls or windows from the area in which retail sales of cannabis items, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use consumption area, would need to comply with all ventilation requirements applicable to cigar lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor consumption area. An outdoor consumption area would be an exterior structure on the same premises as the cannabis retailer, medical cannabis dispensary, or clinical registrant facility, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution’s charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) a cannabis cultivator would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the “Farmland Assessment Act of 1964,” P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) a person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic

incentive during the period of time that the economic incentive is in effect;

(3) the issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) a property owner, developer, or operator of a project to be used, in whole or in part, by or to benefit a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) the issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and penalties collectable by the commission would be deposited into a new fund, referred to as the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund.” This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on retail sales of personal use cannabis items, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State’s regulation of cannabis. Monies in this fund would be appropriated by the Legislature annually as follows:

(1) at least 70 percent of the tax revenues on retail sales of cannabis items would be appropriated for investments, including through grants, loans, reimbursements of expenses, and other financial assistance, in municipalities described above that would be designated as an “impact zone,” as well as provide direct financial assistance to qualifying persons residing therein; and

(2) the remainder of the monies in the fund would be appropriated to include: paying for the operational costs of the commission; reimbursing expenses incurred by any county or municipality, or by the Division of State Police, for the training costs associated with the attendance and participation of a police officer or trooper in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators; and further investments in “impact zone” municipalities.

Any of the monies appropriated for “impact zone” municipalities that come from the initial dedication of at least 70 percent of monies in the fund from the sales tax on retail transactions would be offset by any revenue constitutionally dedicated to “impact zone”

municipalities, should such a constitutional amendment be passed by the public. See, e.g., Senate Concurrent Resolution No. 138, introduced December 7, 2020.

Optional Social Equity Excise Fee on Cultivation Activities

The bill would establish an optional Social Equity Excise Fee that could be imposed by the commission on personal use cultivation activities by licensed cannabis cultivators, including those alternative treatment centers deemed to be, and actually issued, cultivation licenses; medical cannabis cultivation activities would not be subject to the excise fee. If imposed, the fee would apply to cultivator sales or transfers of usable cannabis to other cannabis businesses, other than another cultivator, and would initially be 1/3 of 1 percent of the Statewide average retail price of an ounce of usable cannabis for consumer purchase. Beginning nine months following the first sale or transfer of usable cannabis subject to the excise fee by a cultivator that is not also an alternative treatment center, the fee could be adjusted by the commission annually, based on the previous year's retail price, as follows:

(1) up to \$10 per ounce, if the average retail price of an ounce of usable cannabis was \$350 or more;

(2) up to \$30 per ounce, if the average retail price of an ounce of usable cannabis was less than \$350 but at least \$250;

(3) up to \$40 per ounce, if the average retail price of an ounce of usable cannabis was less than \$250 but at least \$200; and

(4) up to \$60 per ounce, if the average retail price of an ounce of usable cannabis was less than \$200.

Any revenues generated by the excise fee would be deposited in the aforementioned "Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund," and specifically designated for annual appropriations by the Legislature, separately from the other monies appropriated as described above, following the commission's consultation with the Governor and Legislature. These appropriations would invest, through grants, loans, reimbursements of expenses, and other financial assistance in for-profit and non-profit organizations, public entities, as well as direct financial assistance to individuals, in order to create, expand, or promote educational and economic opportunities and activities, and the health and well-being of both communities and individuals. If the excise fee was not imposed or adjusted as previously described, then appropriations would be made from the General Fund for such purposes in an amount equal to the revenues that would have been collected had it been imposed or adjusted.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis

business that holds a cultivator, manufacturer, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax could not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis cultivator; two percent of the receipts from each sale by a cannabis manufacturer; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax, if imposed, would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of usable cannabis; the equivalent of one ounce or less of usable cannabis as a cannabis product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a person to smoke, vape, or aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis item in an amount greater than as permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act, which as further discussed below, is being amended to regrading and decriminalizing several small amount marijuana and hashish distribution and possession offenses.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited or otherwise regulated in private multifamily housing, as decided by the person or entity that owns or controls the housing, in the structure or specific units within the structure of a cooperative by the corporation of other legal entity that owns the structure, and in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act” would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for multifamily housing, the structure or specific units of the structure of a cooperative, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation. The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items, however consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy, a fine associated with a violation would not apply to a delinquent offender (under 18 years of age):

(1) for possession in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, the offense would be a petty disorderly persons offense, subject to a fine of not less than \$250; for possession in a public place, of an amount that exceeds what may be lawfully possessed, or who knowingly consumes any cannabis item in such place, the offense is a disorderly persons offense subject to a fine of not less than \$500; and

(2) for possession on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption of any cannabis item on private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

It would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to obtain cannabis items available for lawful consumption; this would differ than using a false identification with respect to alcoholic beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

Finally, similar to the statutory law's treatment of the possession of an "open container" of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an "open container" or "open package" of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Law Enforcement Drug Recognition Experts

The bill would also codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators. The new standards and course curricula would be offered by schools approved by the Police Training Commission, and the training commission would consult with the Cannabis Regulatory Commission with respect to aspects of the course curricula that focus on impairment from the use of cannabis items or marijuana. Any police officer certified and recognized by the Police Training Commission as a Drug Recognition Expert prior to the effective date of the bill would continue to be recognized as certified until that certification has expired or was no longer considered valid as determined by that commission, or the certification was replaced with a new certification in accordance with the new standards and course curricula for certification set forth in the bill.

Consumer and Employee Protections, and Employer Workplace Policies

Individuals (and licensed cannabis businesses) would not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including but not limited to civil liability or disciplinary action by a business, occupational, or professional licensing board or bureau, solely for engaging in conduct with respect to personal use cannabis activities as permitted under the bill. Additionally, the presence of cannabinoid metabolites in the bodily fluids of a person engaged in such permitted conduct:

(1) with respect to a student, tenant, or employee, other than as discussed below concerning employer actions and policies, could not form the basis for refusal to enroll or employ or lease to or otherwise penalize that person, unless failing to do so would put the school, employer, or landlord in violation of a federal contract or cause it to lose federal funding;

(2) with respect to a patient, could not constitute the use of an illicit substance resulting in denial of medical care, including organ transplant, and a patient's use of cannabis items may only be considered with respect to evidence-based clinical criteria; and

(3) with respect to a parent or legal guardian of a child or newborn infant, or a pregnant woman, could not form the sole or primary basis for any action or proceeding by the Division of Child Protection and Permanency, or any successor agencies; provided, however, that nothing would preclude any action or proceeding by the division based on harm or risk of harm to a child or the use of information on the presence of cannabinoid metabolites in the bodily fluids of any person in any action or proceeding.

An employer would not be permitted to refuse to hire or employ a person, or discharge or take any adverse action against an employee

because that person or employee does or does not use cannabis items. However, an employer could require an employee to undergo a drug test upon reasonable suspicion of an employee's usage of a cannabis item while engaged in the performance of the employee's work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer. An employer could also require random testing, or testing as part of a pre-employment screening, or regular screening of current employees to determine use during an employee's prescribed work hours. The employer could utilize the results of any such drug test when determining the appropriate employment action concerning the employee.

An employee drug test would be required to include scientifically reliable objective testing methods and procedures, such as testing of blood, urine, or saliva, plus a physical evaluation in order to determine an employee's state of impairment that was performed by a commission certified Workplace Impairment Recognition Expert. The certification program would be developed by the commission in consultation with the Police Training Commission, and would prescribe standards, minimum curriculum courses of study, and the approval of private programs, organizations, and schools and their instructors to offer courses of study, for full- or part-time employees, or other contracted persons working for or on behalf of employers. These certified persons would be trained to detect and identify an employee's use of cannabis items or other intoxicating substances, and assist in the investigation of workplace accidents.

Additionally, nothing in the bill would require an employer to amend, repeal, or otherwise affect an employer's policy and efforts to maintain a drug- and alcohol-free workplace, or require an employer to permit or accommodate any personal use cannabis activities in the workplace.

Decriminalization of Marijuana and Hashish, Regrading Certain Offenses, and Criminal Justice Relief

Under current law, distributing one ounce or more but less than five pounds of marijuana, or five grams or more but less than one pound of hashish, is punishable as a crime of the third degree; this crime can result in a term of imprisonment of three to five years, an enhanced fine of up to \$25,000, or both. Distribution of any smaller amounts, that is, less than one ounce of marijuana or less than five grams of hashish, is punishable as a crime of the fourth degree; this crime can result in a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. See N.J.S.2C:35-5, subsection b., paragraphs (11) and (12).

The bill would retain as a crime of the third degree the distribution of less than five pounds of marijuana, but slightly raise the minimum amount that falls under this degree to be *more than one ounce* instead of *one ounce or more*, and distribution of less

than one pound of hashish would also remain a third degree crime, but the minimum amount for this violation would be *more than five grams* instead of *five grams or more*; it would regrade the distribution of lesser amounts of marijuana and hashish as follows:

(1) one ounce or less of marijuana, or five grams or less of hashish would become, for a first offense, an act subject to a written warning, which also indicates that any subsequent violation is a crime punishable by a term of imprisonment, a fine, or both; and

(2) a second or subsequent offense involving the same amount of marijuana or hashish would remain a crime of the fourth degree and be subject to the same penalties, including an enhanced fine, as described above.

The bill would also change the applicable amounts that constitute the unlawful possession of marijuana or hashish, which is currently a crime of the fourth degree (up to 18 months imprisonment; up to \$25,000 fine; or both) when the act involves more than 50 grams of marijuana or more than five grams of hashish, and, when the act involves lesser amounts, a disorderly persons offense (up to six months imprisonment; up to \$1,000 fine; or both). See N.J.S.2C:35-10, subsection a., paragraphs (3) and (4).

Under the bill, unlawful possession would be any amount of marijuana over six ounces, and for hashish, over 17 grams, punishable as a crime of the fourth degree (with the same penalties as the current law). Possession of up to six ounces of marijuana, or up to 17 grams of hashish would be completely decriminalized and have no associated criminal or civil penalties.

Regarding the above described small amount unlawful distribution and unlawful possession with associated criminal penalties, the odor of marijuana or hashish, or burnt marijuana or hashish, would not constitute reasonable articulable suspicion to initiate a search of a person to determine a violation of law. Additionally, a person would not be subject to arrest, being detained, or otherwise being taken into custody unless the person had committed another violation of the law. Also, a person who committed such a violation could not be deprived of any legal or civil right, privilege, benefit, or opportunity provided pursuant to any law solely by reason of committing that act, nor would committing one or more such acts modify any legal or civil right, privilege, benefit, or opportunity provided pursuant to any law.

All local and county law enforcement authorities would, following the submission process used for the uniform crime reporting system established by P.L.1966, c.37 (C.52:17B-5.1 et seq.), submit a quarterly report to the Uniform Crime Reporting Unit, within the Division of State Police in the Department of Law and Public Safety, or to another designated recipient determined by the Attorney General, containing the number of distribution or possession violations committed within

their respective jurisdictions, plus the race, ethnicity, gender, and age of each person committing a violation, and the disposition of each person's violation. These violations and associated information, along with a quarterly summary of violations investigated and associated information collected by the State Police for the same period would be summarized by county and municipality in an annual report, and both quarterly summaries and annual reports would be made available at no cost to the public on the State Police's Internet website.

Using or being under the influence of marijuana or hashish, or failing to voluntarily deliver such to a law enforcement officer, both currently disorderly persons offenses (up to six months imprisonment; up to \$1,000 fine; or both), would no longer be illegal acts, and thus there would be no legal consequences flowing from using, being under the influence of, or failing to deliver to law enforcement, marijuana or hashish. Using or possessing with intent to use drug paraphernalia to ingest, inhale, or otherwise introduce marijuana or hashish into the human body would also no longer be considered an illegal act; under current law, it is graded as a disorderly persons offense.

Notwithstanding that using or being under the influence of marijuana or hashish, or using or possessing drug paraphernalia to use with marijuana or hashish, would no longer be illegal acts, the smoking, vaping, or aerosolizing of marijuana or hashish, and the use of drug paraphernalia to ingest or otherwise introduce these substances into the human body, could be prohibited or otherwise regulated on or in any property by the person or entity that owns or controls that property, including multifamily housing that is a multiple dwelling as defined in section 3 of P.L.1967, c.76 (C.55:13A-3), the units of a condominium, as those terms are defined by section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a mobile home park as defined in section 3 of P.L.1983, c.386 (C.40:55D-102), which site is leased to the owner of a manufactured home, as defined in that section, that is installed thereon.

As to individuals facing existing consequences associated with their past distribution, possession, or drug paraphernalia offenses involving marijuana or hashish, the bill provides multiple opportunities for criminal justice relief.

No prosecutor shall pursue any charge, including a charge of delinquency, pending with a court on the first day of the fifth month next following enactment of the bill, which takes effect immediately, and for which the delay provides time for Statewide administrative preparation, based on any of the following crimes or offenses:

(1) unlawful distribution of less than one ounce of marijuana, or less than five grams of hashish, in violation of paragraph (12) of subsection b. of N.J.S.2C:35-5;

(2) obtaining or possessing more than 50 grams of marijuana in violation of paragraph (3) of subsection a. of N.J.S.2C:35-10, or obtaining or possessing 50 grams or less in violation of paragraph (4) of that subsection, or using, being under the influence of, or failing to voluntarily deliver to a law enforcement officer, any amount of marijuana or hashish in violation of subsection b. or subsection c. of N.J.S.2C:35-10;

(3) a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2;

(4) a violation involving any of the aforementioned offenses and possession of that marijuana or hashish while operating a motor vehicle in violation of section 1 of P.L.1964, c.289 (C.39:4-49.1); and

(5) any disorderly persons offense or petty disorderly persons offense involving a controlled dangerous substance (which only applies to small amount marijuana or hashish offenses) or drug paraphernalia that is subject to conditional discharge pursuant to N.J.S.2C:36A-1.

The non-prosecutable charges and cases for the above violations would be expeditiously dismissed, which could be accomplished by appropriate action by the prosecutor based upon guidelines issued by the Attorney General, or the court's own motion based upon administrative directives issued by the Administrative Director of the Court.

Any guilty verdict, plea, placement in a diversionary program, or other entry of guilt on any matter involving the aforementioned marijuana and hashish crimes and offenses that was entered prior to the effective date of the bill, but the judgment of conviction or final disposition on the matter was not entered prior to that date, would be vacated by operation of law. The vacating of all such matters would occur on the same delayed date applicable to ceasing to pursue and dismiss pending charges to permit Statewide administrative preparation to execute these provisions of the bill. The Administrative Director of the Courts, in consultation with the Attorney General would be expressly authorized to take anticipatory administrative action necessary to vacate the guilty verdicts, pleas, placements in a diversionary program, or other entry of guilt.

Any conviction, remaining sentence, ongoing supervision, or unpaid court-ordered financial assessment of any person who, on the bill's effective date, is or will be serving a sentence of incarceration, probation, parole, or other form of community supervision due to a conviction or adjudication of delinquency solely for one or more of the aforementioned marijuana and hashish crimes would have those matters vacated by operation of law, to be effective on the same delayed date previously stated, again providing time for Statewide administrative preparation to properly and completely vacate all matters.

For any case from prior to the effective date of the bill concerning the aforementioned marijuana and hashish crimes and offenses, those cases, upon the same delayed date previously stated for the other criminal justice relief actions, would be expunged as a matter of law. The Administrative Director of the Courts, in consultation with the Attorney General, would be expressly authorized to take anticipatory administrative action necessary to expeditiously effectuate the expungements of records carried out by operation of law.

No Forfeiture or Postponement of Driving Privileges for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill's effective date, a person would not be subject to a forfeiture or postponement of the person's driving privileges based on a conviction or finding of delinquency for any of the following offenses:

(1) unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

(2) obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

(3) a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the "New Jersey Controlled Dangerous Substances Act," P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director's designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission’s regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act”). The annual report would include information on: the number of criminal arrests or charges for smaller amount marijuana or hashish distribution or possession (amounts that exceed the new decriminalized amounts described above), cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender, and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement for driving under the influence of personal use cannabis or marijuana, cataloged in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans’ owned, and women’s owned business development in the personal use cannabis marketplace.

This bill, as amended and reported, is identical to the Second Reprint of Senate Bill No. 21, as reported by the Senate Judiciary Committee with amendments on December 14, 2020.

COMMITTEE AMENDMENTS:

The committee amendments to the bill:

- revise the definition of “impact zones,” as described in the statement above, to broaden the criteria of eligible municipalities associated with past criminal enterprises contributing to higher concentrations of law enforcement activity, unemployment, and poverty, or any combination thereof;

- define “bona fide labor organization,” which may include characteristics such as being a party to an executed collective bargaining agreement with medical or personal use cannabis employers or being affiliated with any regional or national association of unions, for purposes of determining an applicant’s involvement with such an organization with respect to the prioritization of applications for licensure as described in the statement above;

- increase the number of available clinical registrant permits, from four to five, that could be applied for, subject to review and approval by the commission;

- prohibit a cannabis retailer's premises from being located in or upon any premises in which operates a grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food, or in or upon any premises in which operates a store that engages in licensed retail sales of alcoholic beverages;

- establish that the commission would create a process to allow a microbusiness, while still issued a valid microbusiness-designated license, to apply to convert and continue operations as a licensed business that is not subject to the operational limitations for microbusinesses, as described in the statement above;

- clarify that an independent third party, through a technology platform such as the Internet, may be used by a licensed cannabis retailer to assist with that retailer's receipt, processing, and fulling of orders by consumers, and this third party need not be licensed as any form of cannabis business, so long as all physical acts in connection with fulfilling the order and delivery are done through certified cannabis handlers on behalf of the retailer;

- shift the timeframe of the initial 24-month marketplace transition, as described in the statement above, so that it begins on the bill's effective date, which is immediately upon enactment;

- allow the holder of a Class 3 Cannabis Wholesaler license to also hold one other Class 4 Cannabis Distributor license during and after the 24-month transition period;

- adjust the formula for appropriating monies in the "Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund," other than monies based on the Social Equity Excise Fee (appropriated through a different process), so that at least 70 percent of just the tax revenues on retail sales of cannabis items, and no other revenue sources in the fund such as fees and penalties, would be appropriated for investments in "impact zone" municipalities, leaving more monies available for funding cannabis regulatory operations and paying training costs for law enforcement Drug Recognition Experts;

- require that an employee drug test include a physical examination conducted by a commission-certified Workplace Impairment Recognition Expert, as such a certification, developed by the commission as described in the statement above, is necessary in order to opine on an employee's state of impairment;

- add criminal justice reforms with respect to several offenses associated with distribution or possession of smaller amounts of marijuana or hashish, through such means as decriminalizing such offenses, requiring dismissal of pending charges, vacating current entries of guilt or placement in diversionary programs, and vacating current convictions for such offenses, as well as expunging past charges, arrests, convictions, and adjudications of delinquency for such offenses and providing for administrative action to expunge records associated with any such matters, as described in the statement above;

- make edits to fix drafting errors, provide for more proper usage of defined terms, and create better language consistency throughout the entire bill; and

- update the bill's synopsis to reflect changes to the bill resulting from the amendments.

FISCAL IMPACT:

The Office of Legislative Services anticipates that the bill will both raise and lower the annual revenues and expenditures of the State as well as municipal and county governments by indeterminate amounts. The following analysis does not consider the fiscal effects of the constitutional amendment that voters approved in November 2020 that legalized personal use cannabis generally and addressed the taxation thereof.

State Government Revenue Effects: Annual State revenues will grow on account of: 1) application, license, certification and criminal background check fees to be paid by persons seeking to participate in the regulated personal use cannabis marketplace; and 2) penalties and fines to be paid for violations of the numerous regulatory and other provisions of the bill. If the Cannabis Regulatory Commission were to impose the optional Social Equity Excise Fee, the State would receive additional revenue each year.

The annual revenue gain will be somewhat counterbalanced by an annual State revenue loss arising from the decriminalization and downgrading of certain marijuana- and hashish-related offenses, as collections from court filing fees and penalties will decline.

State Government Expenditure Effects: Annual State expenditures will rise as a result of the regulation and oversight of the personal use cannabis marketplace, the enforcement of the regulations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an "impact zone" in the bill and their qualifying residents.

The bill will also lower annual State expenditures as fewer marijuana- and hashish-related acts will enter the criminal justice system and other marijuana- and hashish-related delinquencies will be downgraded to lower terms of incarceration.

Further, a one-time State expenditure decrease will arise from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Local Government Revenue Effects: Annual revenues of municipal and county governments will increase from: 1) municipal application and license fees to be paid by persons seeking to operate regulated personal use cannabis establishments within the jurisdiction of a municipality that elects to regulate and license the establishments; 2) fines to be paid for violations of municipal license requirements and regulations; and 3) State reimbursements paid to municipal and county

governments for expenses they incur in providing drug recognition training to their police officers.

The revenue gain will be lessened by a loss of annual municipal fine and court filing fee revenue as fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses will be tried in municipal courts and as the bill downgrades the underage possession and consumption of alcoholic beverages from a disorderly persons offense to a petty disorderly persons offense. Municipal courts try both offenses and the municipality in which a case is tried receives any penalty or fine that its municipal court imposes on a defendant.

Local Government Expenditure Effects: Annual municipal and county government expenditures will shrink as county and municipal prosecutor's offices will prosecute fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses, municipal courts will try fewer such cases, and fewer defendants will be convicted to county jail terms.

Further, a one-time municipal and county expenditure decrease will accrue from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Conversely, annual municipal and county government expenditures will grow related to the optional regulation and oversight of personal use cannabis businesses by municipalities, the enforcement of the municipal regulations and State law pertaining to personal use cannabis, and the provision of drug recognition training to police officers.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 21

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 22, 2020

SUMMARY

- Synopsis:** “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act”; legalizes personal use cannabis for certain adults, subject to State regulation; decriminalizes small amount marijuana and hashish possession; removes marijuana as Schedule I drug.
- Types of Impact:** Annual revenue and expenditure increases and decreases for the State, municipalities, and counties.
- Agencies Affected:** Department of the Treasury; Cannabis Regulatory Commission; Department of Health; Judiciary; Department of Law and Public Safety; Department of Corrections; State Parole Board; Office of the Public Defender; counties; municipalities.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Expenditure Impact	Indeterminate
Annual State Revenue Impact	Indeterminate
Annual Local Expenditure Impact	Indeterminate
Annual Local Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) anticipates that the bill will both raise and lower the annual revenues and expenditures of the State as well as municipal and county governments. However, the OLS lacks sufficient information to quantify the fiscal impacts or future trends in marijuana sales. The numerous fiscal impacts are itemized below.

BILL DESCRIPTION

This bill regulates activities associated with the lawful personal use of products that contain useable cannabis or cannabis resin by persons 21 years of age or older. This would be achieved through the expansion of the scope and duties of the Cannabis Regulatory Commission.

The bill also decriminalizes several offenses associated with manufacturing, distributing, dispensing, or possessing smaller amounts of unlawful marijuana or hashish. With respect to these offenses, the bill also requires the dismissal of pending charges, the vacating of current entries of guilt or placement in diversionary programs, the vacating of current convictions, as well as the expungement of past charges, arrests, and convictions from official records. In addition, the bill downgrades certain marijuana- and hashish-related offenses.

The bill establishes the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund” into which are deposited all license fees and penalties collected by the Cannabis Regulatory Commission, existing medical cannabis transaction tax revenues, tax revenues on retail sales of personal use cannabis items, as well as any proceeds from the optional Social Equity Excise Fee the commission may impose on personal use cannabis cultivation activities. Fund balances support commission operations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an “impact zone” in the bill and their qualifying residents.

The Assembly Appropriations Committee statement to this bill from December 15, 2020 includes a more detailed discussion of the provisions of the proposed legislation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS anticipates that the bill will both raise and lower the annual revenues and expenditures of the State as well as municipal and county governments by indeterminate amounts. The following analysis does not consider the fiscal effects of the constitutional amendment that voters approved in November 2020 that legalized personal use cannabis generally and addressed the taxation thereof.

State Government Revenue Effects: Annual State revenues will grow on account of: 1) application, license, certification and criminal background check fees to be paid by persons seeking to participate in the regulated personal use cannabis marketplace; and 2) penalties and fines to be paid for violations of the numerous regulatory and other provisions of the bill. If the Cannabis Regulatory Commission were to impose the optional Social Equity Excise Fee, the State would receive additional revenue each year.

The annual revenue gain will be somewhat counterbalanced by an annual State revenue loss arising from the decriminalization and downgrading of certain marijuana- and hashish-related offenses, as collections from court filing fees and penalties will decline.

State Government Expenditure Effects: Annual State expenditures will rise as a result of the regulation and oversight of the personal use cannabis marketplace, the enforcement of the regulations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an “impact zone” in the bill and their qualifying residents.

The bill will also lower annual State expenditures as fewer marijuana- and hashish-related acts will enter the criminal justice system and other marijuana- and hashish-related delinquencies will be downgraded to lower terms of incarceration.

Further, a one-time State expenditure decrease will arise from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Local Government Revenue Effects: Annual revenues of municipal and county governments will increase from: 1) municipal application and license fees to be paid by persons seeking to operate regulated personal use cannabis establishments within the jurisdiction of a municipality that elects to regulate and license the establishments; 2) fines to be paid for violations of municipal license requirements and regulations; and 3) State reimbursements paid to municipal and county governments for expenses they incur in providing drug recognition training to their police officers.

The revenue gain will be lessened by a loss of annual municipal fine and court filing fee revenue as fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses will be tried in municipal courts and as the bill downgrades the underage possession and consumption of alcoholic beverages from a disorderly persons offense to a petty disorderly persons offense. Municipal courts try both offenses and the municipality in which a case is tried receives any penalty or fine that its municipal court imposes on a defendant.

Local Government Expenditure Effects: Annual municipal and county government expenditures will shrink as county and municipal prosecutor's offices will prosecute fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses, municipal courts will try fewer such cases, and fewer defendants will be convicted to county jail terms.

Further, a one-time municipal and county expenditure decrease will accrue from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Conversely, annual municipal and county government expenditures will grow related to the optional regulation and oversight of personal use cannabis businesses by municipalities, the enforcement of the municipal regulations and State law pertaining to personal use cannabis, and the provision of drug recognition training to police officers.

Section: Judiciary
Analyst: Anuja Pande Joshi
Assistant Research Analyst
Approved: Thomas Koenig
Assistant Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 21

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 5, 2020

Sponsored by:

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

“New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act”; legalizes personal use cannabis for certain adults, subject to regulation by Cannabis Regulatory Commission; removes marijuana as Schedule I drug.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the regulation and use of cannabis, and
2 amending and supplementing various parts of the statutory law.

3

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

6

7 1. (New section) This act shall be known and may be cited as
8 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
9 Marketplace Modernization Act.”

10

11 2. (New section) The Legislature finds and declares that:

12 a. It is the intent of the people of New Jersey to adopt a new
13 approach to our marijuana policies by controlling and legalizing a
14 marijuana product, to be referred to as cannabis, in a similar fashion
15 to the regulation of alcohol for adults;

16 b. It is the intent of the people of New Jersey that the
17 provisions of this act will prevent the sale or distribution of
18 cannabis to persons under 21 years of age;

19 c. This act is designed to eliminate the problems caused by the
20 unregulated manufacture, distribution, and use of illegal marijuana
21 within New Jersey;

22 d. This act will divert funds from marijuana sales from going to
23 illegal enterprises, gangs, and cartels;

24 e. Black New Jerseyans are nearly three times more likely to be
25 arrested for marijuana possession than white New Jerseyans, despite
26 similar usage rates;

27 f. New Jersey spends approximately \$127 million per year on
28 marijuana possession enforcement costs;

29 g. Controlling and legalizing cannabis for adults like alcohol
30 will free up precious resources to allow our criminal justice system
31 to focus on serious crime and public safety issues;

32 h. Controlling and legalizing cannabis for adults like alcohol
33 will strike a blow at the illegal enterprises that profit from New
34 Jersey’s current, unregulated illegal marijuana market;

35 i. New Jersey must strengthen our support for evidence-based,
36 drug prevention programs that work to educate New Jerseyans,
37 particularly young New Jerseyans, about the harms of drug abuse;

38 j. New Jersey must enhance State-supported programming that
39 provides appropriate, evidence-based treatment for those who suffer
40 from the illness of drug addiction;

41 k. Controlling and regulating the manufacture, distribution, and
42 sale of cannabis will strengthen our ability to keep it and illegal
43 marijuana away from minors;

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

Matter underlined thus is new matter.

- 1 l. A controlled system of cannabis manufacturing, distribution,
2 and sale must be designed in a way that enhances public health and
3 minimizes harms to New Jersey communities and families;
- 4 m. The regulated cannabis system in New Jersey must be
5 regulated so as to prevent persons younger than 21 years of age
6 from accessing or purchasing cannabis;
- 7 n. A marijuana arrest in New Jersey can have a debilitating
8 impact on a person’s future, including consequences for one’s job
9 prospects, housing access, financial health, familial integrity,
10 immigration status, and educational opportunities; and
- 11 o. New Jersey cannot afford to sacrifice public safety and civil
12 rights by continuing its ineffective and wasteful past marijuana
13 enforcement policies.

14

15 3. (New section) Definitions.

16 As used in P.L. , c. (C.) (pending before the Legislature
17 as this bill) regarding the personal use of cannabis, unless the
18 context otherwise requires:

19 “Alternative treatment center” means an organization issued a
20 permit pursuant to the “Jake Honig Compassionate Use Medical
21 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) to operate as a
22 medical cannabis cultivator, medical cannabis manufacturer, medical
23 cannabis dispensary, or clinical registrant, as well as any alternative
24 treatment center deemed pursuant to section 7 of that act (C.24:6I-7) to
25 concurrently hold a medical cannabis cultivator permit, a medical
26 cannabis manufacturer permit, and a medical cannabis dispensary
27 permit.

28 “Cannabis” means all parts of the plant *Cannabis sativa* L.,
29 whether growing or not, the seeds thereof, and every compound,
30 manufacture, salt, derivative, mixture, or preparation of the plant or
31 its seeds, except those containing resin extracted from the plant,
32 which are cultivated and, when applicable, processed in accordance
33 with P.L. , c. (C.) (pending before the Legislature as this
34 bill) for use in cannabis items as set forth in this act, but shall not
35 include the weight of any other ingredient combined with cannabis
36 to prepare topical or oral administrations, food, drink, or other
37 product. “Cannabis” does not include: medical cannabis dispensed
38 to registered qualifying patients pursuant to the “Jake Honig
39 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
40 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);
41 marijuana as defined in N.J.S.2C:35-2 and applied to any offense or
42 civil violation set forth in chapters 35, 35A, and 36 of Title 2C of
43 the New Jersey Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.),
44 or marihuana as defined in section 2 of P.L.1970, c.226 (C.24:21-2)
45 and applied to any offense set forth in the “New Jersey Controlled
46 Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.); or
47 hemp or a hemp product cultivated, handled, processed, transported, or

1 sold pursuant to the “New Jersey Hemp Farming Act,” P.L.2019,
2 c.238 (C.4:28-6 et al.).

3 “Cannabis consumption area” means, as further described in
4 section 28 of P.L.2019, c.153 (C.24:6I-21), a designated location
5 operated by a licensed cannabis retailer or permit holder for
6 dispensing medical cannabis, for which both a State and local
7 endorsement has been obtained, that is either: (1) an indoor,
8 structurally enclosed area of the cannabis retailer or permit holder
9 that is separate from the area in which retail sales of cannabis items
10 or the dispensing of medical cannabis occurs; or (2) an exterior
11 structure on the same premises as the cannabis retailer or permit
12 holder, either separate from or connected to the cannabis retailer or
13 permit holder, at which cannabis items or medical cannabis either
14 obtained from the retailer or permit holder, or brought by a person
15 to the consumption area, may be consumed.

16 “Cannabis delivery service” means any licensed person or entity
17 that provides courier services for a cannabis retailer in order to
18 make deliveries of cannabis items and related supplies to a
19 consumer. This person or entity shall hold a Class 6 Cannabis
20 Delivery license.

21 “Cannabis distributor” means any licensed person or entity that
22 transports cannabis items in bulk intrastate, from one licensed
23 cannabis establishment to another licensed cannabis establishment,
24 and may engage in the temporary storage of cannabis items as
25 necessary to carry out transportation activities. This person or
26 entity shall hold a Class 4 Cannabis Distributor license.

27 “Cannabis establishment” means a cannabis grower, also referred
28 to as a cannabis cultivation facility, a cannabis processor, also
29 referred to as a cannabis product manufacturing facility, a cannabis
30 wholesaler, or a cannabis retailer.

31 “Cannabis extract” means a substance obtained by separating
32 resins from cannabis by: (1) a chemical extraction process using a
33 hydrocarbon-based solvent, such as butane, hexane, or propane; (2)
34 a chemical extraction process using the hydrocarbon-based solvent
35 carbon dioxide, if the process uses high heat or pressure; or (3) any
36 other process identified by the Cannabis Regulatory Commission by
37 rule.

38 “Cannabis flower” means the flower of the plant *Cannabis sativa*
39 L. within the plant family Cannabaceae.

40 “Cannabis grower” means any licensed person or entity that
41 grows, cultivates, or produces cannabis in this State, and sells, and
42 may transport, this cannabis to other cannabis growers, cannabis
43 processors, cannabis wholesalers, or cannabis retailers, but not to
44 consumers. This person or entity shall hold a Class 1 Cannabis
45 Grower license. A cannabis grower may also be referred to as a
46 "cannabis cultivation facility."

47 “Cannabis item” means any cannabis, cannabis resin, cannabis
48 product, and cannabis extract. “Cannabis item” does not include:

1 any form of medical cannabis dispensed to registered qualifying
2 patients pursuant to the “Jake Honig Compassionate Use Medical
3 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
4 c.158 (C.18A:40-12.22 et al.); or hemp or a hemp product cultivated,
5 handled, processed, transported, or sold pursuant to the “New Jersey
6 Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

7 “Cannabis leaf” means the leaf of the plant *Cannabis sativa* L.
8 within the plant family Cannabaceae.

9 “Cannabis paraphernalia” means any equipment, products, or
10 materials of any kind which are used, intended for use, or designed
11 for use in planting, propagating, cultivating, growing, harvesting,
12 composting, manufacturing, compounding, converting, producing,
13 processing, preparing, testing, analyzing, packaging, repackaging,
14 storing, vaporizing, or containing cannabis, or for ingesting,
15 inhaling, or otherwise introducing a cannabis item into the human
16 body. “Cannabis paraphernalia” does not include drug
17 paraphernalia as defined in N.J.S.2C:36-1 and which is used or
18 intended for use to commit a violation of chapter 35 of Title 2C of
19 the New Jersey Statutes.

20 “Cannabis processor” means any licensed person or entity that
21 processes cannabis items in this State by purchasing or otherwise
22 obtaining cannabis, manufacturing, preparing, and packaging
23 cannabis items, and selling, and optionally transporting, these items
24 to other cannabis processors, cannabis wholesalers, or cannabis
25 retailers, but not to consumers. This person or entity shall hold a
26 Class 2 Cannabis Processor license. A cannabis processor may also
27 be referred to as a “cannabis product manufacturing facility.”

28 “Cannabis product” means a product containing cannabis or
29 cannabis extracts and other ingredients intended for human
30 consumption or use, including a product intended to be applied to the
31 skin or hair, edible products, ointments, and tinctures. Cannabis
32 products do not include: (1) cannabis by itself; or (2) cannabis extract
33 by itself.

34 “Cannabis resin” means the resin extracted from any part of the
35 plant *Cannabis sativa* L. and any compound, manufacture, salt,
36 derivative, mixture, or preparation of such resin, processed and used in
37 accordance with P.L. , c. (C.) (pending before the Legislature
38 as this bill). “Cannabis resin” does not include: any form of medical
39 cannabis dispensed to registered qualifying patients pursuant to the
40 “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009,
41 c.307 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.);
42 hashish as defined in N.J.S.2C:35-2 and applied to any offense or civil
43 violation set forth in chapters 35, 35A, and 36 of Title 2C of the New
44 Jersey Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.), or as defined
45 in section 2 of P.L.1970, c.226 (C.24:21-2) and applied to any offense
46 of the “New Jersey Controlled Dangerous Substances Act,” P.L.1970,
47 c.226 (C.24:21-1 et al.); or hemp or a hemp product cultivated,

1 handled, processed, transported, or sold pursuant to the “New Jersey
2 Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et al.).

3 “Cannabis retailer” means any licensed person or entity that
4 purchases or otherwise obtains cannabis from cannabis growers and
5 cannabis items from cannabis processors or cannabis wholesalers,
6 and sells these to consumers from a retail store, and may use a
7 cannabis delivery service or a certified cannabis handler for the off-
8 premises delivery of cannabis items and related supplies to
9 consumers. This person or entity shall hold a Class 5 Cannabis
10 Retailer license.

11 “Cannabis testing facility” means an independent, third-party entity
12 meeting accreditation requirements established by the Cannabis
13 Regulatory Commission that is licensed to analyze and certify
14 cannabis items and medical cannabis for compliance with applicable
15 health, safety, and potency standards.

16 “Cannabis wholesaler” means any licensed person or entity that
17 purchases or otherwise obtains, stores, sells or otherwise transfers, and
18 may transport, cannabis items for the purpose of resale or other
19 transfer to either to another cannabis wholesaler or to a cannabis
20 retailer, but not to consumers. This person or entity shall hold a Class
21 3 Cannabis Wholesaler license.

22 “Commission” means the Cannabis Regulatory Commission
23 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

24 “Conditional license” means a temporary license designated as
25 either a Class 1 Cannabis Grower license, a Class 2 Cannabis
26 Processor license, a Class 3 Cannabis Wholesaler license, a Class 4
27 Cannabis Distributor license, a Class 5 Cannabis Retailer license, or a
28 Class 6 Cannabis Delivery license that allows the holder to lawfully
29 act as a cannabis grower, cannabis processor, cannabis wholesaler,
30 cannabis distributor, cannabis retailer, or cannabis delivery service as
31 the case may be, which is issued pursuant to an abbreviated application
32 process, after which the conditional license holder shall have a limited
33 period of time in which to become fully licensed by satisfying all of
34 the remaining conditions for licensure which were not required for the
35 issuance of the conditional license.

36 “Consumer” means a person 21 years of age or older who
37 purchases, acquires, owns, holds, or uses cannabis items for personal
38 use by a person 21 years of age or older, but not for resale to others.

39 “Consumption” means the act of ingesting, inhaling, or otherwise
40 introducing cannabis items into the human body.

41 “Delivery” means the transportation of cannabis items and
42 related supplies to a consumer. “Delivery” also includes the use by
43 a licensed cannabis retailer of any third party technology platform
44 to receive, process, and fulfill orders by consumers, provided that
45 any physical acts in connection with filling the order and delivery
46 shall be accomplished by a certified cannabis handler performing
47 work for or on behalf of the licensed cannabis retailer.

48 “Department” means the Department of Health.

1 “Director” means the Director of the Office of Minority,
2 Disabled Veterans, and Women Cannabis Business Development in
3 the Cannabis Regulatory Commission.

4 “Executive director” means the executive director of the
5 Cannabis Regulatory Commission.

6 “Financial consideration” means value that is given or received
7 either directly or indirectly through sales, barter, trade, fees,
8 charges, dues, contributions, or donations.

9 “Immature cannabis plant” means a cannabis plant that is not
10 flowering.

11 “Impact zone” means any municipality, based on past criminal
12 marijuana enterprises contributing to higher concentrations of law
13 enforcement activity, unemployment, and poverty within parts of or
14 throughout the municipality, that:

15 (1) has a population of 120,000 or more according to the most
16 recently compiled federal decennial census as of the effective date
17 of P.L. , c. (C.) (pending before the Legislature as this bill);
18 or

19 (2) ranks in the top 40 percent of municipalities in the State for
20 marijuana- or hashish-related arrests for violation of paragraph (4)
21 of subsection a. of N.J.S.2C:35-10 in the calendar year next
22 preceding the effective date of P.L. , c. (C.) (pending before
23 the Legislature as this bill); has a crime index total of 825 or higher
24 based upon the indexes listed in the most recently issued annual
25 Uniform Crime Report by the Division of State Police as of that
26 effective date; and has a local average annual unemployment rate
27 that ranks in the top 15 percent of all municipalities for the calendar
28 year next preceding that effective date, based upon average annual
29 unemployment rates estimated for the relevant calendar year by the
30 Office of Research and Information in the Department of Labor and
31 Workforce Development.

32 “License” means a license issued under P.L. , c. (C.)
33 (pending before the Legislature as this bill), including a license that is
34 designated as either a Class 1 Cannabis Grower license, a Class 2
35 Cannabis Processor license, a Class 3 Cannabis Wholesaler license, a
36 Class 4 Cannabis Distributor license, a Class 5 Cannabis Retailer
37 license, or a Class 6 Cannabis Delivery license. The term includes a
38 conditional license for a designated class, except when the context
39 of the provisions of P.L. , c. (C.) (pending before the
40 Legislature as this bill) otherwise intend to only apply to a license
41 and not a conditional license.

42 “Licensee” means a person or entity that holds a license issued
43 under P.L. , c. (C.) (pending before the Legislature as this
44 bill), including a license that is designated as either a Class 1
45 Cannabis Grower license, a Class 2 Cannabis Processor license, a
46 Class 3 Cannabis Wholesaler license, a Class 4 Cannabis
47 Distributor license, a Class 5 Cannabis Retailer license, or a Class 6
48 Cannabis Delivery license, and includes a person or entity that holds

1 a conditional license for a designated class, except when the context
2 of the provisions of P.L. , c. (C.) (pending before the
3 Legislature as this bill) otherwise intend to only apply to a person
4 or entity that holds a license and not a conditional license.

5 “Licensee representative” means an owner, director, officer,
6 manager, employee, agent, or other representative of a licensee, to
7 the extent that the person acts in a representative capacity.

8 “Mature cannabis plant” means a cannabis plant that is not an
9 immature cannabis plant.

10 “Medical cannabis” means cannabis dispensed to registered
11 qualifying patients pursuant to the “Jake Honig Compassionate Use
12 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) and
13 P.L.2015, c.158 (C.18A:40-12.22 et al.). “Medical cannabis” does
14 not include any cannabis item which is cultivated, produced,
15 processed, and consumed in accordance with P.L. , c. (C.)
16 (pending before the Legislature as this bill).

17 “Microbusiness” means a person or entity licensed by the
18 Cannabis Regulatory Commission as a cannabis grower, cannabis
19 processor, cannabis wholesaler, cannabis distributor, cannabis
20 retailer, or cannabis delivery service that may only, with respect to
21 its business operations, and capacity and quantity of product: (1)
22 employ no more than 10 employees; (2) operate a cannabis
23 establishment occupying an area of no more than 2,500 square feet,
24 and in the case of a cannabis grower, grow cannabis on an area no
25 more than 2,500 square feet measured on a horizontal plane and
26 grow above that plane not higher than 24 feet; (3) possess no more
27 than 1,000 cannabis plants each month, except that a cannabis
28 distributor’s possession of cannabis plants for transportation shall
29 not be subject to this limit; (4) acquire and process each month, in
30 the case of a cannabis processor, no more than 1,000 pounds of
31 cannabis in dried form; (5) acquire for resale each month, in the
32 case of a cannabis wholesaler, no more than 1,000 pounds of
33 cannabis in dried form, or the equivalent amount in any other form,
34 or any combination thereof; and (6) acquire for retail sale each
35 month, in the case of a cannabis retailer, no more than 1,000 pounds
36 of cannabis in dried form, or the equivalent amount in any other
37 form, or any combination thereof.

38 “Noncommercial” means not dependent or conditioned upon the
39 provision or receipt of financial consideration.

40 “Premises” or “licensed premises” includes the following areas
41 of a location licensed under P.L. , c. (C.) (pending before
42 the Legislature as this bill): all public and private enclosed areas at
43 the location that are used in the business operated at the location,
44 including offices, kitchens, rest rooms, and storerooms; all areas
45 outside a building that the Cannabis Regulatory Commission has
46 specifically licensed for the production, processing, wholesaling,
47 distributing, retail sale, or delivery of cannabis items; and, for a
48 location that the commission has specifically licensed for the

1 production of cannabis outside a building, the entire lot or parcel
2 that the licensee owns, leases, or has a right to occupy.

3 “Process” means the processing, compounding, or conversion of
4 cannabis into cannabis products or cannabis extracts. “Process”
5 does not include packaging or labeling.

6 “Produce” means the manufacture, planting, cultivation, growing
7 or harvesting of cannabis. “Produce” does not include the drying of
8 cannabis by a cannabis processor, if the cannabis processor is not
9 otherwise producing cannabis; or the cultivation and growing of an
10 immature cannabis plant by a cannabis processor, cannabis
11 wholesaler, or cannabis retailer if the cannabis processor, cannabis
12 wholesaler, or cannabis retailer purchased or otherwise received the
13 plant from a licensed cannabis grower.

14 “Public place” means any place to which the public has access
15 that is not privately owned; or any place to which the public has
16 access where alcohol consumption is not allowed, including, but not
17 limited to, a public street, road, thoroughfare, sidewalk, bridge,
18 alley, plaza, park, playground, swimming pool, shopping area,
19 public transportation facility, vehicle used for public transportation,
20 parking lot, public library, or any other public building, structure, or
21 area.

22 “Radio” means a system for transmitting sound without visual
23 images, and includes broadcast, cable, on-demand, satellite, or
24 Internet programming. “Radio” includes any audio programming
25 downloaded or streamed via the Internet.

26 “Significantly involved person” means a person or entity who
27 holds at least a five percent investment interest in a proposed or
28 licensed cannabis grower, cannabis processor, cannabis wholesaler,
29 cannabis distributor, or cannabis retailer, or who is a decision
30 making member of a group that holds at least a 20 percent
31 investment interest in a proposed or licensed cannabis grower,
32 cannabis processor, cannabis wholesaler, cannabis distributor, or
33 cannabis retailer in which no member of that group holds more than
34 a five percent interest in the total group investment interest, and the
35 person or entity makes controlling decisions regarding the proposed
36 or licensed cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, or cannabis retailer operations.

38 “Television” means a system for transmitting visual images and
39 sound that are reproduced on screens, and includes broadcast, cable,
40 on-demand, satellite, or Internet programming. “Television”
41 includes any video programming downloaded or streamed via the
42 Internet.

43 “THC” means delta-9-tetrahydrocannabinol, the main
44 psychoactive chemical contained in the cannabis plant.

45

46 4. Section 3 of P.L.2009, c.307 (C.24:6I-3) is amended to read
47 as follows:

1 3. As used in P.L.2009, c.307 (C.24:6I-1 et al.) and P.L.2015,
2 c.158 (C.18A:40-12.22 et al.):

3 "Academic medical center" means

4 (1) an entity located in New Jersey that, on the effective date of
5 P.L.2019, c.153 (C.24:6I-5.1 et al.), has an addiction medicine
6 faculty practice or is in the same health care system as another
7 facility located in New Jersey that offers outpatient medical
8 detoxification services or inpatient treatment services for substance
9 use disorder; has a pain management faculty practice or a facility-
10 based pain management service located in New Jersey; has graduate
11 medical training programs accredited, or pending accreditation, by
12 the Accreditation Council for Graduate Medical Education or the
13 American Osteopathic Association in primary care and medical
14 specialties; is the principal teaching affiliate of a medical school
15 based in the State; and has the ability to conduct research related to
16 medical cannabis **[. If]** , and if the entity is part of a system of
17 health care facilities, the entity shall not qualify as an academic
18 medical center unless the health care system is principally located
19 within the State; or

20 (2) an accredited school of medicine or osteopathic medicine that
21 is located in a state that shares a common border with this State; has
22 an articulation agreement or similar memorandum of understanding
23 with any State college or university with a college of nursing or
24 nursing degree program accredited by the Commission on
25 Collegiate Nursing Education; and has an institutional review board
26 that has, on the effective date of P.L. , c. (C.) (pending
27 before the Legislature as this bill), previously approved a clinical
28 research study involving medical cannabis; and has the ability and
29 will conduct all research and development in this State.

30 "Adverse employment action" means refusing to hire or employ
31 an individual, barring or discharging an individual from
32 employment, requiring an individual to retire from employment, or
33 discriminating against an individual in compensation or in any
34 terms, conditions, or privileges of employment.

35 "Cannabis" has the meaning given to "marihuana" in section 2 of
36 the "New Jersey Controlled Dangerous Substances Act," P.L.1970,
37 c.226 (C.24:21-2).

38 "Clinical registrant" means an entity that has a written
39 contractual relationship with an academic medical center in the
40 region in which it has its principal place of business, which includes
41 provisions whereby the parties will engage in clinical research
42 related to the use of medical cannabis and the academic medical
43 center or its affiliate will provide advice to the entity regarding
44 patient health and safety, medical applications, and dispensing and
45 managing controlled dangerous substances, among other areas.

46 "Commission" means the Cannabis Regulatory Commission
47 established pursuant to section 31 of P.L.2019, c.153 (C.24:6I-24).

48 "Commissioner" means the Commissioner of Health.

1 "Common ownership or control" means:

2 (1) between two for-profit entities, the same individuals or
3 entities own and control more than 50 percent of both entities;

4 (2) between a nonprofit entity and a for-profit entity, a majority
5 of the directors, trustees, or members of the governing body of the
6 nonprofit entity directly or indirectly own and control more than 50
7 percent of the for-profit entity; and

8 (3) between two nonprofit entities, the same directors, trustees,
9 or governing body members comprise a majority of the voting
10 directors, trustees, or governing body members of both nonprofits.

11 "Department" means the Department of Health.

12 "Designated caregiver" means a resident of the State who:

13 (1) is at least 18 years old;

14 (2) has agreed to assist with a registered qualifying patient's
15 medical use of cannabis, is not currently serving as designated
16 caregiver for more than one other qualifying patient, and is not the
17 qualifying patient's health care practitioner;

18 (3) subject to the provisions of paragraph (2) of subsection c. of
19 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
20 of possession or sale of a controlled dangerous substance, unless
21 such conviction occurred after the effective date of P.L.2009, c.307
22 (C.24:6I-1 et al.) and was for a violation of federal law related to
23 possession or sale of cannabis that is authorized under P.L.2009,
24 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);

25 (4) has registered with the commission pursuant to section 4 of
26 P.L.2009, c.307 (C.24:6I-4), and, except in the case of a designated
27 caregiver who is an immediate family member of the patient, has
28 satisfied the criminal history record background check requirement
29 of section 4 of P.L.2009, c.307 (C.24:6I-4); and

30 (5) has been designated as designated caregiver by the patient
31 when registering or renewing a registration with the commission or
32 in other written notification to the commission.

33 "Dispense" means the furnishing of medical cannabis to a
34 registered qualifying patient, designated caregiver, or institutional
35 caregiver by a medical cannabis dispensary or clinical registrant
36 pursuant to written instructions issued by a health care practitioner
37 pursuant to the requirements of P.L.2009, c.307 (C.24:6I-1 et al.).
38 The term shall include the act of furnishing medical cannabis to a
39 medical cannabis handler for delivery to a registered qualifying
40 patient, designated caregiver, or institutional caregiver, consistent
41 with the requirements of subsection i. of section 27 of P.L.2019,
42 c.153 (C.24:6I-20).

43 "Health care facility" means a general acute care hospital,
44 nursing home, long term care facility, hospice care facility, group
45 home, facility that provides services to persons with developmental
46 disabilities, behavioral health care facility, or rehabilitation center.

1 "Health care practitioner" means a physician, advanced practice
2 nurse, or physician assistant licensed or certified pursuant to Title
3 45 of the Revised Statutes who:

4 (1) possesses active registrations to prescribe controlled
5 dangerous substances issued by the United States Drug
6 Enforcement Administration and the Division of Consumer Affairs
7 in the Department of Law and Public Safety;

8 (2) is the health care practitioner responsible for the ongoing
9 treatment of a patient's qualifying medical condition, the symptoms
10 of that condition, or the symptoms associated with the treatment of
11 that condition, provided, however, that the ongoing treatment shall
12 not be limited to the provision of authorization for a patient to use
13 medical cannabis or consultation solely for that purpose; and

14 (3) if the patient is a minor, is a pediatric specialist.

15 "Immediate family" means the spouse, domestic partner, civil
16 union partner, child, sibling, or parent of an individual, and shall
17 include the siblings, parents, and children of the individual's spouse,
18 domestic partner, or civil union partner, and the parents, spouses,
19 domestic partners, or civil union partners of the individual's parents,
20 siblings, and children.

21 "Institutional caregiver" means a resident of the State who:

22 (1) is at least 18 years old;

23 (2) is an employee of a health care facility;

24 (3) is authorized, within the scope of the individual's
25 professional duties, to possess and administer controlled dangerous
26 substances in connection with the care and treatment of patients and
27 residents pursuant to applicable State and federal laws;

28 (4) is authorized by the health care facility employing the person
29 to assist registered qualifying patients who are patients or residents
30 of the facility with the medical use of cannabis, including, but not
31 limited to, obtaining medical cannabis for registered qualifying
32 patients and assisting registered qualifying patients with the
33 administration of medical cannabis;

34 (5) subject to the provisions of paragraph (2) of subsection c. of
35 section 4 of P.L.2009, c.307 (C.24:6I-4), has never been convicted
36 of possession or sale of a controlled dangerous substance, unless
37 such conviction occurred after the effective date of P.L.2009, c.307
38 (C.24:6I-1 et al.) and was for a violation of federal law related to
39 possession or sale of cannabis that is authorized under P.L.2009,
40 c.307 (C.24:6I-1 et al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.);
41 and

42 (6) has registered with the commission pursuant to section 4 of
43 P.L.2009, c.307 (C.24:6I-4).

44 "Integrated curriculum" means an academic, clinical, or research
45 program at an institution of higher education that is coordinated
46 with a medical cannabis cultivator, medical cannabis manufacturer,
47 or medical cannabis dispensary to apply theoretical principles,
48 practical experience, or both involving the cultivation,

1 manufacturing, dispensing, delivery, or medical use of cannabis to a
2 specific area of study, including, but not limited to, agriculture,
3 biology, business, chemistry, culinary studies, ecology,
4 environmental studies, health care, horticulture, technology, or any
5 other appropriate area of study or combined areas of study.
6 Integrated curricula shall be subject to approval by the commission
7 and the Office of the Secretary of Higher Education.

8 "Integrated curriculum permit" or "IC permit" means a permit
9 issued to a medical cannabis cultivator, medical cannabis
10 manufacturer, or medical cannabis dispensary that includes an
11 integrated curriculum approved by the commission and the Office
12 of the Secretary of Higher Education.

13 "Medical cannabis alternative treatment center" or "alternative
14 treatment center" means an organization issued a permit, including
15 a conditional permit, by the commission to operate as a medical
16 cannabis cultivator, medical cannabis manufacturer, medical
17 cannabis dispensary, or clinical registrant. This term shall include
18 the organization's officers, directors, board members, and
19 employees.

20 "Medical cannabis cultivator" means an organization holding a
21 permit issued by the commission that authorizes the organization to:
22 possess and cultivate cannabis and deliver, transfer, transport,
23 distribute, supply, and sell medical cannabis and related supplies to
24 other medical cannabis cultivators and to medical cannabis
25 manufacturers, clinical registrants, and medical cannabis
26 dispensaries, as well as to plant, cultivate, grow, and harvest
27 medical cannabis for research purposes. A medical cannabis
28 cultivator permit shall not authorize the permit holder to
29 manufacture, produce, or otherwise create medical cannabis
30 products, or to deliver, transfer, transport, distribute, supply, sell, or
31 dispense medical cannabis, medical cannabis products,
32 paraphernalia, or related supplies to qualifying patients, designated
33 caregivers, or institutional caregivers.

34 "Medical cannabis dispensary" means an organization issued a
35 permit by the commission that authorizes the organization to:
36 purchase or obtain medical cannabis and related supplies from
37 medical cannabis cultivators; purchase or obtain medical cannabis
38 products and related supplies from medical cannabis manufacturers;
39 purchase or obtain medical cannabis, medical cannabis products,
40 and related supplies and paraphernalia from other medical cannabis
41 dispensaries and from clinical registrants; deliver, transfer,
42 transport, distribute, supply, and sell medical cannabis and medical
43 cannabis products to other medical cannabis dispensaries; furnish
44 medical cannabis, including medical cannabis products, to a
45 medical cannabis handler for delivery to a registered qualifying
46 patient, designated caregiver, or institutional caregiver consistent
47 with the requirements of subsection i. of section 27 of P.L.2019,
48 c.153 (C.24:6I-20); and possess, display, deliver, transfer, transport,

1 distribute, supply, sell, and dispense medical cannabis, medical
2 cannabis products, paraphernalia, and related supplies to qualifying
3 patients, designated caregivers, and institutional caregivers. A
4 medical cannabis dispensary permit shall not authorize the permit
5 holder to cultivate medical cannabis, to produce, manufacture, or
6 otherwise create medical cannabis products.

7 "Medical cannabis manufacturer" means an organization issued a
8 permit by the commission that authorizes the organization to:
9 purchase or obtain medical cannabis and related supplies from a
10 medical cannabis cultivator or a clinical registrant; purchase or
11 obtain medical cannabis products from another medical cannabis
12 manufacturer or a clinical registrant; produce, manufacture, or
13 otherwise create medical cannabis products; and possess, deliver,
14 transfer, transport, distribute, supply, and sell medical cannabis
15 products and related supplies to other medical cannabis
16 manufacturers and to medical cannabis dispensaries and clinical
17 registrants. A medical cannabis manufacturer permit shall not
18 authorize the permit holder to cultivate medical cannabis or to
19 deliver, transfer, transport, distribute, supply, sell, or dispense
20 medical cannabis, medical cannabis products, paraphernalia, or
21 related supplies to registered qualifying patients, designated
22 caregivers, or institutional caregivers.

23 "Medical use of cannabis" means the acquisition, possession,
24 transport, or use of cannabis or paraphernalia by a registered
25 qualifying patient as authorized by P.L.2009, c.307 (C.24:6I-1 et
26 al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.).

27 "Minor" means a person who is under 18 years of age and who
28 has not been married or previously declared by a court or an
29 administrative agency to be emancipated.

30 "Paraphernalia" has the meaning given in N.J.S.2C:36-1.

31 "Pediatric specialist" means a physician who is a board-certified
32 pediatrician or pediatric specialist, or an advanced practice nurse or
33 physician assistant who is certified as a pediatric specialist by an
34 appropriate professional certification or licensing entity.

35 "Primary care" means the practice of family medicine, general
36 internal medicine, general pediatrics, general obstetrics, or
37 gynecology.

38 "Qualifying medical condition" means seizure disorder,
39 including epilepsy; intractable skeletal muscular spasticity; post-
40 traumatic stress disorder; glaucoma; positive status for human
41 immunodeficiency virus; acquired immune deficiency syndrome;
42 cancer; amyotrophic lateral sclerosis; multiple sclerosis; muscular
43 dystrophy; inflammatory bowel disease, including Crohn's disease;
44 terminal illness, if the patient has a prognosis of less than 12
45 months of life; anxiety; migraine; Tourette's syndrome;
46 dysmenorrhea; chronic pain; opioid use disorder; or any other
47 medical condition or its treatment that is approved by the
48 commission.

1 "Qualifying patient" or "patient" means a resident of the State
2 who has been authorized for the medical use of cannabis by a health
3 care practitioner.

4 "Registration with the commission" means a person has met the
5 qualification requirements for, and has been registered by the
6 commission as, a registered qualifying patient, designated
7 caregiver, or institutional caregiver. The commission shall establish
8 appropriate means for health care practitioners, health care
9 facilities, medical cannabis dispensaries, law enforcement, schools,
10 facilities providing behavioral health services or services for
11 persons with developmental disabilities, and other appropriate
12 entities to verify an individual's status as a registrant with the
13 commission.

14 "Significantly involved person" means a person or entity who
15 holds at least a five percent investment interest in an entity issued,
16 or applying for a permit to operate as, a medical cannabis cultivator,
17 medical cannabis manufacturer, medical cannabis dispensary, or
18 clinical registrant, or who is a decision making member of a group
19 that holds at least a 20 percent investment interest in an entity
20 issued, or applying for a permit to operate as, a medical cannabis
21 cultivator, medical cannabis manufacturer, medical cannabis
22 dispensary, or clinical registrant, in which no member of that group
23 holds more than a five percent interest in the total group investment
24 interest, and the person or entity makes controlling decisions
25 regarding the operations of the entity issued, or applying for a
26 permit to operate as, a medical cannabis cultivator, medical
27 cannabis manufacturer, medical cannabis dispensary, or clinical
28 registrant.

29 "Terminally ill" means having an illness or condition with a
30 prognosis of less than 12 months of life.

31 "Usable cannabis" means the dried leaves and flowers of
32 cannabis, and any mixture or preparation thereof, and does not
33 include the seeds, stems, stalks, or roots of the plant.

34 (cf: P.L.2019, c.153, s.3)

35

36 5. Section 31 of P.L.2019, c.153 (C.24:6I-24) is amended to
37 read as follows:

38 31. a. The Cannabis Regulatory Commission is hereby created in,
39 but not of, the Department of the Treasury, to :

40 (1) assume all powers, duties, and responsibilities with regard to
41 the regulation and oversight of activities authorized pursuant to
42 P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of Health for
43 the further development, expansion, regulation, and enforcement of
44 activities associated with the medical use of cannabis pursuant to
45 P.L.2009, c.307 (C.24:6I-1 et al.). All powers, duties, and
46 responsibilities with regard to the regulation and oversight of activities
47 authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) shall be
48 transferred from the Department of Health to the Cannabis Regulatory

1 Commission at such time as the members of the commission are
2 appointed as provided in subsection b. of this section and the
3 commission first organizes. Thereafter, any reference to the
4 Department of Health or the Commissioner of Health in any statute or
5 regulation pertaining to the provisions of P.L.2009, c.307 (C.24:6I-1 et
6 al.) shall be deemed to refer to the Cannabis Regulatory Commission.
7 The provisions of this **[subsection]** paragraph shall be carried out in
8 accordance with the "State Agency Transfer Act," P.L.1971, c.375
9 (C.52:14D-1 et seq.); and

10 (2) oversee the development, regulation, and enforcement of
11 activities associated with the personal use of cannabis pursuant to
12 P.L. , c. (C.) (pending before the Legislature as this bill).

13 b. (1) The commission shall consist of five members, one of
14 whom shall be designated by the Governor as the chair, and one of
15 whom shall be designated the vice-chair in accordance with the
16 appointment process set forth in paragraph (7) of this subsection.

17 (2) The members of the commission shall be appointed by the
18 Governor as follows:

19 (a) One member shall be appointed upon recommendation of the
20 Senate President;

21 (b) One member shall be appointed upon recommendation of the
22 Speaker of the General Assembly;

23 (c) Three members, including the chair, shall be appointed without
24 any needed recommendation.

25 (3) Initial appointments of commission members pursuant to
26 paragraph (2) of this subsection shall not require the advice and
27 consent of the Senate. Subsequent appointments made pursuant to
28 subparagraph (c) of paragraph (2) of this subsection, including
29 reappointments of members initially appointed, shall be made with the
30 advice and consent of the Senate. Subsequent appointments made
31 pursuant to subparagraphs (a) and (b) of paragraph (2) of this
32 subsection shall be made in the same manner as the original
33 appointment.

34 (4) All five members shall be residents of this State. At least one
35 member shall be a State representative of a national organization or
36 State branch of a national organization with a stated mission of
37 studying, advocating, or adjudicating against minority historical
38 oppression, past and present discrimination, unemployment, poverty
39 and income inequality, and other forms of social injustice or
40 inequality, and all five members shall possess education, training, or
41 experience with legal, policy, or criminal justice issues, corporate or
42 industry management, finance, securities, or production or distribution,
43 medicine or pharmacology, or public health, mental health, or
44 substance use disorders.

45 (5) The chair and the other members shall serve for terms of five
46 years; provided that, for the two other members initially appointed by
47 the Governor without any needed recommendation, one shall be
48 appointed for a term of four years, and one shall be appointed for a

1 term of three years. The chair and the other members shall serve in
2 their respective capacities throughout their entire term and until their
3 successors shall have been duly appointed and qualified. Any vacancy
4 in the commission occurring for any reason other than the expiration
5 of a term, including a vacancy occurring during the term of the initial
6 chair or another initial member, shall be filled in accordance with the
7 requirements for subsequent appointments set forth in paragraph (3) of
8 this subsection for the remainder of the unexpired term only.

9 (6) The chair and other members of the commission shall devote
10 full time to their respective duties of office and shall not pursue or
11 engage in any other business, occupation, or gainful employment.
12 Each member shall receive an annual salary to be fixed and established
13 by the Governor, which for the chair shall not exceed \$141,000, and
14 for the other members shall not exceed \$125,000.

15 (7) The members of the commission, at the commission's first
16 meeting when called by the chair, shall elect, by a majority of the total
17 authorized membership of the commission, one of the members who is
18 appointed based upon the recommendation of the Senate President or
19 Speaker of the General Assembly as set forth in paragraph (2) of this
20 subsection to serve as vice-chair during that member's term. A new
21 vice-chair shall be elected upon the expiration of the current vice-
22 chair's term, even if that member remains on the commission until that
23 member's successor is duly appointed and qualified. The vice-chair
24 shall be empowered to carry out all of the responsibilities of the chair
25 during the chair's absence, disqualification, or inability to serve.

26 (8) A majority of the total authorized membership of the
27 commission shall be required to establish a quorum, and a majority of
28 the total authorized membership of the commission shall be required to
29 exercise its powers at any meeting thereof. However, only if all five
30 commissioners have been duly appointed in accordance with the
31 appointment process set forth in paragraph (2) of this subsection, and
32 five appointed commissioners are present at a meeting, may a majority
33 of the total authorized membership act to assume the powers, duties,
34 and responsibilities with regard to the regulation and oversight of
35 activities authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.)
36 from the Department of Health; and similarly, only if all five
37 appointed commissioners are present at a meeting, may a majority of
38 the total authorized membership act to adopt the commission's initial
39 rules and regulations concerning personal use cannabis pursuant to
40 subparagraph (a) of paragraph (1) of subsection d. of section 6 of
41 P.L. , c. (C.) (pending before the Legislature as this bill), by
42 which the licensing of cannabis establishments, and the lawfully
43 permitted licensing activities of those establishments, may begin.

44 (9) The commission shall adopt annually a schedule of regular
45 meetings, and special meetings may be held at the call of the chair.

46 (10) Any member of the commission may be removed from office
47 by the Governor, for cause, upon notice and opportunity to be heard at

1 a public hearing. Any member of the commission shall automatically
2 forfeit the member's office upon conviction for any crime.

3 c. (1) The commission **【may】** shall establish, and from time to
4 time alter, a plan of organization, and employ personnel as it deems
5 necessary under the direct supervision of a full-time executive director
6 for the commission. The plan of organization shall include the Office
7 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
8 Business Development established by section 32 of P.L.2019, c.153
9 (C.24:6I-25).

10 (a) The initial executive director shall be appointed by the
11 Governor, and thereafter every subsequent executive director shall be
12 appointed by the Governor with the advice and consent of the Senate.
13 The executive director shall serve at the pleasure of the appointing
14 Governor during the Governor's term of office and until a successor
15 has been duly appointed and qualified. Any vacancy in the office
16 occurring for any reason other than the expiration of a term, including
17 a vacancy occurring during the term of the initial executive director,
18 shall be filled for the unexpired term only in the same manner as the
19 appointment of any subsequent executive director as set forth herein.
20 The executive director shall receive an annual salary to be fixed and
21 established by the Governor, which shall not exceed \$141,000.

22 (b) (i) All employees of the commission under the direct
23 supervision of the executive director, except for secretarial and clerical
24 personnel, shall be in the State's unclassified service. All employees
25 shall be deemed confidential employees for the purposes of the "New
26 Jersey Employer-Employee Relations Act," P.L.1941, c.100
27 (C.34:13A-1 et seq.).

28 (ii) If, as a result of transferring powers, duties, and responsibilities
29 with regard to the regulation and oversight of activities authorized
30 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) from the Department of
31 Health to the commission pursuant to subsection a. of this section, the
32 commission needs to employ an individual to fill a position,
33 employees of the department who performed the duties of the position
34 to be filled shall be given a one-time right of first refusal offer of
35 employment with the commission, and such employees may be
36 removed by the commission for cause or if deemed unqualified to hold
37 the position, notwithstanding any other provision of law to the
38 contrary. A department employee who becomes employed by the
39 commission shall retain as an employee of the commission the
40 seniority, and all rights related to seniority, that the employee had with
41 the department as of the last day of employment with the department;
42 provided, however, that such seniority and seniority rights shall be
43 retained only by an employee who was transferred from employment
44 with the department to employment with the commission, and shall not
45 be retained by an employee who was removed from employment with
46 the department due to layoff procedures or who resigned from a
47 position with the department prior to being hired by the commission.

1 (2) The commission may sue and be sued in any court, employ
2 legal counsel to represent the commission in any proceeding to which
3 it is a party and render legal advice to the commission upon its request,
4 as well as contract for the services of other professional, technical, and
5 operational personnel and consultants as may be necessary to the
6 performance of its responsibilities.

7 (3) The commission may incur additional expenses within the
8 limits of funds available to it in order to carry out its duties, functions,
9 and powers under P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. _____,
10 c. (C. _____) (pending before the Legislature as this bill).

11 d. With respect to the activities of the commission, neither the
12 President of the Senate or the Speaker of the General Assembly shall
13 be permitted to appear or practice or act in any capacity whatsoever
14 before the commission regarding any matter whatsoever, nor shall any
15 member of the immediate family of the Governor, President of the
16 Senate, or Speaker of the General Assembly be permitted to so
17 practice or appear in any capacity whatsoever before the commission
18 regarding any matter whatsoever. As used in this subsection,
19 "immediate family" means the spouse, domestic partner, or civil union
20 partner, and any dependent child or stepchild, recognized by blood or
21 by law, of the Governor, President of the Senate, or Speaker of the
22 General Assembly, or of the spouse, domestic partner, or civil union
23 partner residing in the same household as the Governor, President of
24 the Senate, or Speaker of the General Assembly.

25 e. The commission may designate its powers and authority as it
26 deems necessary and appropriate to carry out its duties and implement
27 the provisions of P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. _____,
28 c. (C. _____) (pending before the Legislature as this bill).

29 f. The commission shall, no later than three years after the date it
30 first organizes, contract with a public research university, as defined in
31 section 3 of P.L.1994, c.48 (C.18A:3B-3), to conduct an independent
32 study to review:

33 (1) the commission's organization;

34 (2) the commission's regulation and enforcement activities;

35 (3) the overall effectiveness of the commission as a full time
36 entity; and

37 (4) whether the regulation and oversight of medical cannabis or
38 personal use cannabis could be more effectively and efficiently
39 managed through a reorganization of the commission, consolidation of
40 the commission within the Department of Health or another Executive
41 Branch department, conversion to a part-time commission, or the
42 transfer of some or all of the commission's operations elsewhere
43 within the Executive Branch.

44 The commission shall submit the findings of the independent
45 study, along with the commission's recommendations for appropriate
46 executive, administrative, or legislative action, to the Governor and,

1 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
2 Legislature.

3 (cf:P.L.2019, c.153, s.31)

4

5 6. (New section) Commission Activities Associated with the
6 Personal Use of Cannabis:

7 a. The Cannabis Regulatory Commission shall have all powers
8 necessary or proper to enable it to carry out the commission's
9 duties, functions, and powers under P.L. , c. (C.) (pending
10 before the Legislature as this bill). The jurisdiction, supervision,
11 duties, functions, and powers of the commission extend to any
12 person who buys, sells, produces, processes, transports, or delivers
13 any cannabis items within this State.

14 b. The duties, functions and powers of the commission shall
15 include the following:

16 (1) To regulate the purchase, sale, production, processing,
17 transportation, and delivery of cannabis items in accordance with
18 the provisions of P.L. , c. (C.) (pending before the Legislature as
19 this bill);

20 (2) To grant, refuse, suspend, revoke, cancel, or take actions
21 otherwise limiting licenses or conditional licenses for the sale,
22 processing, or production of cannabis items, or other licenses in
23 regard to cannabis items, and to permit, in the commission's
24 discretion, the transfer of a license between persons;

25 (3) To investigate and aid in the prosecution of every violation
26 of the statutory laws of this State relating to cannabis items and to
27 cooperate in the prosecution of offenders before any State court of
28 competent jurisdiction;

29 (4) To adopt, amend, or repeal regulations as necessary to carry
30 out the intent and provisions of P.L. , c. (C.) (pending before
31 the Legislature as this bill);

32 (5) To exercise all powers incidental, convenient, or necessary
33 to enable the commission to administer or carry out the provisions
34 of P.L. , c. (C.) (pending before the Legislature as this bill), or
35 any other law of this State that charges the commission with a duty,
36 function, or power related to personal use cannabis. Powers
37 described in this paragraph include, but are not limited to:

38 (a) Issuing subpoenas;

39 (b) Compelling attendance of witnesses;

40 (c) Administering oaths;

41 (d) Certifying official acts;

42 (e) Taking depositions as provided by law;

43 (f) Compelling the production of books, payrolls, accounts,
44 papers, records, documents, and testimony; and

45 (g) Establishing fees in addition to the application, licensing,
46 and renewal fees, provided that any fee established by the
47 commission is reasonably calculated not to exceed the cost of the
48 activity for which the fee is charged;

1 (6) To adopt rules regulating and prohibiting the advertising of
2 cannabis items in a manner that is appealing to minors; that
3 promotes excessive use; that promotes illegal activity; or that
4 otherwise presents a significant risk to public health and safety; and

5 (7) To regulate the use of cannabis items for scientific,
6 pharmaceutical, manufacturing, mechanical, industrial, and other
7 purposes.

8 c. The powers of the commission further include the power to
9 purchase, seize, possess, and dispose of cannabis items. The
10 commission may purchase, possess, seize, or dispose of cannabis
11 items as is necessary to ensure compliance with and enforcement of
12 the provisions of P.L. , c. (C.) (pending before the Legislature
13 as this bill), and any rule adopted pursuant thereto. Any State
14 officer, board, commission, corporation, institution, department, or
15 other State body, and any local officer, board, commission,
16 institution, department, or other local government body, that is
17 permitted by the statutory laws of this State to perform a duty,
18 function, or power with respect to a cannabis item, may purchase,
19 possess, seize, or dispose of the cannabis item as the State officer,
20 board, commission, corporation, institution, department or other
21 State body, or the local officer, board, commission, institution,
22 department, or other local government body, considers necessary to
23 ensure compliance with and enforce the applicable statutory law or
24 any rule adopted under the applicable statutory law.

25 d. (1) (a) Within 180 days after the effective date of this
26 section, which takes effect immediately upon enactment of P.L. ,
27 c. (C.) (pending before the Legislature as this bill), or within
28 45 days of all five members of the commission being duly
29 appointed in accordance with the appointment process set forth in
30 paragraph (2) of subsection b. of section 31 of P.L.2019, c.153
31 (C.24:6I-24), whichever date is later, and notwithstanding the
32 provisions of the “Administrative Procedure Act,” P.L.1968, c.410
33 (C.52:14B-1 et seq.), to the contrary, the commission, after
34 consultation with the Attorney General, State Treasurer,
35 Commissioner of Health, and Commissioner of Banking and
36 Insurance, shall, immediately upon filing proper notice with the
37 Office of Administrative Law, adopt rules and regulations prepared
38 by the commission necessary or proper to enable it to carry out the
39 commission’s duties, functions, and powers with respect to
40 overseeing the development, regulation, and enforcement of
41 activities associated with the personal use of cannabis pursuant to
42 P.L. , c. (C.).

43 (b) The initial rules and regulations adopted pursuant to
44 subparagraph (a) of this paragraph shall be in effect for a period not
45 to exceed one year after the date of filing with the Office of
46 Administrative Law. These rules and regulations shall thereafter be
47 adopted, amended, or readopted, and any subsequent rules and
48 regulations adopted, amended, or readopted, by the commission in

1 accordance with the requirements of the “Administrative Procedure
2 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), after consultation with
3 other department heads, as the commission deems appropriate.

4 (2) On the date of adoption of the initial rules and regulations
5 pursuant to subparagraph (a) of paragraph (1) of this subsection, the
6 provisions of P.L. , c. (C.) (pending before the Legislature
7 as this bill) shall become operative, other than those provisions
8 which were operative immediately upon enactment. Subsequent to
9 the date of adoption of the initial rules and regulations, the
10 commission shall determine the first date thereafter on which
11 cannabis retailers issued licenses and conditional licenses may
12 begin retail sales of personal use cannabis items, which latter date
13 shall not be more than 180 days after the commission’s adoption of
14 its initial rules and regulations. The commission shall provide
15 every person or entity issued licenses or conditional licenses by the
16 commission with at least 30 days’ notice of this date, and shall also
17 provide the 30-day notice to every alternative treatment center
18 deemed to be licensed for personal use cannabis activities pursuant
19 to section 7 of P.L.2009, c.307 (C.24:6I-7), as amended by P.L. ,
20 c. (C.) (pending before the Legislature as this bill), whether or
21 not already engaged in retail sales of personal use cannabis items as
22 permitted prior to the retail sales date established pursuant to this
23 paragraph, as set forth in paragraph (3) of subsection a. of section
24 33 of P.L. , c. (C.) (pending before the Legislature as this
25 bill).

26

27 7. Section 14 of P.L.2009, c.307 (C.24:6I-12) is amended to read
28 as follows:

29 14. a. The commissioner, or after the effective **[date]** dates of
30 P.L.2019, c.153 (C.24:6I-5.1 et al.) and P.L. , c. (C.)
31 (pending before the Legislature as this bill), the commission, shall
32 report to the Governor, and to the Legislature pursuant to section 2
33 of P.L.1991, c.164 (C.52:14-19.1):

34 (1) no later than one year after the effective date of P.L.2009,
35 c.307 (C.24:6I-1 et al.), on the actions taken to implement the
36 provisions of P.L.2009, c.307 (C.24:6I-1 et al.); and

37 (2) annually thereafter on the number of applications for
38 registration with the commission, the number of qualifying patients
39 registered, the number of designated and institutional caregivers
40 registered, the nature of the qualifying medical conditions of the
41 patients, the number of registrations revoked, the number of
42 medical cannabis cultivator, medical cannabis manufacturer, and
43 medical cannabis dispensary permits issued and revoked, the
44 number and type of integrated curricula approved, established, and
45 maintained in connection with an IC permit, the number of testing
46 laboratories licensed, the number of clinical registrant permits
47 issued and the nature of the clinical research conducted by each

1 clinical registrant, any incidents of diversion of medical cannabis,
2 information concerning racial, ethnic, disabled veteran, and gender
3 diversity in the individuals issued and currently holding permits
4 issued by the commission, the number of permit applications
5 received from businesses owned by minorities, disabled veterans,
6 and women and the number of such applications that were
7 approved, the business development initiatives undertaken by the
8 Office of Minority, Disabled Veterans, and Women **【Medical】**
9 Cannabis Business Development pursuant to section 32 of
10 P.L.2019, c.153 (C.24:6I-25) and the outcomes or effects of those
11 initiatives, statistics concerning arrests for drug offenses throughout
12 the State and in areas where medical cannabis dispensaries are
13 located, including information concerning racial disparities in arrest
14 rates for drug offenses generally and cannabis offenses in particular,
15 the number of motor vehicle stops by law enforcement involving
16 violations of R.S.39:4-50, or section 5 of P.L.1990, c.103 (C.39:3-
17 10.13) concerning operators of commercial motor vehicles, for
18 driving under the influence of medical cannabis, or suspicion
19 thereof, cataloged by the jurisdictions in which the stop occurred,
20 and the race, ethnicity, gender, and age of the vehicle driver and
21 any other vehicle occupants, the number of deliveries of medical
22 cannabis performed and the percentage of total medical cannabis
23 dispensations that were completed by delivery, and the number of
24 health care practitioners authorizing patients for the medical use of
25 cannabis, including the types of license or certification held by
26 those practitioners; and

27 (3) beginning no later than one year after the effective date of
28 P.L. , c. (C.) (pending before the Legislature as this bill), and
29 annually thereafter in the same report concerning information on
30 medical cannabis activities or a separate report, information on:

31 (a) the number of civil penalty citations or arrests or charges for
32 manufacturing, distributing, or possessing or having under control
33 with the intent to distribute marijuana or hashish in violation of
34 paragraph (12) of subsection b. of N.J.S.2C:35-5, or for obtaining
35 or possessing marijuana or hashish in violation of paragraph (4) of
36 subsection a. of N.J.S.2C:35-10, cataloged by the jurisdictions in
37 which the acts resulting in the citations, arrests, or charges occurred,
38 and the race, ethnicity, gender, and age of the persons cited, arrested,
39 or charged;

40 (b) the number of motor vehicle stops by law enforcement
41 involving violations of R.S.39:4-50, or section 5 of P.L.1990, c.103
42 (C.39:3-10.13) concerning operators of commercial motor vehicles,
43 for driving under the influence of personal use cannabis or
44 marijuana, or suspicion thereof, cataloged by the jurisdictions in
45 which the stop occurred, and the race, ethnicity, gender, and age of
46 the vehicle driver and any other vehicle occupants;

1 (c) the total number of personal use cannabis licenses issued
2 since the distribution of the previous report to the Governor and
3 Legislature, as well as the number for each class of license issued,
4 and the total number and type of applicants that submitted
5 applications for licenses and whether they were approved,
6 reapproved, or denied; and

7 (d) the data compiled by the Office of Minority, Disabled
8 Veterans, and Women Cannabis Business Development pursuant to
9 section 32 of P.L.2019, c.153 (C.24:6I-25) about participation in the
10 lawful operation of cannabis establishments by persons from
11 socially and economically disadvantaged communities, including
12 minority, disabled veterans', and women's business licensing and
13 business development in the personal use cannabis marketplace, and
14 the data shall include the office's analysis of the total number of
15 licenses applied for and issued since the distribution of the previous
16 report to the Governor and Legislature compared with the total
17 number of minority businesses and women's businesses, as these
18 terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18),
19 and disabled veterans' businesses, as defined in section 2 of P.L.2015,
20 c.116 (C.52:32-31.2), that submitted applications for licenses and
21 whether they were approved, reapproved, or denied.

22 b. The reports shall not contain any identifying information of
23 patients, caregivers, or health care practitioners.

24 c. (1) Within two years after the effective date of P.L.2009,
25 c.307 (C.24:6I-1 et al.) and every two years thereafter, the
26 commissioner or, after the effective date of P.L.2019, c.153
27 (C.24:6I-5.1 et al.), the commission, shall: evaluate whether there
28 are sufficient numbers of medical cannabis cultivators, medical
29 cannabis manufacturers, medical cannabis dispensaries, and clinical
30 registrants to meet the needs of registered qualifying patients
31 throughout the State; evaluate whether the maximum amount of
32 medical cannabis allowed pursuant to P.L.2009, c.307 (C.24:6I-1 et
33 al.) is sufficient to meet the medical needs of qualifying patients;
34 and determine whether any medical cannabis cultivator, medical
35 cannabis manufacturer, medical cannabis dispensary, or clinical
36 registrant has charged excessive prices in connection with medical
37 cannabis.

38 The commissioner or, after the effective date of P.L.2019, c.153
39 (C.24:6I-5.1 et al.), the commission, shall report all such findings
40 no later than two years after the effective date of P.L.2009, c.307
41 (C.24:6I-1 et al.), and every two years thereafter, to the Governor,
42 and to the Legislature pursuant to section 2 of P.L.1991, c.164
43 (C.52:14-19.1).

44 (2) The commission, beginning no later than one year after the
45 effective date of P.L. _____, c. _____ (C. _____) (pending before the
46 Legislature as this bill), may also include in its reports information
47 concerning its periodic evaluation of whether the existing numbers

1 of cannabis growers, cannabis processors, cannabis wholesalers,
2 cannabis distributors, cannabis retailers, and cannabis delivery
3 services are sufficient to meet the personal use cannabis market
4 demands of the State, and actions the commission may take to issue
5 additional cannabis licenses as authorized by paragraph (1) of
6 subsection a. of section 18 of P.L. , c. (C.) (pending before
7 the Legislature as this bill), or if there is an oversupply of licenses,
8 as well as information about any increase in the rates of use of
9 marijuana and cannabis by persons under 21 years of age.
10 (cf: P.L.2019, c.153, s.20)

11

12 8. Section 33 of P.L.2019, c.153 (C.24:6I-26) is amended to read
13 as follows:

14 33. a. No person shall be appointed to or employed by the
15 commission if, during the period commencing three years prior to
16 appointment or employment, the person held any direct or indirect
17 interest in, or any employment by, any holder of, or applicant for, a
18 medical cannabis cultivator, medical cannabis manufacturer,
19 medical cannabis dispensary, or clinical registrant permit pursuant
20 to P.L.2009, c.307 (C.24:6I-1 et al.) or otherwise employs any
21 certified medical cannabis handler to perform transfers or deliveries
22 of medical cannabis , or a cannabis grower, cannabis processor,
23 cannabis wholesaler, cannabis distributor, cannabis retailer, or
24 cannabis delivery service, or an entity that employs or uses a
25 certified personal use cannabis handler to perform work for or on
26 behalf of a licensed cannabis establishment, distributor, or delivery
27 service; provided, however, that notwithstanding any other
28 provision of law to the contrary, any such person may be appointed
29 to or employed by the commission if the person's prior interest in
30 any such permit holder, license holder, entity, or applicant would
31 not, in the opinion of the commission, interfere with the objective
32 discharge of the person's obligations of appointment or
33 employment, but in no instance shall any person be appointed to or
34 employed by the commission if the person's prior interest in such
35 permit holder, license holder, entity, or applicant constituted a
36 controlling interest in that permit holder, license holder, entity, or
37 applicant; and provided further, however, that notwithstanding any
38 other provision of law to the contrary, any such person may be
39 employed by the commission in a secretarial or clerical position if,
40 in the opinion of the commission, the person's previous
41 employment by, or interest in, any permit holder, license holder,
42 entity, or applicant would not interfere with the objective discharge
43 of the person's employment obligations.

44 b. Prior to appointment or employment, each member of the
45 commission and each employee of the commission shall swear or
46 affirm that the member or employee, as applicable, possesses no

1 interest in any business or organization issued a medical cannabis
2 cultivator, medical cannabis manufacturer, medical cannabis
3 dispensary, or clinical registrant permit, or cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service license by the
6 commission, or in any entity that employs or uses a certified
7 personal use cannabis handler to perform work for or on behalf of a
8 licensed cannabis establishment, distributor, or delivery service.

9 c. (1) Each member of the commission shall file with the State
10 Ethics Commission a financial disclosure statement listing all assets
11 and liabilities, property and business interests, and sources of
12 income of the member and the member's spouse, domestic partner,
13 or partner in a civil union couple, as the case may be, and shall also
14 provide to the State Ethics Commission in the same financial
15 disclosure statement a list of all assets and liabilities, property and
16 business interests, and sources of income of each dependent child or
17 stepchild, recognized by blood or by law, of the member, or of the
18 spouse, domestic partner, or partner in a civil union couple residing
19 in the same household as the member. Each statement shall be
20 under oath and shall be filed at the time of appointment and
21 annually thereafter.

22 (2) Each employee of the commission, except for secretarial and
23 clerical personnel, shall file with the State Ethics Commission a
24 financial disclosure statement listing all assets and liabilities,
25 property and business interests, and sources of income of the
26 employee and the employee's spouse, domestic partner, or partner in
27 a civil union couple, as the case may be. Such statement shall be
28 under oath and shall be filed at the time of employment and
29 annually thereafter. Notwithstanding the provisions of subsection
30 (n) of section 10 of P.L.1971, c.182 (C.52:13D-21), only financial
31 disclosure statements filed by a commission employee who is in a
32 policy-making management position shall be posted on the Internet
33 website of the State Ethics Commission.

34 (cf: P.L.2019, c.153, s.33)

35

36 9. Section 34 of P.L.2019, c.153 (C.24:6I-27) is amended to read
37 as follows:

38 34. a. The "New Jersey Conflicts of Interest Law," P.L.1971,
39 c.182 (C.52:13D-12 et seq.) shall apply to members of the
40 commission and to all employees of the commission, except as
41 herein specifically provided.

42 b. (1) The commission shall promulgate and maintain a Code of
43 Ethics that is modeled upon the Code of Judicial Conduct of the
44 American Bar Association, as amended and adopted by the Supreme
45 Court of New Jersey.

1 (2) The Code of Ethics promulgated and maintained by the
2 commission shall not be in conflict with the laws of this State,
3 except, however, that the Code of Ethics may be more restrictive
4 than any law of this State.

5 c. The Code of Ethics promulgated and maintained by the
6 commission, and any amendments or restatements thereof, shall be
7 submitted to the State Ethics Commission for approval. The
8 **【Codes】** Code of Ethics shall include, but not be limited to,
9 provisions that:

10 (1) No commission member or employee shall be permitted to
11 enter and engage in any activities, nor have any interest, directly or
12 indirectly, in any medical cannabis cultivator, medical cannabis
13 manufacturer, medical cannabis dispensary, or clinical registrant
14 issued a permit by the commission in accordance with P.L.2009,
15 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
16 medical cannabis handler to perform transfers or deliveries of
17 medical cannabis, or any cannabis grower, cannabis processor,
18 cannabis wholesaler, cannabis distributor, cannabis retailer, or
19 cannabis delivery service issued a license by the commission in
20 accordance with P.L. , c. (C.) (pending before the
21 Legislature as this bill) or any entity that employs or uses a certified
22 personal use cannabis handler to perform work for or on behalf of a
23 licensed cannabis establishment, distributor, or delivery service,
24 except in the course of the member's or employee's duties;
25 provided that nothing in this paragraph shall be construed to
26 prohibit a member or employee who is a registered qualifying
27 patient, or who is serving as a designated caregiver or institutional
28 caregiver for a registered qualifying patient, from being dispensed
29 medical cannabis consistent with the requirements of P.L.2009,
30 c.307 (C.24:6I-1 et al.).

31 (2) No commission member or employee shall solicit or accept
32 employment from any holder of, or applicant for, a medical
33 cannabis cultivator, medical cannabis manufacturer, medical
34 cannabis dispensary, or clinical registrant permit or any entity that
35 employs any certified medical cannabis handler to perform transfers
36 or deliveries of medical cannabis, or any cannabis grower, cannabis
37 processor, cannabis wholesaler, cannabis distributor, cannabis
38 retailer, or cannabis delivery service issued a license by the
39 commission in accordance with P.L. , c. (C.) (pending
40 before the Legislature as this bill) or any entity that employs or uses
41 a certified personal use cannabis handler to perform work for or on
42 behalf of a licensed cannabis establishment, distributor, or delivery
43 service, for a period of two years after termination of service with
44 the commission, except as otherwise provided in section 35 of
45 P.L.2019, c.153 (C.24:6I-28).

1 (3) No commission member or employee shall act in the
2 member's or employee's official capacity in any matter wherein the
3 member, employee, or the member's or employee's spouse,
4 domestic partner, or partner in a civil union couple, or child, parent,
5 or sibling has a direct or indirect personal financial interest that
6 might reasonably be expected to impair the member's or
7 employee's objectivity or independence of judgment.

8 (4) No commission member or employee shall act in the
9 member's or employee's official capacity in a matter concerning
10 any holder of, or applicant for, a medical cannabis cultivator,
11 medical cannabis manufacturer, medical cannabis dispensary, or
12 clinical registrant permit or any entity that employs any certified
13 medical cannabis handler to perform transfers or deliveries of
14 medical cannabis, or a cannabis grower, cannabis processor,
15 cannabis wholesaler, cannabis distributor, cannabis retailer license,
16 or cannabis delivery service or any entity that employs or uses a
17 certified personal use cannabis handler to perform work for or on
18 behalf of a licensed cannabis establishment, distributor, or delivery
19 service, who is the employer of a spouse, domestic partner, or
20 partner in a civil union couple, or child, parent, or sibling of the
21 commission member or employee when the fact of the employment
22 of the spouse, domestic partner, or partner in a civil union couple,
23 or child, parent, or sibling might reasonably be expected to impair
24 the objectivity and independence of judgment of the commission
25 member or employee.

26 (5) No spouse, domestic partner, or partner in a civil union
27 couple, or child, parent, or sibling of a commission member shall be
28 employed in any capacity by any holder of, or applicant for, a
29 medical cannabis cultivator, medical cannabis manufacturer,
30 medical cannabis dispensary, or clinical registrant permit, or any
31 entity that employs any certified medical cannabis handler to
32 perform transfers or deliveries of medical cannabis, or a cannabis
33 grower, cannabis processor, cannabis wholesaler, cannabis
34 distributor, cannabis retailer, or cannabis delivery service license or
35 any entity that employs or uses a certified personal use cannabis
36 handler to perform work for or on behalf of a licensed cannabis
37 establishment, distributor, or delivery service, nor by any holding,
38 intermediary, or subsidiary company thereof.

39 (6) No commission member shall meet with any person, except
40 for any other member of the commission or employee of the
41 commission, or discuss any issues involving any pending or
42 proposed application or any matter whatsoever which may
43 reasonably be expected to come before the commission, or any
44 member thereof, for determination unless the meeting or discussion
45 takes place on the business premises of the commission, provided,
46 however, that commission members may meet to consider matters

1 requiring the physical inspection of equipment or premises at the
2 location of the equipment or premises. All meetings or discussions
3 subject to this paragraph shall be noted in a log maintained for this
4 purpose and available for inspection pursuant to the provisions of
5 P.L.1963, c.73 (C.47:1A-1 et seq.).

6 d. No commission member or employee shall have any interest,
7 direct or indirect, in any holder of, or applicant for, a medical
8 cannabis cultivator, medical cannabis manufacturer, medical
9 cannabis dispensary, or clinical registrant permit or **[in]** any entity
10 that employs any certified medical cannabis handler to perform
11 transfers or deliveries of medical cannabis, or a cannabis grower,
12 cannabis processor, cannabis wholesaler, cannabis distributor,
13 cannabis retailer, or cannabis delivery service license or any entity
14 that employs or uses a certified personal use cannabis handler to
15 perform work for or on behalf of a licensed cannabis establishment,
16 distributor, or delivery service, during the member's term of office
17 or employee's term of employment.

18 e. Each commission member and employee shall devote the
19 member's or employee's entire time and attention to the member's
20 or employee's duties, as applicable, and shall not pursue any other
21 business or occupation or other gainful employment; provided,
22 however, that secretarial and clerical personnel may engage in such
23 other gainful employment as shall not interfere with their duties to
24 the commission, unless otherwise directed; and provided further,
25 however, that other employees of the commission may engage in
26 such other gainful employment as shall not interfere or be in
27 conflict with their duties to the commission **[or division,]** upon
28 approval by the commission **[, as the case may be].**

29 f. (1) A member of the commission and the executive director or
30 any other employee of the commission holding a supervisory or
31 policy-making management position shall not make any
32 contribution as that term is defined in "The New Jersey Campaign
33 Contributions and Expenditures Reporting Act," P.L.1973, c.83
34 (C.19:44A-1 et seq.).

35 (2) A member or employee of the commission shall not:

36 (a) use the member's or employee's official authority or
37 influence for the purpose of interfering with or affecting the result
38 of an election or a nomination for office;

39 (b) directly or indirectly coerce, attempt to coerce, command, or
40 advise any person to pay, lend, or contribute anything of value to a
41 party, committee, organization, agency, or person for political
42 purposes; or

43 (c) take any active part in political campaigns or the
44 management thereof; provided, however, that nothing herein shall
45 prohibit a member or employee from voting as the member or

1 employee chooses or from expressing personal opinions on political
2 subjects and candidates.

3 g. For the purpose of applying the provisions of the “New
4 Jersey Conflicts of Interest Law,” any consultant or other person
5 under contract for services to the commission shall be deemed to be
6 a special State employee, except that the restrictions of section 4 of
7 P.L.1981, c.142 (C.52:13D-17.2) shall not apply to such person.
8 Such person and any corporation, firm, or partnership in which the
9 person has an interest or by which the person is employed shall not
10 represent any person or party other than the commission.

11 (cf: P.L.2019, c.153, s.34)

12

13 10. Section 35 of P.L.2019, c.153 (C.24:6I-28) is amended to read
14 as follows:

15 35. a. No member of the commission shall hold any direct or
16 indirect interest in, or be employed by, any holder of, or applicant
17 for, a medical cannabis cultivator, medical cannabis manufacturer,
18 medical cannabis dispensary, or clinical registrant permit issued
19 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or **[in]** any entity that
20 employs any certified medical cannabis handler to perform transfers
21 or deliveries of medical cannabis, or a cannabis grower, cannabis
22 processor, cannabis wholesaler, cannabis distributor, cannabis
23 retailer, or cannabis delivery service license issued pursuant to
24 P.L. , c. (C.) (pending before the Legislature as this bill) or
25 any entity that employs or uses a certified personal use cannabis
26 handler to perform work for or on behalf of a licensed cannabis
27 establishment, distributor, or delivery service, for a period of two
28 years commencing on the date that membership on the commission
29 terminates.

30 b. (1) No employee of the commission may acquire any direct or
31 indirect interest in, or accept employment with, any holder of, or
32 applicant for, a medical cannabis cultivator, medical cannabis
33 manufacturer, medical cannabis dispensary, or clinical registrant
34 permit or **[in]** any entity that employs any certified medical
35 cannabis handler to perform transfers or deliveries of medical
36 cannabis, or a cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, cannabis retailer, or cannabis
38 delivery service license or any entity that employs or uses a
39 certified personal use cannabis handler to perform work for or on
40 behalf of a licensed cannabis establishment, distributor, or delivery
41 service, for a period of two years commencing at the termination of
42 employment with the commission, except that a secretarial or
43 clerical employee of the commission may accept such employment
44 at any time after the termination of employment with the
45 commission. At the end of two years and for a period of two years
46 thereafter, a former employee who held a policy-making

1 management position at any time during the five years prior to
2 termination of employment may acquire an interest in, or accept
3 employment with, any holder of, or applicant for, a medical
4 cannabis cultivator, medical cannabis manufacturer, medical
5 cannabis dispensary, or clinical registrant permit or **[in]** any entity
6 that employs any certified medical cannabis handler to perform
7 transfers or deliveries of medical cannabis, or a cannabis grower,
8 cannabis processor, cannabis wholesaler, cannabis distributor,
9 cannabis retailer, or cannabis delivery service license or any entity
10 that employs or uses a certified personal use cannabis handler to
11 perform work for or on behalf of a licensed cannabis establishment,
12 distributor, or delivery service, upon application to, and the
13 approval of, the commission, upon a finding that the interest to be
14 acquired or the employment will not create the appearance of a
15 conflict of interest and does not evidence a conflict of interest in
16 fact.

17 (2) Notwithstanding the provisions of this subsection, if the
18 employment of a commission employee, other than an employee
19 who held a policy-making management position at any time during
20 the five years prior to termination of employment, is terminated as a
21 result of a reduction in the workforce at the commission, the
22 employee may, at any time prior to the end of the two-year period,
23 accept employment with any holder of, or applicant for, a medical
24 cannabis cultivator, medical cannabis manufacturer, medical
25 cannabis dispensary, or clinical registrant permit or any entity that
26 employs any certified medical cannabis handler to perform transfers
27 or deliveries of medical cannabis, or a cannabis grower, cannabis
28 processor, cannabis wholesaler, or cannabis retailer license or any
29 entity that employs or uses a certified personal use cannabis handler
30 to perform work for or on behalf of a licensed cannabis
31 establishment, upon application to, and the approval of, the
32 commission, upon a finding that the employment will not create the
33 appearance of a conflict of interest and does not evidence a conflict
34 of interest in fact. The commission shall take action on an
35 application within 30 days of receipt and an application may be
36 submitted to the commission prior to or after the commencement of
37 the employment.

38 c. No commission member or employee shall represent any
39 person or party other than the State before or against the
40 commission for a period of two years from the termination of office
41 or employment with the commission.

42 d. No partnership, firm, or corporation in which a former
43 commission member or employee has an interest, nor any partner,
44 officer, or employee of any such partnership, firm, or corporation

1 shall make any appearance or representation which is prohibited to
2 the former member or employee.

3 (cf: P.L.2019, c.153, s.35)

4

5 11. Section 36 of P.L.2019, c.153 (C.24:6I-29) is amended to read
6 as follows:

7 36. a. (1) No holder of, or applicant for, a medical cannabis
8 cultivator, medical cannabis manufacturer, medical cannabis
9 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
10 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
11 medical cannabis handler to perform transfers or deliveries of
12 medical cannabis, or a cannabis grower, cannabis processor,
13 cannabis wholesaler, cannabis distributor, cannabis retailer, or
14 cannabis delivery service license issued pursuant to P.L. _____,
15 c. (C. _____) (pending before the Legislature as this bill) or any
16 entity that employs or uses a certified personal use cannabis handler
17 to perform work for or on behalf of a licensed cannabis
18 establishment, distributor, or delivery service, shall employ or offer
19 to employ, or provide, transfer, or sell, or offer to provide, transfer,
20 or sell any interest, direct or indirect, in any medical cannabis
21 cultivator, medical cannabis manufacturer, medical cannabis
22 dispensary, or clinical registrant permit holder, or any cannabis
23 grower, cannabis processor, cannabis wholesaler, cannabis
24 distributor, cannabis retailer, or cannabis delivery service license
25 holder, to any person restricted from such transactions by the
26 provisions of sections 33 through 35 of P.L.2019, c.153 (C.24:6I-26
27 through C.24:6I-28).

28 (2) In addition to any civil penalty imposed pursuant to
29 subsection c. of this section, the commission may deny an
30 application, or revoke or suspend a permit holder's permit or
31 license holder's license, for committing a violation of this
32 subsection.

33 b. (1) A member or employee of the commission who makes or
34 causes to be made a political contribution prohibited under
35 subsection f. of section 34 of P.L.2019, c.153 (C.24:6I-27) is guilty
36 of a crime of the fourth degree, but notwithstanding the provisions
37 of subsection b. of N.J.S.2C:43-3, a fine not to exceed \$200,000
38 may be imposed.

39 (2) A member or employee of the commission who willfully
40 violates any other provisions in sections 33 through 35 of P.L.2019,
41 c.153 (C.24:6I-26 through C.24:6I-28) is guilty of a disorderly
42 persons offense.

43 c. The State Ethics Commission, established pursuant to the
44 "New Jersey Conflicts of Interest Law," P.L.1971, c.182
45 (C.52:13D-12 et seq.), shall enforce the provisions of sections 33
46 through 36 of P.L.2019, c.153 (C.24:6I-26 through C.24:6I-29), and

1 upon a finding of a violation, impose a civil penalty of not less than
2 \$500 nor more than \$10,000, which penalty may be collected in a
3 summary proceeding pursuant to the "Penalty Enforcement Law of
4 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). If a violation also
5 represents a crime or disorderly persons offense as set forth in
6 subsection b. of this section, the State Ethics Commission shall also
7 refer the matter to the Attorney General or appropriate county
8 prosecutor for further investigation and prosecution.

9 (cf: P.L.2019, c.153, s.36)

10
11 12. Section 2 of P.L.1971, c.182 (C.52:13D-13) is amended to
12 read as follows:

13 2. As used in this act, and unless a different meaning clearly
14 appears from the context, the following terms shall have the
15 following meanings:

16 a. "State agency" means any of the principal departments in the
17 Executive Branch of the State Government, and any division, board,
18 bureau, office, commission, or other instrumentality within or
19 created by such department, the Legislature of the State, and any
20 office, board, bureau, or commission within or created by the
21 Legislative Branch, and, to the extent consistent with law, any
22 interstate agency to which New Jersey is a party and any
23 independent State authority, commission, instrumentality, or
24 agency. A county or municipality shall not be deemed an agency or
25 instrumentality of the State.

26 b. "State officer or employee" means any person, other than a
27 special State officer or employee: (1) holding an office or
28 employment in a State agency, excluding an interstate agency, other
29 than a member of the Legislature; or (2) appointed as a New Jersey
30 member to an interstate agency.

31 c. "Member of the Legislature" means any person elected to
32 serve in the General Assembly or the Senate.

33 d. "Head of a State agency" means: (1) in the case of the
34 Executive Branch of government, except with respect to interstate
35 agencies, the department head or, if the agency is not assigned to a
36 department, the Governor; and (2) in the case of the Legislative
37 Branch, the chief presiding officer of each House of the Legislature.

38 e. "Special State officer or employee" means: (1) any person
39 holding an office or employment in a State agency, excluding an
40 interstate agency, for which office or employment no compensation
41 is authorized or provided by law, or no compensation other than a
42 sum in reimbursement of expenses, whether payable per diem or per
43 annum, is authorized or provided by law; (2) any person, not a
44 member of the Legislature, holding a part-time elective or
45 appointive office or employment in a State agency, excluding an
46 interstate agency; or (3) any person appointed as a New Jersey

1 member to an interstate agency the duties of which membership are
2 not full-time.

3 f. "Person" means any natural person, association or
4 corporation.

5 g. "Interest" means: (1) the ownership or control of more than
6 10 percent of the profits or assets of a firm, association, or
7 partnership, or more than 10 percent of the stock in a corporation
8 for profit other than a professional service corporation organized
9 under the "Professional Service Corporation Act," P.L.1969, c.232
10 (C.14A:17-1 et seq.); or (2) the ownership or control of more than
11 one percent of the profits of a firm, association, or partnership, or
12 more than one percent of the stock in any corporation, (a) which is
13 the holder of, or an applicant for, a casino license or in any holding
14 or intermediary company with respect thereto, as defined by the
15 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), **[or]** (b)
16 which is the holder of, or an applicant for, a medical cannabis
17 cultivator, medical cannabis manufacturer, medical cannabis
18 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
19 c.307 (C.24:6I-1 et al.), or any holding or intermediary company
20 with respect thereto, or (c) which is the holder of, or an applicant for,
21 a cannabis grower, cannabis processor, cannabis wholesaler, cannabis
22 distributor, cannabis retailer, or cannabis delivery service license
23 issued pursuant to P.L. , c. (C.) (pending before the Legislature
24 as this bill), or which is an entity that employs or uses a certified
25 personal use cannabis handler to perform work for or on behalf of a
26 licensed cannabis establishment, distributor, or delivery service, or any
27 holding or intermediary company with respect to thereto. The
28 provisions of this act governing the conduct of individuals are
29 applicable to shareholders, associates or professional employees of
30 a professional service corporation regardless of the extent or
31 amount of their shareholder interest in such a corporation.

32 h. "Cause, proceeding, application or other matter" means a
33 specific cause, proceeding or matter and does not mean or include
34 determinations of general applicability or the preparation or review
35 of legislation which is no longer pending before the Legislature or
36 the Governor.

37 i. "Member of the immediate family" of any person means the
38 person's spouse, domestic partner, civil union partner, child, parent,
39 or sibling residing in the same household.
40 (cf: P.L.2019, c.153, s.37)

41
42 13. The title of P.L.1981, c.142 is amended to read as follows:
43 **AN ACT concerning casino activity, and personal use and medical**
44 **cannabis activities,** and the conduct of certain elected and appointed
45 public officers and employees as it relates thereto, amending and
46 supplementing P.L.1971, c.182, amending P.L.1977, c.110,

1 P.L.1980, c.28 and P.L.1980, c.69 , and repealing section 2 of
2 P.L.1980, c.79.

3 (cf: P.L.1981, c.142, title)

4

5 14. Section 4 of P.L.1981, c.142 (C.52:13D-17.2) is amended to
6 read as follows:

7 4. a. As used in this section "person" means:

8 (1) (a) with respect to casino activity **[and]** , activity related to
9 medical cannabis authorized pursuant to P.L.2009, c.307 (C.24:6I-1
10 et al.), and activity related to personal use cannabis authorized
11 pursuant to P.L. , c. (C.) (pending before the Legislature as
12 this bill); the Governor; the President of the Senate; the Speaker of
13 the General Assembly; any full-time member of the Judiciary; any
14 full-time professional employee of the Office of the Governor; the
15 head of a principal department; the assistant or deputy heads of a
16 principal department, including all assistant and deputy
17 commissioners; the head of any division of a principal department;

18 (b) with respect to casino activity **[,]** ; any State officer or
19 employee subject to financial disclosure by law or executive order
20 and any other State officer or employee with responsibility for
21 matters affecting casino activity; any special State officer or
22 employee with responsibility for matters affecting casino activity;
23 any member of the Legislature; any full-time professional employee
24 of the Legislature; members of the Casino Reinvestment
25 Development Authority; or

26 (c) with respect to activity related to medical cannabis
27 authorized pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) **[,]** and
28 activity related to personal use cannabis authorized pursuant to
29 P.L. , c. (C.) (pending before the Legislature as this bill);
30 any State officer or employee subject to financial disclosure by law
31 or executive order and any other State officer or employee with
32 responsibility for matters affecting medical cannabis activity or
33 personal use cannabis activity; any special State officer or
34 employee with responsibility for matters affecting medical cannabis
35 activity or personal use cannabis activity; members of the Cannabis
36 Regulatory Commission; or

37 (2) (a) any member of the governing body, or the municipal
38 judge or the municipal attorney of a municipality wherein a casino
39 is located; any member of or attorney for the planning board or
40 zoning board of adjustment of a municipality wherein a casino is
41 located, or any professional planner, or consultant regularly
42 employed or retained by such planning board or zoning board of
43 adjustment; or

44 (b) any member of the governing body or the municipal judge of
45 a municipality, any member of the planning board or zoning board
46 of adjustment, or any professional planner, or consultant regularly

1 employed or retained by such planning board or zoning board of
2 adjustment, of a municipality wherein a medical cannabis
3 cultivator, medical cannabis manufacturer, medical cannabis
4 dispensary, or clinical registrant issued a permit pursuant to
5 P.L.2009, c.307 (C.24:6I-1 et al.), or wherein a cannabis grower,
6 cannabis processor, cannabis wholesaler, cannabis distributor,
7 cannabis retailer, cannabis delivery service issued a license
8 pursuant to P.L. , c. (C.) (pending before the Legislature as
9 this bill), is located.

10 b. (1) No State officer or employee, nor any person, nor any
11 member of the immediate family of any State officer or employee,
12 or person, nor any partnership, firm, or corporation with which any
13 such State officer or employee or person is associated or in which
14 he has an interest, nor any partner, officer, director, or employee
15 while he is associated with such partnership, firm, or corporation,
16 shall hold, directly or indirectly, an interest in, or hold employment
17 with, or represent, appear for, or negotiate on behalf of, any holder
18 of, or applicant for, a casino license, or any holding or intermediary
19 company with respect thereto, in connection with any cause,
20 application, or matter, except as provided in section 3 of P.L.2009,
21 c.26 (C.52:13D-17.3), and except that (a) a State officer or
22 employee other than a State officer or employee included in the
23 definition of person, and (b) a member of the immediate family of
24 a State officer or employee, or of a person, may hold employment
25 with the holder of, or applicant for, a casino license if, in the
26 judgment of the State Ethics Commission, the Joint Legislative
27 Committee on Ethical Standards, or the Supreme Court, as
28 appropriate, such employment will not interfere with the
29 responsibilities of the State officer or employee, or person, and will
30 not create a conflict of interest, or reasonable risk of the public
31 perception of a conflict of interest, on the part of the State officer or
32 employee, or person. No special State officer or employee without
33 responsibility for matters affecting casino activity, excluding those
34 serving in the Departments of Education, Health, and Human
35 Services and the Office of the Secretary of Higher Education, shall
36 hold, directly or indirectly, an interest in, or represent, appear for,
37 or negotiate on behalf of, any holder of, or applicant for, a casino
38 license, or any holding or intermediary company with respect
39 thereto, in connection with any cause, application, or matter.
40 However, a special State officer or employee without responsibility
41 for matters affecting casino activity may hold employment directly
42 with any holder of or applicant for a casino license or any holding
43 or intermediary company thereof and if so employed may hold,
44 directly or indirectly, an interest in, or represent, appear for, or
45 negotiate on behalf of, that employer, except as otherwise
46 prohibited by law.

1 (2) No State officer or employee, nor any person, nor any
2 member of the immediate family of any State officer or employee,
3 or person, nor any partnership, firm, or corporation with which any
4 such State officer or employee or person is associated or in which
5 he has an interest, nor any partner, officer, director, or employee
6 while he is associated with such partnership, firm, or corporation,
7 shall hold, directly or indirectly, an interest in, or hold employment
8 with, or represent, appear for, or negotiate on behalf of, or derive
9 any remuneration, payment, benefit, or any other thing of value for
10 any services, including but not limited to consulting or similar
11 services, from any holder of, or applicant for, a license, permit, or
12 other approval to conduct Internet gaming, or any holding or
13 intermediary company with respect thereto, or any Internet gaming
14 affiliate of any holder of, or applicant for, a casino license, or any
15 holding or intermediary company with respect thereto, or any
16 business, association, enterprise, or other entity that is organized, in
17 whole or in part, for the purpose of promoting, advocating for, or
18 advancing the interests of the Internet gaming industry generally or
19 any Internet gaming-related business or businesses in connection
20 with any cause, application, or matter, except as provided in section
21 3 of P.L.2009, c.26 (C.52:13D-17.3), and except that (a) a State
22 officer or employee other than a State officer or employee included
23 in the definition of person, and (b) a member of the immediate
24 family of a State officer or employee, or of a person, may hold
25 employment with the holder of, or applicant for, a license, permit,
26 or other approval to conduct Internet gaming, or any holding or
27 intermediary company with respect thereto, or any Internet gaming
28 affiliate of any holder of, or applicant for, a casino license, or any
29 holding or intermediary company with respect thereto if, in the
30 judgment of the State Ethics Commission, the Joint Legislative
31 Committee on Ethical Standards, or the Supreme Court, as
32 appropriate, such employment will not interfere with the
33 responsibilities of the State officer or employee, or person, and will
34 not create a conflict of interest, or reasonable risk of the public
35 perception of a conflict of interest, on the part of the State officer or
36 employee, or person.

37 (3) No State officer or employee, nor any person, nor any
38 member of the immediate family of any State officer or employee,
39 or person, nor any partnership, firm, or corporation with which any
40 such State officer or employee or person is associated or in which
41 he has an interest, nor any partner, officer, director, or employee
42 while he is associated with such partnership, firm, or corporation,
43 shall hold, directly or indirectly, an interest in, or hold employment
44 with, or represent, appear for, or negotiate on behalf of, any holder
45 of, or applicant for, a medical cannabis cultivator, medical cannabis
46 manufacturer, medical cannabis dispensary, or clinical registrant

1 permit issued pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or [in]
2 any entity that employs any certified medical cannabis handler to
3 perform transfers or deliveries of medical cannabis, or any holding
4 or intermediary company with respect thereto, or a cannabis grower,
5 cannabis processor, cannabis wholesaler, cannabis distributor,
6 cannabis retailer, or cannabis delivery service license issued pursuant
7 to P.L. , c. (C.) (pending before the Legislature as this bill), or
8 which is an entity that employs or uses a certified personal use
9 cannabis handler to perform work for or on behalf of a licensed
10 cannabis establishment, distributor, or delivery service or any holding
11 or intermediary company with respect thereto, in connection with any
12 cause, application, or matter, except as provided in section 3 of
13 P.L.2009, c.26 (C.52:13D-17.3), and except that (a) a State officer
14 or employee other than a State officer or employee included in the
15 definition of person, and (b) a member of the immediate family of a
16 State officer or employee, or of a person, may hold employment
17 with the holder of, or applicant for, a medical cannabis cultivator,
18 medical cannabis manufacturer, medical cannabis dispensary, or
19 clinical registrant permit or any entity that employs any certified
20 medical cannabis handler to perform transfers or deliveries of
21 medical cannabis, or a cannabis grower, cannabis processor, cannabis
22 wholesaler, cannabis distributor, cannabis retailer, cannabis delivery
23 service license or any entity that employs or uses a certified personal
24 use cannabis handler to perform work for or on behalf of a licensed
25 cannabis establishment, distributor, or delivery service, if, in the
26 judgment of the State Ethics Commission, the Joint Legislative
27 Committee on Ethical Standards, or the Supreme Court, as
28 appropriate, such employment will not interfere with the
29 responsibilities of the State officer or employee, or person, and will
30 not create a conflict of interest, or reasonable risk of the public
31 perception of a conflict of interest, on the part of the State officer or
32 employee, or person. No special State officer or employee without
33 responsibility for matters affecting medical cannabis activity or
34 personal use cannabis activity, excluding those serving in the
35 Departments of Education, Health, and Human Services and the
36 Office of the Secretary of Higher Education, shall hold, directly or
37 indirectly, an interest in, or represent, appear for, or negotiate on
38 behalf of, any holder of, or applicant for, a medical cannabis
39 cultivator, medical cannabis manufacturer, medical cannabis
40 dispensary, or clinical registrant permit or any entity that employs
41 any certified medical cannabis handler to perform transfers or
42 deliveries of medical cannabis, or any holding or intermediary
43 company with respect thereto, or a cannabis grower, cannabis
44 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
45 or cannabis delivery service license or any entity that employs or uses
46 a certified personal use cannabis handler to perform work for or on

1 behalf of a licensed cannabis establishment, distributor, or delivery
2 service or any holding or intermediary company with respect thereto,
3 in connection with any cause, application, or matter. However, a
4 special State officer or employee without responsibility for matters
5 affecting medical cannabis activity or personal use cannabis activity
6 may hold employment directly with any holder of or applicant for a
7 medical cannabis cultivator, medical cannabis manufacturer,
8 medical cannabis dispensary, or clinical registrant permit, or any
9 entity that employs any certified medical cannabis handler to
10 perform transfers or deliveries of medical cannabis, or any holding
11 or intermediary company thereof, or a cannabis grower, cannabis
12 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
13 or cannabis delivery service license or any entity that employs or uses
14 a certified personal use cannabis handler to perform work for or on
15 behalf of a licensed cannabis establishment, distributor, or delivery
16 service or any holding or intermediary company with respect to
17 thereto, and if so employed may hold, directly or indirectly, an
18 interest in, or represent, appear for, or negotiate on behalf of, that
19 employer, except as otherwise prohibited by law.

20 c. (1) No person or any member of his immediate family, nor
21 any partnership, firm, or corporation with which such person is
22 associated or in which he has an interest, nor any partner, officer,
23 director, or employee while he is associated with such partnership,
24 firm or corporation, shall, within two years next subsequent to the
25 termination of the office or employment of such person, hold,
26 directly or indirectly, an interest in, or hold employment with, or
27 represent, appear for, or negotiate on behalf of, any holder of, or
28 applicant for, a casino license in connection with any cause,
29 application or matter, or any holding or intermediary company with
30 respect to such holder of, or applicant for, a casino license in
31 connection with any phase of casino development, permitting,
32 licensure, or any other matter whatsoever related to casino activity,
33 except as provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3),
34 and except that:

35 (a) a member of the immediate family of a person may hold
36 employment with the holder of, or applicant for, a casino license if,
37 in the judgment of the State Ethics Commission, the Joint
38 Legislative Committee on Ethical Standards, or the Supreme Court,
39 as appropriate, such employment will not interfere with the
40 responsibilities of the person and will not create a conflict of
41 interest, or reasonable risk of the public perception of a conflict of
42 interest, on the part of the person;

43 (b) an employee who is terminated as a result of a reduction in
44 the workforce at the agency where employed, other than an
45 employee who held a policy-making management position at any
46 time during the five years prior to termination of employment, may,

1 at any time prior to the end of the two-year period, accept
2 employment with the holder of, or applicant for, a casino license if,
3 in the judgment of the State Ethics Commission, the Joint
4 Legislative Committee on Ethical Standards, or the Supreme Court,
5 as appropriate, such employment will not create a conflict of
6 interest, or reasonable risk of the public perception of a conflict of
7 interest, on the part of the employee. In no case shall the restrictions
8 of this subsection apply to a secretarial or clerical employee.

9 Nothing herein contained shall alter or amend the post-
10 employment restrictions applicable to members and employees of
11 the Casino Control Commission and employees and agents of the
12 Division of Gaming Enforcement pursuant to paragraph (2) of
13 subsection e. of section 59 and to section 60 of P.L.1977, c.110
14 (C.5:12-59 and C.5:12-60); and

15 (c) any partnership, firm, or corporation engaged in the practice
16 of law or in providing any other professional services with which
17 any person included in subparagraphs (a) and (b) of paragraph (1)
18 of subsection a. of this section, or a member of the immediate
19 family of that person, is associated, and any partner, officer,
20 director, or employee thereof, other than that person, or immediate
21 family member, may represent, appear for or negotiate on behalf of
22 any holder of, or applicant for, a casino license in connection with
23 any cause, application or matter or any holding company or
24 intermediary company with respect to such holder of, or applicant
25 for, a casino license in connection with any phase of casino
26 development, permitting, licensure or any other matter whatsoever
27 related to casino activity, and that person or immediate family
28 member shall not be barred from association with such partnership,
29 firm or corporation, if for a period of two years next subsequent to
30 the termination of the person's office or employment, the person or
31 immediate family member (i) is screened from personal
32 participation in any such representation, appearance or negotiation;
33 and (ii) is associated with the partnership, firm or corporation in a
34 position which does not entail any equity interest in the partnership,
35 firm or corporation. The exception provided in this **[paragraph]**
36 subparagraph shall not apply to a former Governor, Lieutenant
37 Governor, Attorney General, member of the Legislature, person
38 included in subparagraph (a) of paragraph (2) of subsection a. of
39 this section, or to the members of their immediate families.

40 (2) No person or any member of the person's immediate family,
41 nor any partnership, firm, or corporation with which such person is
42 associated or in which the person has an interest, nor any partner,
43 officer, director, or employee while the person is associated with
44 such partnership, firm, or corporation, shall, within two years next
45 subsequent to the termination of the office or employment of such
46 person, hold, directly or indirectly, an interest in, or hold

1 employment with, or represent, appear for, or negotiate on behalf
2 of, any holder of, or applicant for, a medical cannabis cultivator,
3 medical cannabis manufacturer, medical cannabis dispensary, or
4 clinical registrant permit issued pursuant to P.L.2009, c.307
5 (C.24:6I-1 et al.) or **[in]** any entity that employs any certified
6 medical cannabis handler to perform transfers or deliveries of
7 medical cannabis **[**, or any holding or intermediary company with
8 respect thereto**]** , or a cannabis grower, cannabis processor,
9 cannabis wholesaler, cannabis distributor, cannabis retailer, or
10 cannabis delivery service license issued pursuant to P.L. _____,
11 c. (C. _____) (pending before the Legislature as this bill) or any
12 entity that employs or uses a certified personal use cannabis handler to
13 perform work for or on behalf of a licensed cannabis establishment,
14 distributor, or delivery service in connection with any cause,
15 application, or matter, or any holding or intermediary company with
16 respect to such holder of, or applicant for, a medical cannabis
17 cultivator, medical cannabis manufacturer, medical cannabis
18 dispensary, or clinical registrant permit or entity that employs any
19 certified medical cannabis handler to perform transfers or deliveries
20 of medical cannabis, or a cannabis grower, cannabis processor,
21 cannabis wholesaler, cannabis distributor, cannabis retailer, or
22 cannabis delivery service license or any entity that employs or uses a
23 certified personal use cannabis handler to perform work for or on
24 behalf of a licensed cannabis establishment, distributor, or delivery
25 service in connection with any phase of development, permitting,
26 licensure, or any other matter whatsoever related to medical
27 cannabis activity or personal use cannabis activity, except as
28 provided in section 3 of P.L.2009, c.26 (C.52:13D-17.3), and except
29 that:

30 (a) a member of the immediate family of a person may hold
31 employment with the holder of, or applicant for, a medical cannabis
32 cultivator, medical cannabis manufacturer, medical cannabis
33 dispensary, or clinical registrant permit issued pursuant to P.L.2009,
34 c.307 (C.24:6I-1 et al.) or any entity that employs any certified
35 medical cannabis handler to perform transfers or deliveries of
36 medical cannabis, or a cannabis grower, cannabis processor, cannabis
37 wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery
38 service license issued pursuant to P.L. _____, c. (C. _____) (pending before
39 the Legislature as this bill) or any entity that employs or uses a
40 certified personal use cannabis handler to perform work for or on
41 behalf of a licensed cannabis establishment, distributor, or delivery
42 service if, in the judgment of the State Ethics Commission, the Joint
43 Legislative Committee on Ethical Standards, or the Supreme Court,
44 as appropriate, such employment will not interfere with the
45 responsibilities of the person and will not create a conflict of

1 interest, or reasonable risk of the public perception of a conflict of
2 interest, on the part of the person;

3 (b) an employee who is terminated as a result of a reduction in
4 the workforce at the agency where employed, other than an
5 employee who held a policy-making management position at any
6 time during the five years prior to termination of employment, may,
7 at any time prior to the end of the two-year period, accept
8 employment with the holder of, or applicant for, a medical cannabis
9 cultivator, medical cannabis manufacturer, medical cannabis
10 dispensary, or clinical registrant permit or any entity that employs
11 any certified medical cannabis handler to perform transfers or
12 deliveries of medical cannabis, or a cannabis grower, cannabis
13 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
14 or cannabis delivery service license or any entity that employs or uses
15 a certified personal use cannabis handler to perform work for or on
16 behalf of a licensed cannabis establishment, distributor, or delivery
17 service if, in the judgment of the State Ethics Commission, the Joint
18 Legislative Committee on Ethical Standards, or the Supreme Court,
19 as appropriate, such employment will not create a conflict of
20 interest, or reasonable risk of the public perception of a conflict of
21 interest, on the part of the employee. In no case shall the
22 restrictions of this subsection apply to a secretarial or clerical
23 employee. Nothing herein contained shall alter or amend the post-
24 service or post-employment restrictions applicable to members and
25 employees of the Cannabis Regulatory Commission pursuant to
26 paragraph (2) of subsection c. of section 34 and section 35 of
27 P.L.2019, c.153 (C.24:6I-27 and C.24:6I-28); and

28 (c) any partnership, firm, or corporation engaged in the practice
29 of law or in providing any other professional services with which
30 any person included in subparagraphs (a) and (c) of paragraph (1) of
31 subsection a. of this section, or a member of the immediate family
32 of that person, is associated, and any partner, officer, director, or
33 employee thereof, other than that person, or immediate family
34 member, may represent, appear for, or negotiate on behalf of any
35 holder of, or applicant for, a medical cannabis cultivator, medical
36 cannabis manufacturer, medical cannabis dispensary, or clinical
37 registrant permit or any entity that employs any certified medical
38 cannabis handler to perform transfers or deliveries of medical
39 cannabis, or a cannabis grower, cannabis processor, cannabis
40 wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery
41 service license or any entity that employs or uses a certified personal
42 use cannabis handler to perform work for or on behalf of a licensed
43 cannabis establishment, distributor, or delivery service in connection
44 with any cause, application, or matter or any holding company or
45 intermediary company with respect to such holder of, or applicant
46 for, a medical cannabis cultivator, medical cannabis manufacturer,

1 medical cannabis dispensary, or clinical registrant permit or entity
2 that employs any certified medical cannabis handler to perform
3 transfers or deliveries of medical cannabis, or a cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service license or entity that
6 employs or uses a certified personal use cannabis handler to perform
7 work for or on behalf of a licensed cannabis establishment, distributor,
8 or delivery service in connection with any phase of development,
9 permitting, licensing, or any other matter whatsoever related to
10 medical cannabis activity or personal use activity, and that person
11 or immediate family member shall not be barred from association
12 with such partnership, firm, or corporation, if for a period of two
13 years next subsequent to the termination of the person's office or
14 employment, the person or immediate family member (i) is
15 screened from personal participation in any such representation,
16 appearance or negotiation; and (ii) is associated with the
17 partnership, firm, or corporation in a position which does not entail
18 any equity interest in the partnership, firm, or corporation. The
19 exception provided in this **[paragraph]** subparagraph shall not apply
20 to a former Governor, Lieutenant Governor, Attorney General, the
21 President of the Senate, the Speaker of the General Assembly, to a
22 person included in subparagraph (b) of paragraph (2) of subsection
23 a. of this section, or to the members of their immediate families.

24 d. This section shall not apply to the spouse of a State officer
25 or employee, which State officer or employee is without
26 responsibility for matters affecting casino **[or]** , medical cannabis,
27 or personal use cannabis activity, who becomes the spouse
28 subsequent to the State officer's or employee's appointment or
29 employment as a State officer or employee and who is not
30 individually or directly employed by a holder of, or applicant for, a
31 casino license **[or]** , medical cannabis permit, personal use
32 cannabis license, or any entity that employs or uses a certified
33 personal use cannabis handler to perform work for or on behalf of a
34 licensed cannabis establishment, distributor, or delivery service or any
35 holding or intermediary company thereof.

36 e. The Joint Legislative Committee on Ethical Standards and
37 the State Ethics Commission, as appropriate, shall forthwith
38 determine and publish, and periodically update, a list of those
39 positions in State government with responsibility for matters
40 affecting casino **[and]** , medical cannabis activity, or personal use
41 cannabis activity.

42 f. (1) No person shall solicit or accept, directly or indirectly,
43 any complimentary service or discount from any casino applicant or
44 licensee which he knows or has reason to know is other than a
45 service or discount that is offered to members of the general public
46 in like circumstance.

1 (2) No person shall solicit or accept, directly or indirectly, any
2 complimentary service or discount from any holder of, or applicant
3 for, a medical cannabis cultivator, medical cannabis manufacturer,
4 medical cannabis dispensary, or clinical registrant permit issued
5 pursuant to P.L.2009, c.307 (C.24:6I-1 et al.) or any entity that
6 employs any certified medical cannabis handler to perform transfers
7 or deliveries of medical cannabis, or a cannabis grower, cannabis
8 processor, cannabis wholesaler, cannabis distributor, cannabis retailer,
9 or cannabis delivery service license issued pursuant to P.L. _____,
10 c. (C. _____) (pending before the Legislature as this bill) or any entity
11 that employs or uses a certified personal use cannabis handler to
12 perform work for or on behalf of a licensed cannabis establishment,
13 distributor, or delivery service which the person knows or has reason
14 to know is other than a service or discount that is offered to
15 members of the general public in like circumstance.

16 g. (1) No person shall influence, or attempt to influence, by use
17 of his official authority, the decision of the Casino Control
18 Commission or the investigation of the Division of Gaming
19 Enforcement in any application for casino licensure or in any
20 proceeding to enforce the provisions of this act or the regulations of
21 the commission. Any such attempt shall be promptly reported to the
22 Attorney General; provided, however, that nothing in this section
23 shall be deemed to proscribe a request for information by any
24 person concerning the status of any application for licensure or any
25 proceeding to enforce the provisions of this act or the regulations of
26 the commission.

27 (2) No person shall influence, or attempt to influence, by use of
28 the person's official authority, the decision of the Cannabis
29 Regulatory Commission in any application for a medical cannabis
30 cultivator, medical cannabis manufacturer, medical cannabis
31 dispensary, or clinical registrant permit, or a cannabis grower,
32 cannabis processor, cannabis wholesaler, cannabis distributor,
33 cannabis retailer, or cannabis delivery service license, or in any
34 proceeding to enforce the provisions of P.L.1981, c.142 (C.52:13D-
35 17.2 et al.), P.L.2009, c.307 (C.24:6I-1 et al.), or the regulations of
36 the Cannabis Regulatory Commission. Any such attempt shall be
37 promptly reported to the Attorney General; provided, however, that
38 nothing in this section shall be deemed to proscribe a request for
39 information by any person concerning the status of any permit or
40 license application, or any proceeding to enforce the provisions of
41 P.L.1981, c.142 (C.52:13D-17.2 et al.), P.L.2009, c.307 (C.24:6I-1
42 et al.), P.L. _____, c. (C. _____) (pending before the Legislature as this
43 bill), or the regulations of the Cannabis Regulatory Commission.

44 h. Any person who willfully violates the provisions of this
45 section is a disorderly person and shall be subject to a fine not to
46 exceed \$1,000, or imprisonment not to exceed six months, or both.

1 In addition, for violations of subsection c. of this section
2 occurring after the effective date of P.L.2005, c.382, a civil penalty
3 of not less than \$500 nor more than \$10,000 shall be imposed upon
4 a former State officer or employee or former special State officer or
5 employee of a State agency in the Executive Branch upon a finding
6 of a violation by the State Ethics Commission, which penalty may
7 be collected in a summary proceeding pursuant to the "Penalty
8 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

9
10 15. Section 32 of P.L.2019, c.153 (C.24:6I-25) is amended to
11 read as follows:

12 32. a. There is hereby established in the commission an Office
13 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
14 Business Development. The office shall be under the immediate
15 supervision of a director. The director of the office shall be
16 appointed by the Governor, and shall serve at the pleasure of the
17 appointing Governor during the Governor's term of office and until
18 a successor has been duly appointed and qualified. Any vacancy in
19 the directorship occurring for any reason other than the expiration
20 of the director's term of office shall be filled for the unexpired term
21 only in the same manner as the original appointment. The director
22 shall receive an annual salary as provided by law which shall be at
23 an amount not to exceed the annual salary of the executive director
24 of the commission.

25 b. (1) The office shall establish and administer, under the
26 direction of the commission, unified practices and procedures for
27 promoting participation in the medical cannabis **【industry】** and
28 personal use cannabis industries by persons from socially and
29 economically disadvantaged communities, including by prospective
30 and existing ownership of minority businesses and women's
31 businesses, as these terms are defined in section 2 of P.L.1986,
32 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
33 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), to be issued
34 medical cannabis cultivator, medical cannabis manufacturer,
35 medical cannabis dispensary, and clinical registrant permits, or
36 cannabis grower, cannabis processor, cannabis wholesaler, cannabis
37 distributor, cannabis retailer, and cannabis delivery service licenses.
38 These unified practices and procedures shall include the
39 certification and subsequent recertification at regular intervals of a
40 business as a minority or women's business, or a disabled veterans'
41 business, in accordance with eligibility criteria and a certification
42 application process established by the commission through
43 regulation in consultation with the office.

44 (2) The office shall conduct advertising and promotional
45 campaigns, and shall disseminate information to the public, to
46 increase awareness for participation in the medical cannabis

1 **【industry】** and personal use cannabis industries by persons from
2 socially and economically disadvantaged communities. To this end,
3 the office shall sponsor seminars and informational programs, and
4 shall provide information on its Internet website, providing
5 practical information concerning the medical cannabis **【industry】**
6 and personal use cannabis industries, including information on
7 business management, marketing, and other related matters.

8 c. (1) The office shall develop, recommend, and implement
9 policies, practices, protocols, standards, and criteria designed to
10 promote the formulation of medical cannabis business entities and
11 personal use cannabis establishments, distributors, and delivery
12 services and participation in the medical cannabis **【industry】** and
13 personal use cannabis industries by persons from socially and
14 economically disadvantaged communities, including by promoting
15 applications for, and the issuance of, medical cannabis cultivator,
16 medical cannabis manufacturer, medical cannabis dispensary, and
17 clinical registrant permits , and cannabis grower, cannabis processor,
18 cannabis wholesaler, cannabis distributor, cannabis retailer, and
19 cannabis delivery services licenses, to certified minority, women’s,
20 and disabled veterans’ businesses.

21 (a) The office shall evaluate the effectiveness of **【these】** the
22 measures designed to promote participation in the medical cannabis
23 industry by considering whether the measures have resulted in new
24 medical cannabis cultivator, medical cannabis manufacturer, and
25 medical cannabis dispensary permits being issued in accordance
26 with the provisions of subsection g. of section 12 of P.L.2019, c.153
27 (C.24:6I-7.2).

28 (b) The effectiveness of the office’s measures designed to
29 promote participation in the personal use cannabis industry shall be
30 assessed by considering whether the measures have resulted in not less
31 than 30 percent of the total number of licenses issued by the
32 commission for personal use cannabis establishments and distributors
33 under P.L. , c. (C.) (pending before the Legislature as this bill)
34 being issued to minority, women’s, and disabled veterans’
35 businesses certified in accordance with the certification process
36 established by the office pursuant to paragraph (1) of subsection b.
37 of this section. Of the resulting total number of licenses issued for
38 personal use cannabis establishments, distributors, and delivery
39 services, the effectiveness of the office’s measures shall be further
40 assessed by considering whether those measures have resulted in
41 not less than 15 percent of the licenses being issued to certified
42 minority businesses, and not less than 15 percent of the licenses
43 being issued to certified women’s and disabled veterans’
44 businesses.

45 (2) The office shall periodically analyze the total number of
46 permits and licenses issued by the commission as compared with the

1 number of certified minority, women's, and disabled veterans'
2 businesses that submitted applications for, and that were awarded,
3 such permits and licenses. The office shall make good faith efforts
4 to establish, maintain, and enhance the measures designed to
5 promote the formulation and participation in the operation of
6 medical cannabis businesses and personal use cannabis
7 establishments, distributors, and delivery services by persons from
8 socially and economically disadvantaged communities consistent
9 with the standards set forth in paragraph (1) of this subsection, and
10 to coordinate and assist the commission with respect to its
11 incorporation of these permitting and licensing measures into the
12 application and review process for issuing permits and licenses
13 under P.L.2009, c.307 (C.24:6I-1 et al.) and P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 d. The office may review the commission's measures regarding
16 participation in the medical cannabis **【industry】** and personal use
17 cannabis industries by persons from socially and economically
18 disadvantaged communities, and minority, women's, and disabled
19 veterans' businesses, and make recommendations on relevant policy
20 and implementation matters for the improvement thereof. The
21 office may consult with experts or other knowledgeable individuals
22 in the public or private sector on any aspect of its mission.

23 e. The office shall prepare information regarding its activities
24 pursuant to this section concerning participation in the medical
25 cannabis **【industry】** and personal use cannabis industries by persons
26 from socially and economically disadvantaged communities,
27 including medical cannabis and personal use cannabis business
28 development initiatives for minority, women's, and disabled
29 veterans' businesses participating in the medical cannabis
30 marketplace, to be incorporated by the commission into its annual
31 report submitted to the Governor and to the Legislature pursuant to
32 section 14 of P.L.2009, c.307 (C.24:6I-12).
33 (cf: P.L.2019, c.153, s.32)

34
35 16. Section 12 of P.L.2019, c.153 (C.24:6I-7.2) is amended to
36 read as follows:

37 12. a. Each application for a medical cannabis cultivator permit,
38 medical cannabis manufacturer permit, and medical cannabis
39 dispensary permit, and each application for annual renewal of such
40 permit, including permit and renewal applications for
41 microbusinesses that meet the requirements of subsection e. of
42 section 11 of P.L.2019, c.153 (C.24:6I-7.1), shall be submitted to
43 the commission. A full, separate application shall be required for
44 each initial permit requested by the applicant and for each location
45 at which an applicant seeks to operate, regardless of whether the
46 applicant was previously issued a medical cannabis cultivator,

1 medical cannabis manufacturer, medical cannabis dispensary, or
2 clinical registrant permit, and regardless of whether the applicant
3 currently holds a medical cannabis cultivator, medical cannabis
4 manufacturer, or medical cannabis dispensary permit. Renewal
5 applications shall be submitted to the commission on a form and in
6 a manner as shall be specified by the commission no later than 90
7 days before the date the current permit will expire.

8 b. An initial permit application shall be evaluated according to
9 criteria to be developed by the commission. The commission shall
10 determine the point values to be assigned to each criterion, which
11 shall include bonus points for applicants who are residents of New
12 Jersey.

13 c. The criteria to be developed by the commission pursuant to
14 subsection b. of this section shall include, in addition to the criteria
15 set forth in subsections d. and e. of this section and any other
16 criteria developed by the commission, an analysis of the applicant's
17 operating plan, excluding safety and security criteria, which shall
18 include the following:

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

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

24 (b) conventional horticulture or agriculture, familiarity with
25 good agricultural practices, and any relevant certifications or
26 degrees;

27 (c) quality control and quality assurance;

28 (d) recall plans;

29 (e) packaging and labeling;

30 (f) inventory control and tracking software or systems for the
31 production of medical cannabis;

32 (g) analytical chemistry and testing of medical cannabis;

33 (h) water management practices;

34 (i) odor mitigation practices;

35 (j) onsite and offsite recordkeeping;

36 (k) strain variety and plant genetics;

37 (l) pest control and disease management practices, including
38 plans for the use of pesticides, nutrients, and additives;

39 (m) waste disposal plans; and

40 (n) compliance with applicable laws and regulations.

41 (2) In the case of an applicant for a medical cannabis
42 manufacturer permit, the operating plan summary shall include a
43 written description concerning the applicant's qualifications for,
44 experience in, and knowledge of each of the following topics:

45 (a) State-authorized manufacture, production, and creation of
46 cannabis products using appropriate extraction methods, including

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

- 1 (m) compliance with applicable laws and regulations.
- 2 d. The criteria to be developed by the commission pursuant to
3 subsection b. of this section shall include, in addition to the criteria
4 set forth in subsections c. and e. of this section and any other
5 criteria developed by the commission, an analysis of the following
6 factors, if applicable:
- 7 (1) The applicant's environmental impact plan.
- 8 (2) A summary of the applicant's safety and security plans and
9 procedures, which shall include descriptions of the following:
- 10 (a) plans for the use of security personnel, including
11 contractors;
- 12 (b) the experience or qualifications of security personnel and
13 proposed contractors;
- 14 (c) security and surveillance features, including descriptions of
15 any alarm systems, video surveillance systems, and access and
16 visitor management systems, along with drawings identifying the
17 proposed locations for surveillance cameras and other security
18 features;
- 19 (d) plans for the storage of medical cannabis and medical
20 cannabis products, including any safes, vaults, and climate control
21 systems that will be utilized for this purpose;
- 22 (e) a diversion prevention plan;
- 23 (f) an emergency management plan;
- 24 (g) procedures for screening, monitoring, and performing
25 criminal history record background checks of employees;
- 26 (h) cybersecurity procedures, including, in the case of an
27 applicant for a medical cannabis dispensary permit, procedures for
28 collecting, processing, and storing patient data, and the applicant's
29 familiarity with State and federal privacy laws;
- 30 (i) workplace safety plans and the applicant's familiarity with
31 federal Occupational Safety and Health Administration regulations;
- 32 (j) the applicant's history of workers' compensation claims and
33 safety assessments;
- 34 (k) procedures for reporting adverse events; and
- 35 (l) a sanitation practices plan.
- 36 (3) A summary of the applicant's business experience, including
37 the following, if applicable:
- 38 (a) the applicant's experience operating businesses in highly-
39 regulated industries;
- 40 (b) the applicant's experience in operating alternative treatment
41 centers and related medical cannabis production and dispensation
42 entities under the laws of New Jersey or any other state or
43 jurisdiction within the United States; and
- 44 (c) the applicant's plan to comply with and mitigate the effects
45 of 26 U.S.C. s.280E on cannabis businesses, and for evidence that

1 the applicant is not in arrears with respect to any tax obligation to
2 the State.

3 In evaluating the experience described under subparagraphs (a),
4 (b), and (c) of this paragraph, the commission shall afford the
5 greatest weight to the experience of the applicant itself, controlling
6 owners, and entities with common ownership or control with the
7 applicant; followed by the experience of those with a 15 percent or
8 greater ownership interest in the applicant's organization; followed
9 by significantly involved persons in the applicant's organization;
10 followed by other officers, directors, and current and prospective
11 employees of the applicant who have a bona fide relationship with
12 the applicant's organization as of the submission date of the
13 application.

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

16 (a) the proposed location, the surrounding area, and the
17 suitability or advantages of the proposed location, along with a
18 floor plan and optional renderings or architectural or engineering
19 plans;

20 (b) the submission of zoning approvals for the proposed
21 location, which shall consist of a letter or affidavit from appropriate
22 municipal officials that the location will conform to municipal
23 zoning requirements allowing for such activities related to the
24 cultivation, manufacturing, or dispensing of medical cannabis,
25 cannabis products, and related supplies as will be conducted at the
26 proposed facility; and

27 (c) the submission of proof of local support for the suitability of
28 the location, which may be demonstrated by a resolution adopted by
29 the municipality's governing body indicating that the intended
30 location is appropriately located or otherwise suitable for such
31 activities related to the cultivation, manufacturing, or dispensing of
32 medical cannabis, cannabis products, and related supplies as will be
33 conducted at the proposed facility.

34 Notwithstanding any other provision of this subsection, an
35 application shall be disqualified from consideration unless it
36 includes documentation demonstrating that the applicant will have
37 final control of the premises upon approval of the application,
38 including, but not limited to, a lease agreement, contract for sale,
39 title, deed, or similar documentation. In addition, if the applicant
40 will lease the premises, the application will be disqualified from
41 consideration unless it includes certification from the landlord that
42 the landlord is aware that the tenant's use of the premises will
43 involve activities related to the cultivation, manufacturing, or
44 dispensing of medical cannabis and medical cannabis products. An
45 application shall not be disqualified from consideration if the

1 application does not include the materials described in
2 subparagraph (b) or (c) of this paragraph.

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

6 (a) a community impact plan summarizing how the applicant
7 intends to have a positive impact on the community in which the
8 proposed entity is to be located, which shall include an economic
9 impact plan, a description of outreach activities, and any financial
10 assistance or discount plans the applicant will provide to qualifying
11 patients and designated caregivers;

12 (b) a written description of the applicant's record of social
13 responsibility, philanthropy, and ties to the proposed host
14 community;

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

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

23 In evaluating the information submitted pursuant to
24 subparagraphs (b) and (c) of this paragraph, the commission shall
25 afford the greatest weight to responses pertaining to the applicant
26 itself, controlling owners, and entities with common ownership or
27 control with the applicant; followed by responses pertaining to
28 those with a 15 percent or greater ownership interest in the
29 applicant's organization; followed by significantly involved persons
30 in the applicant's organization; followed by other officers,
31 directors, and current and prospective employees of the applicant
32 who have a bona fide relationship with the applicant's organization
33 as of the submission date of the application.

34 (6) A workforce development and job creation plan, which may
35 include, but shall not be limited to a description of the applicant's
36 workforce development and job creation plan, which may include
37 information on the applicant's history of job creation and planned
38 job creation at the proposed facility; education, training, and
39 resources to be made available for employees; any relevant
40 certifications; and a diversity plan.

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

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

44 (b) a demonstration of the applicant's financial ability to
45 implement its business plan, which may include, but shall not be
46 limited to, bank statements, business and individual financial

1 statements, net worth statements, and debt and equity financing
2 statements; and

3 (c) a description of the applicant's experience complying with
4 guidance pertaining to cannabis issued by the Financial Crimes
5 Enforcement Network under 31 U.S.C. s.5311 et seq., the federal
6 "Bank Secrecy Act", which may be demonstrated by submitting
7 letters regarding the applicant's banking history from banks or
8 credit unions that certify they are aware of the business activities of
9 the applicant, or entities with common ownership or control of the
10 applicant's organization, in any state where the applicant has
11 operated a business related to medical cannabis. For the purposes
12 of this subparagraph, the commission shall consider only bank
13 references involving accounts in the name of the applicant or of an
14 entity with common ownership or control of the applicant's
15 organization. An applicant who does not submit the information
16 described in this subparagraph shall not be disqualified from
17 consideration.

18 (8) Whether any of the applicant's majority or controlling
19 owners were previously approved by the commission to serve as an
20 officer, director, principal, or key employee of an alternative
21 treatment center, provided any such individual served in that
22 capacity at the alternative treatment center for six or more months.

23 (9) Whether the applicant can demonstrate that its governance
24 structure includes the involvement of a school of medicine or
25 osteopathic medicine licensed and accredited in the United States,
26 or a general acute care hospital, ambulatory care facility, adult day
27 care services program, or pharmacy licensed in New Jersey,
28 provided that:

29 (a) the school, hospital, facility, or pharmacy has conducted or
30 participated in research approved by an institutional review board
31 related to cannabis involving the use of human subjects, except in
32 the case of an accredited school of medicine or osteopathic
33 medicine that is located and licensed in New Jersey;

34 (b) the school, hospital, facility, or pharmacy holds a profit
35 share or ownership interest in the applicant's organization of 10
36 percent or more, except in the case of an accredited school of
37 medicine or osteopathic medicine that is located and licensed in
38 New Jersey; and

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

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

1 (11) Whether the applicant intends to or has entered into a
2 partnership with a prisoner re-entry program for the purpose of
3 identifying and promoting employment opportunities at the
4 applicant's organization for former inmates and current inmates
5 leaving the corrections system. If so, the applicant shall provide
6 details concerning the name of the re-entry program, the
7 employment opportunities at the applicant's organization that will
8 be made available to the re-entry population, and any other
9 initiatives the applicant's organization will undertake to provide
10 support and assistance to the re-entry population.

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

13 e. In addition to the information to be submitted pursuant to
14 subsections c. and d. of this section, the commission shall require
15 all permit applicants, other than applicants issued a conditional
16 permit, to submit an attestation signed by a bona fide labor
17 organization stating that the applicant has entered into a labor peace
18 agreement with such bona fide labor organization. Except in the
19 case of an entity holding an unconverted conditional permit, the
20 maintenance of a labor peace agreement with a bona fide labor
21 organization shall be an ongoing material condition of maintaining
22 a medical cannabis cultivator, medical cannabis manufacturer, or
23 medical cannabis dispensary permit. The submission of an
24 attestation and maintenance of a labor peace agreement with a bona
25 fide labor organization by an applicant issued a conditional permit
26 pursuant to subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-
27 7.1) shall be a requirement for conversion of a conditional permit
28 into a full permit. The failure to enter into a collective bargaining
29 agreement within 200 days after the date that a medical cannabis
30 cultivator, medical cannabis manufacturer, or medical cannabis
31 dispensary first opens shall result in the suspension or revocation of
32 such permit or conditional permit. In reviewing initial permit
33 applications, the commission shall give priority to the following:

34 (1) Applicants that are party to a collective bargaining
35 agreement with a labor organization that currently represents, or is
36 actively seeking to represent, cannabis workers in New Jersey.

37 (2) Applicants that are party to a collective bargaining
38 agreement with a labor organization that currently represents
39 cannabis workers in another state.

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

43 (4) Applicants that submit an attestation affirming that they will
44 use best efforts to utilize **[union]** building trades labor
45 organizations in the construction or retrofit of the facilities
46 associated with the permitted entity.

1 (5) Applicants that submit an attestation affirming that they have
2 a project labor agreement, or will utilize a project labor agreement,
3 which is a form of pre-hire collective bargaining agreement
4 covering terms and conditions of a specific project, including labor
5 issues and worker grievances associated with any construction or
6 retrofit of facilities, or other applicable project, associated with the
7 licensed entity.

8 The requirements of this subsection shall not apply to a
9 microbusiness applying for a conditional or annual permit of any
10 type.

11 f. In reviewing an initial permit application, unless the
12 information is otherwise solicited by the commission in a specific
13 application question, the commission's evaluation of the application
14 shall be limited to the experience and qualifications of the
15 applicant's organization, including any entities with common
16 ownership or control of the applicant's organization, controlling
17 owners or interest holders in the applicant's organization, the
18 officers, directors, and current or prospective employees of the
19 applicant's organization who have a bona fide relationship with the
20 applicant's organization as of the date of the application, and
21 consultants and independent contractors who have a bona fide
22 relationship with the applicant as of the date of the application.
23 Responses pertaining to applicants who are exempt from the
24 criminal history record background check requirements of section 7
25 of P.L.2009, c.307 (C.24:6I-7) shall not be considered. Each
26 applicant shall certify as to the status of the individuals and entities
27 included in the application.

28 g. The commission shall conduct a disparity study to determine
29 whether race-based measures should be considered when issuing
30 permits pursuant to this section, and shall incorporate the policies,
31 practices, protocols, standards, and criteria developed by the Office
32 of Minority, Disabled Veterans, and Women **【Medical】** Cannabis
33 Business Development pursuant to section 32 of P.L.2019, c.153
34 (C.24:6I-25) to promote participation in the medical cannabis
35 industry by persons from socially and economically disadvantaged
36 communities, including promoting applications for, and the
37 issuance of, medical cannabis cultivator, medical cannabis
38 manufacturer, and medical cannabis dispensary permits to certified
39 minority, women's, and disabled veterans' businesses. To this end,
40 the commission shall seek to issue at least 30 percent of the total
41 number of new medical cannabis cultivator permits, medical
42 cannabis manufacturer permits, and medical cannabis dispensary
43 permits issued on or after the effective date of P.L.2019, c.153
44 (C.24:6I-5.1 et al.) as follows:

45 (1) at least 15 percent of the total number of new medical
46 cannabis cultivator permits, medical cannabis manufacturer

1 permits, and medical cannabis dispensary permits issued on or after
2 the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued
3 to a qualified applicant that has been certified as a minority
4 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.); and

5 (2) at least 15 percent of the total number of new medical
6 cannabis cultivator permits, medical cannabis manufacturer
7 permits, and medical cannabis dispensary permits issued on or after
8 the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued
9 to a qualified applicant that has been certified as a women's
10 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.) or
11 that is a disabled-veterans' business, as defined in section 2 of
12 P.L.2015, c.116 (C.52:32-31.2).

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

16 h. The commission shall give special consideration to any
17 applicant that has entered into an agreement with an institution of
18 higher education to create an integrated curriculum involving the
19 cultivation, manufacturing, dispensing or delivery of medical
20 cannabis, provided that the curriculum is approved by both the
21 commission and the Office of the Secretary of Higher Education
22 and the applicant agrees to maintain the integrated curriculum in
23 perpetuity. An integrated curriculum permit shall be subject to
24 revocation if the IC permit holder fails to maintain or continue the
25 integrated curriculum. In the event that, because of circumstances
26 outside an IC permit holder's control, the IC permit holder will no
27 longer be able to continue an integrated curriculum, the IC permit
28 holder shall notify the commission and shall make reasonable
29 efforts to establish a new integrated curriculum with an institution
30 of higher education, subject to approval by the commission and the
31 Office of the Secretary of Higher Education. If the IC permit
32 holder is unable to establish a new integrated curriculum within six
33 months after the date the current integrated curriculum arrangement
34 ends, the commission shall revoke the entity's IC permit, unless the
35 commission finds there are extraordinary circumstances that justify
36 allowing the permit holder to retain the permit without an integrated
37 curriculum and the commission finds that allowing the permit
38 holder to retain the permit would be consistent with the purposes of
39 P.L.2009, c.307 (C.24:6I-1 et al.), in which case the IC permit shall
40 convert to a regular permit of the same type. The commission may
41 revise the application and permit fees or other conditions for an IC
42 permit as may be necessary to encourage applications for IC
43 permits.

44 i. Application materials submitted to the commission pursuant
45 to this section shall not be considered a public record pursuant to

1 P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et
2 al.).

3 j. If the commission notifies an applicant that it has performed
4 sufficiently well on multiple applications to be awarded more than
5 one medical cannabis cultivator permit, more than one medical
6 cannabis manufacturer permit, or more than one medical cannabis
7 dispensary permit by the commission, the applicant shall notify the
8 commission, within seven business days after receiving such notice,
9 as to which permit it will accept. For any permit award declined by
10 an applicant pursuant to this subsection, the commission shall, upon
11 receiving notice from the applicant of the declination, award the
12 permit to the applicant for that permit type who, in the
13 determination of the commission, best satisfies the commission's
14 criteria while meeting the commission's determination of Statewide
15 need. If an applicant fails to notify the commission as to which
16 permit it will accept, the commission shall have the discretion to
17 determine which permit it will award to the applicant, based on the
18 commission's determination of Statewide need and other
19 applications submitted for facilities to be located in the affected
20 regions.

21 k. The provisions of this section shall not apply to any permit
22 applications submitted pursuant to a request for applications
23 published in the New Jersey Register prior to the effective date of
24 P.L.2019, c.153 (C.24:6I-5.1 et al.).
25 (cf: P.L.2019, c.153, s.12)
26

27 17. Section 13 of P.L.2019, c.153 (C.24:6I-7.3) is amended to
28 read as follows:

29 13. a. The commission shall issue clinical registrant permits to
30 qualified applicants that meet the requirements of this section. In
31 addition to any other requirements as the commission establishes by
32 regulation regarding application for and issuance of a clinical
33 registrant permit, each clinical registrant applicant shall:

34 (1) complete a criminal history record background check that
35 meets the requirements of subsection d. of section 7 of P.L.2009,
36 c.307 (C.24:6I-7);

37 (2) submit to the commission any required application and
38 permit fees;

39 (3) submit to the commission written documentation of an
40 existing contract with an academic medical center that meets the
41 requirements of subsection c. of this section; and

42 (4) submit to the commission documentation that the applicant
43 has a minimum of \$15 million in capital.

44 b. The commission shall, no later than 90 days after the
45 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon
46 adoption of rules and regulations as provided in subsection c. of

1 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs first,
2 begin accepting and processing applications for four clinical
3 registrant permits. Thereafter, the commission shall accept
4 applications for and issue such additional clinical registrant permits
5 as it determines to be necessary and consistent with the provisions
6 of P.L.2009, c.307 (C.24:6I-1 et al.). The commission shall make a
7 determination as to a clinical registrant permit application no later
8 than 90 days after receiving the application, which may include a
9 determination that the commission reasonably requires more time to
10 adequately review the application. In reviewing and approving
11 applications for clinical registrant permits, the commission shall
12 seek to incorporate the policies, practices, protocols, standards, and
13 criteria developed by the Office of Minority, Disabled Veterans,
14 and Women **【Medical】** Cannabis Business Development pursuant
15 to section 32 of P.L.2019, c.153 (C.24:6I-25) to promote
16 participation in the medical cannabis industry by persons from
17 socially and economically disadvantaged communities. In no case
18 shall the commission accept, process, or approve an application
19 submitted by an applicant that has contracted with an academic
20 medical center that is part of a health care system that includes
21 another academic medical center that has contracted with an
22 applicant for, or a holder of, a clinical registrant permit.

23 c. A contract between a clinical registrant and an academic
24 medical center shall include a commitment by the academic medical
25 center, or its affiliate, to engage in or oversee clinical research
26 related to the use or adverse effects of **【medical】** cannabis in order
27 to advise the clinical registrant concerning patient health and safety,
28 medical applications, **【and】** dispensing and management of
29 controlled substances, and ways to mitigate adverse health or
30 societal effects of adult, personal use legalization, among other
31 areas. A clinical registrant issued a permit pursuant to this section
32 shall have a written contractual relationship with no more than one
33 academic medical center.

34 d. A clinical registrant issued a permit pursuant to this section
35 shall be authorized to engage in all conduct involving the
36 cultivation, manufacturing, and dispensing of medical cannabis as is
37 authorized for an entity holding medical cannabis cultivator,
38 medical cannabis manufacturer, and medical cannabis dispensary
39 permits pursuant to P.L.2009, c.307 (C.24:6I-1 et al.), including
40 dispensing medical cannabis and medical cannabis products to
41 qualifying patients and designated and institutional caregivers. The
42 clinical registrant shall additionally be authorized to engage in
43 clinical research involving medical cannabis using qualifying
44 patients who consent to being part of such research, subject to any
45 restrictions established by the commission.

1 e. (1) A clinical registrant issued a permit pursuant to this
2 section may conduct authorized activities related to medical
3 cannabis at more than one physical location, provided that each
4 location is approved by the commission and is in the same region in
5 which the academic medical center with which the clinical
6 registrant has a contract is located.

7 (2) A clinical registrant may apply to the commission for
8 approval to relocate an approved facility to another location in the
9 same region, which application shall be approved unless the
10 commission makes a specific determination that the proposed
11 relocation would be inconsistent with the purposes of P.L.2009,
12 c.307 (C.24:6I-1 et al.). The denial of an application for relocation
13 submitted pursuant to this paragraph shall be considered a final
14 agency decision, subject to review by the Appellate Division of the
15 Superior Court.

16 (3) The commission may authorize a clinical registrant to
17 dispense medical cannabis and medical cannabis products from
18 more than one physical location if the commission determines that
19 authorizing additional dispensing locations is necessary for the
20 clinical registrant to best serve and treat qualifying patients and
21 clinical trial participants.

22 (4) In no case shall a clinical registrant operate or be located on
23 land that is valued, assessed or taxed as an agricultural or
24 horticultural use pursuant to the "Farmland Assessment Act of
25 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

26 f. A clinical registrant permit shall not be sold or transferred to
27 any other entity.

28 g. Clinical registrant permits shall be valid for the term of the
29 contractual relationship between the academic medical center and
30 the clinical registrant. The commission may renew a clinical
31 registrant permit to correspond to any renewal of the contractual
32 relationship between the academic medical center and the clinical
33 registrant.

34 h. Each clinical registrant shall submit the results of the clinical
35 research obtained through an approved clinical registrant permit to
36 the commission no later than one year following the conclusion of
37 the research study or publication of the research study in a peer-
38 reviewed medical journal. Nothing in this subsection shall be
39 deemed to require the disclosure of any clinical research that would
40 infringe on the intellectual property of the clinical registrant or on
41 the confidentiality of patient information.

42 i. Application materials submitted to the commission pursuant
43 to this section shall not be considered a public record pursuant to
44 P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et
45 al.).

46 (cf: P.L.2019, c.153, s.13)

1 18. (New section) Regulation of Cannabis.

2 a. The commission shall adopt rules and regulations, pursuant to
3 subsection d. of section 6 of P.L. , c. (C.) (pending before the
4 Legislature as this bill), which shall be consistent with the intent of
5 P.L. , c. (C.) (pending before the Legislature as this bill). The
6 commission may create an expert task force to make recommendations
7 to the commission about the content of such regulations. Such
8 regulations shall include:

9 (1) Procedures for the application, issuance, denial, renewal,
10 suspension, and revocation of a license or conditional license to
11 operate as a cannabis establishment, distributor, or delivery service.
12 Such procedures shall include a periodic evaluation of whether the
13 number of each class of cannabis establishment, or cannabis
14 distributors or cannabis delivery services, is sufficient to meet the
15 market demands of the State, a result of which is the commission's
16 authority to make requests for new applications and issue additional
17 licenses as it deems necessary to meet those demands, except as
18 otherwise provided in section 33 of P.L. , c. (C.) (pending
19 before the Legislature as this bill) regarding an initial period during
20 which the number of Class 1 Cannabis Grower licenses is capped;

21 (2) Application, licensure, and renewal of licensure fees;

22 (3) Incorporation of the licensing goals for applicants for
23 licensure who are New Jersey residents established in P.L. ,
24 c. (C.) (pending before the Legislature as this bill). The
25 commission shall make good faith efforts to meet these goals.
26 Qualifications for licensure shall be directly and demonstrably
27 related to the operation of a cannabis establishment, distributor, or
28 delivery service, provided that the commission shall make licenses
29 available to as diverse a group as reasonably practicable, however
30 no license of any kind shall be issued to a person under the legal
31 age to purchase cannabis items;

32 (4) (a) Incorporation of the licensing measures established by
33 the Office of Minority, Disabled Veterans, and Women Cannabis
34 Business Development pursuant to subparagraph (b) of paragraph (1)
35 of subsection c. of section 32 of P.L.2019, c.153 (C.24:6I-25) to
36 promote the licensing of persons from socially and economically
37 disadvantaged communities, and minority businesses and women's
38 businesses, as these terms are defined in section 2 of P.L.1986,
39 c.195 (C.52:27H-21.18), and disabled veterans' businesses as
40 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2). The
41 commission shall coordinate with the office with respect to the
42 incorporation of these licensing measures;

43 (b) Procedures, to monitor the incorporated licensing measures
44 established by the Office of Minority, Disabled Veterans, and Women
45 Cannabis Business Development, which shall include a verification, as
46 part of the application process for licensure or license renewal, of a
47 minority, women's, or disabled veterans' business certification
48 provided to that business by the office pursuant to paragraph (1) of

1 subsection b. of section 32 of P.L.2019, c.153 (C.24:6I-25), or
2 verification of an application for certification under review by the
3 office pursuant to that paragraph, which review is occurring
4 simultaneous to the application for licensure or license renewal;

5 (5) Security requirements for cannabis establishments and
6 transportation of cannabis;

7 (6) Requirements to prevent the sale or diversion of cannabis
8 items to persons under the legal age to purchase cannabis items,
9 including, but not limited to, requirements that:

10 (a) All licensees and licensee representatives, before permitting
11 entrance to a cannabis establishment and selling or serving cannabis
12 items to any person, shall require such person to produce one of the
13 following pieces of identification:

14 (i) The person's United States passport;

15 (ii) The person's motor vehicle driver's license, whether issued by
16 New Jersey or by any other state, provided the license displays a
17 picture of the person;

18 (iii) A New Jersey identification card issued by the New Jersey
19 Motor Vehicle Commission; or

20 (iv) Any other identification card issued by a state or the United
21 States that bears a picture of the person, the name of the person, the
22 person's date of birth, and a physical description of the person;

23 (b) No cannabis establishment, distributor, or delivery service
24 shall employ persons under 18 years of age nor shall any cannabis
25 retailer allow persons under the legal age to purchase cannabis
26 items, other than a person employed by the retailer, to enter or
27 remain on the premises of a cannabis retailer unless accompanied
28 by a parent or legal guardian;

29 (c) Packaging and branding regulations to prevent the marketing
30 of cannabis items and cannabis paraphernalia to people under the
31 legal age to purchase cannabis items;

32 (d) No edible cannabis items shall be produced, marketed, or
33 sold that are in the shape of, or a shape bearing the likeness or
34 containing characteristics of, a realistic or fictional human, animal,
35 or fruit, or part thereof, including artistic, caricature, or cartoon
36 renderings;

37 (7) Labeling and packaging requirements for cannabis items
38 sold or distributed by a cannabis establishment, including, but not
39 limited to, the affixing of a tracking stamp to containers or
40 packaging as set forth in section 29 of P.L.2019, c.153 (C.24:6I-22)
41 and requirements that:

42 (a) Cannabis items and cannabis paraphernalia are not
43 packaged, branded, or marketed using any statement, illustration, or
44 image that:

45 (i) Includes false, deceptive, or misleading statements;

46 (ii) Promotes over-consumption;

47 (iii) Depicts a child or other person under legal age consuming
48 cannabis items; or

- 1 (iv) Includes objects, such as toys, characters, or cartoon
2 characters suggesting the presence of a person under the legal age to
3 purchase cannabis items, or any other depiction designed in any
4 manner to be especially appealing to persons under the legal age to
5 purchase cannabis items;
- 6 (b) Ensure cannabis items are packaged in opaque, child-
7 resistant special packaging, or if applicable to a particular cannabis
8 item, child resistant special packaging for liquid nicotine containers, in
9 accordance with the “Poison Prevention Packaging Act of 1970,” 15
10 U.S.C. s.1471 et seq., and the associated regulations promulgated
11 thereunder, except that these child-resistant packaging requirements
12 shall not apply to any cannabis item obtained from a cannabis retailer
13 or alternative treatment center for immediate, on-premises
14 consumption at that retailer’s or center’s cannabis consumption area as
15 permitted pursuant to section 28 of P.L.2019, c.153 (C.24:6I-21);
- 16 (c) Cannabis items warning labels adequately inform consumers
17 about safe cannabis use and warn of the consequences of misuse or
18 overuse;
- 19 (d) Labeling rules that mandate clear identification of health
20 and safety information, including, but not limited to:
- 21 (i) Net weight;
- 22 (ii) Production date and expiration date;
- 23 (iii) An ingredient list that includes, but is not limited to, all
24 ingredients used to manufacture the cannabis product and a list of
25 all potential allergens contained within the product;
- 26 (iv) Strain or type of cannabis, listed by scientific terms, if
27 available, and generic or “slang” names;
- 28 (v) Whether the product requires refrigeration;
- 29 (vi) Growth method (whether dirt grown, hydroponic, or
30 otherwise) and an indication whether the cannabis was grown using
31 all-organic materials, and a complete list of any nonorganic
32 pesticides, fungicides and herbicides used during the cultivation of
33 the cannabis;
- 34 (vii) Serving size, the total number of servings, and a statement
35 regarding the percentage of THC contained in the cannabis product
36 and in each serving. For example: “The serving size of active THC
37 in this product is X mg. This product contains X servings of
38 cannabis, and the total amount of active THC in this product is X
39 mg.”;
- 40 (viii) Warning labels that include the nationwide toll-free
41 telephone number used to access poison control centers that is
42 maintained in accordance with 42 U.S.C. s.300d-71, as well as
43 include, but are not limited to, one or more of the following:
- 44 -- “This product contains cannabis”;
- 45 -- “This product is infused with cannabis”;
- 46 -- “This product is intended for use by adults 21 years of age or
47 older. Keep out of the reach of children”;

- 1 -- “The intoxicating effects of this product may be delayed by
2 two or more hours”;
- 3 -- “There may be health risks associated with the consumption of
4 this product, including for women who are pregnant, breastfeeding,
5 or planning on becoming pregnant”;
- 6 -- “Do not drive a motor vehicle or operate heavy machinery
7 while using cannabis”;
- 8 (e) Labeling rules that mandate the source of the cannabis items,
9 including, but not limited to, the license number of the cannabis
10 cultivation facility where the cannabis used to produce the cannabis
11 item was grown, the license number of the cannabis product
12 manufacturing facility that produced the cannabis item, and the
13 license number of the cannabis retailer that sold the cannabis item
14 and the production batch and lot numbers of the cannabis items;
- 15 (8) Health and safety regulations and standards for the
16 manufacture and sale of cannabis products and the cultivation of
17 cannabis, including, but not limited to, requirements that:
- 18 (a) Establish accreditation and licensure criteria for cannabis
19 testing facilities, which shall include, as a condition for licensure, the
20 maintenance of a labor peace agreement and entrance into, or good
21 faith effort to enter into, a collective bargaining agreement in
22 accordance with subsection c. of section 18 of P.L. , c. (C.)
23 (pending before the Legislature as this bill). The commission shall
24 also incorporate the licensing measures established by the Office of
25 Minority, Disabled Veterans, and Women Cannabis Business
26 Development, and the assessment of their effectiveness, pursuant to
27 subparagraph (b) of paragraph (1) of subsection c. of section 32 of
28 P.L.2019, c.153 (C.24:6I-25), and apply them to the licensing of
29 cannabis testing facilities in order to promote the licensing of
30 persons from socially and economically disadvantaged
31 communities, and minority businesses and women’s businesses, as
32 these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-
33 21.18), and disabled veterans’ businesses as defined in section 2 of
34 P.L.2015, c.116 (C.52:32-31.2). The license shall permit a cannabis
35 testing facility to test cannabis and cannabis items in accordance
36 with the provisions set forth in P.L. , c. (C.) (pending
37 before the Legislature as this bill), as well as test medical cannabis
38 and medical cannabis products in accordance with the provisions of
39 the “Jake Honig Compassionate Use Medical Cannabis Act,”
40 P.L.2009, c.307 (C.24:6I-1 et al.);
- 41 (b) (i) The commission issue licenses for a sufficient number of
42 cannabis testing facilities, if those facilities meet the requirements
43 for licensure, in order to ensure that the testing of representative
44 samples of cannabis items in accordance with the procedures set
45 forth in paragraph (13) of this subsection can be completed in not
46 more than 14 days following their submission to any facility. Other
47 factors that may be considered by the commission in determining
48 whether a sufficient number of cannabis testing facilities are

1 currently licensed include the current licensees' experience or
2 expertise in testing highly regulated products, demonstrated testing
3 efficiency and effectiveness, existing research partnerships or
4 capability to form and maintain research partnerships focusing on
5 cannabis items, and any other factors established in regulation by
6 the commission; and

7 (ii) Permits the commission to inspect any licensed cannabis
8 testing facility to determine the condition and calibration of any
9 equipment used for testing, and to ensure that a facility's testing
10 procedures are performed in accordance with the commission's
11 accreditation requirements for licensure;

12 (c) Every licensed cannabis cultivation facility and cannabis
13 product manufacturing facility shall permit representatives of
14 cannabis testing facilities to make scheduled and unscheduled visits
15 to facilities in order to obtain random samples of cannabis items, in
16 a quantity established by the commission, to be transported to
17 cannabis testing facilities for inspection and testing to certify
18 compliance with health, safety, and potency standards adopted by
19 the commission;

20 (d) Prescribe methods of producing, processing, and packaging
21 cannabis items; conditions of sanitation; safe handling
22 requirements; approved pesticides and pesticide testing
23 requirements, to the extent not inconsistent with approved pesticides
24 and requirements otherwise established under federal and State law;
25 and standards of ingredients, quality, and identity of cannabis items
26 produced, processed, packaged, or sold by cannabis establishments;

27 (e) Establish accreditation and licensing criteria for responsible
28 cannabis server and seller training and certification programs for
29 cannabis retailer employees;

30 (f) Provide that no licensed cannabis establishment, distributor,
31 or delivery service, or employee of a cannabis establishment or
32 distributor, shall consume, or allow to be consumed, any cannabis
33 items on the establishment's, distributor's, or delivery service's
34 premises, except as permitted in a cannabis consumption area or
35 private area as set forth in section 28 of P.L.2019, c.153 (C.24:6I-
36 21);

37 (g) (i) Set appropriate dosage, potency, and serving size limits
38 for cannabis and other cannabis items, provided that a standardized
39 serving of cannabis shall be no more than 10 milligrams of active
40 THC and no individual edible retail product unit for sale shall
41 contain more than 100 milligrams of active THC;

42 (ii) Require that each single standardized serving of cannabis in
43 a multiple-serving edible cannabis product is physically demarked
44 in a way that enables a reasonable person to determine how much of
45 the product constitutes a single serving of active THC, and that each
46 standardized serving of cannabis shall be easily separable to allow
47 an average person 21 years of age or older to physically separate,
48 with minimal effort, individual servings of the product;

1 (iii) Require that, if it is impracticable to clearly demark every
2 standardized serving of cannabis or to make each standardized
3 serving easily separable in an edible cannabis product, the product
4 shall contain no more than 10 milligrams of active THC per unit of
5 sale;

6 (h) Establish a universal symbol to indicate that a cannabis item
7 contains cannabis, which shall be marked, stamped, or imprinted
8 directly on an edible retail cannabis item, or on each single
9 standardized serving in a multiple-serving edible cannabis item,
10 unless the item is a loose bulk good such as granola or cereal, a
11 powder, a liquid-infused item, or another form too impractical to be
12 marked, stamped, or imprinted;

13 (i) Prohibit the use of a commercially manufactured or
14 trademarked food product as an edible retail cannabis item, provided
15 that a commercially manufactured or trademarked food product may
16 be used as a component of an edible retail cannabis item or part of an
17 item's recipe so long as the commercially manufactured or
18 trademarked food product is used in a way that renders it
19 unrecognizable in the final edible retail cannabis item and the item is
20 not advertised as containing the commercially manufactured or
21 trademarked food product;

22 (j) Establish screening, hiring, training, and supervising
23 requirements for retail store employees and others who manufacture
24 or handle cannabis items;

25 (k) Promote general sanitary requirements for the handling,
26 storage, and disposal of cannabis items, and the maintenance of
27 cannabis establishments;

28 (l) Provide for rigorous auditing, inspection, and monitoring of
29 cannabis establishments, distributors, and delivery services for
30 compliance with health and safety rules and regulations;

31 (m) Require the implementation of security requirements for
32 retail outlets and premises where cannabis items are produced or
33 processed, and safety protocols for cannabis establishments,
34 distributors, and delivery services, and their employees;

35 (n) Prescribe reasonable restrictions on the manner, methods,
36 and means by which licensees shall transport cannabis items within
37 the State; and

38 (o) Establish procedures for identification, seizure, confiscation,
39 destruction, or donation to law enforcement for training purposes of
40 all cannabis or cannabis products produced, processed, sold, or
41 offered for sale within this State which do not conform in all
42 respects to the standards prescribed by P.L. , c. (C.)
43 (pending before the Legislature as this bill);

44 (9) Restrictions on the advertising and display of cannabis items
45 and cannabis paraphernalia, including, but not limited to,
46 requirements that:

47 (a) Restrict advertising of cannabis items and cannabis
48 paraphernalia in ways that target or are designed to appeal to

1 individuals under the legal age to purchase cannabis items,
2 including, but not limited to depictions of a person under 21 years
3 of age consuming cannabis, or, includes objects, such as toys,
4 characters, or cartoon characters suggesting the presence of a
5 person under 21 years of age, or any other depiction designed in any
6 manner to be especially appealing to a person under 21 years of
7 age;

8 (b) Prohibit advertising of any cannabis items or cannabis
9 paraphernalia on television, or on radio between the hours of
10 6:00am and 10:00pm;

11 (c) Prohibit engaging in advertising unless the advertiser has
12 reliable evidence that at least 71.6 percent of the audience for the
13 advertisement is reasonably expected to be 21 years of age or older;

14 (d) Prohibit engaging in advertising or marketing directed
15 towards location-based devices, including but not limited to cellular
16 phones, unless the marketing is a mobile device application
17 installed on the device by the owner of the device who is 21 years
18 of age or older and includes a permanent and easy opt-out feature
19 and warnings that the use of cannabis items is restricted to persons
20 21 years of age or older;

21 (e) Prohibit the sponsoring of a charitable, sports, musical,
22 artistic, cultural, social, or other similar event or advertising at or in
23 connection with such an event unless the sponsor or advertiser has
24 reliable evidence that no more than 20 percent of the audience at the
25 event is reasonably expected to be under the legal age to purchase
26 cannabis items;

27 (f) Require all advertisements to contain the following warning:
28 “This product contains cannabis. For use only by adults 21 years of
29 age or older. Keep out of the reach of children.”;

30 (g) Prohibit the advertising of cannabis items or cannabis
31 paraphernalia in any form or through any medium whatsoever
32 within 200 feet of an elementary or secondary school grounds.

33 For the purposes of this section, a noncommercial message shall
34 not be considered an advertisement. This section also shall not
35 apply to advertisements within the premises of a cannabis retailer.

36 (10) A requirement that only cannabis items and cannabis
37 paraphernalia are available for sale at a cannabis establishment;

38 (11) Procedures for the commission to conduct announced and
39 unannounced visits to cannabis establishments, distributors, and
40 delivery services, to make, or cause to be made, such investigations
41 as it shall deem proper in the administration of P.L. ,

42 c. (C.) (pending before the Legislature as this bill) and any
43 other laws which may hereafter be enacted concerning cannabis, or
44 the manufacture, distribution, sale, or delivery thereof, including
45 the inspection and search of premises for which the license is
46 sought or has been issued, of any building containing the same, of
47 licensed buildings, examination of the books, records, accounts,
48 documents and papers of the licensees or on the licensed premises;

1 (a) The commission shall be authorized, after adequate notice to
2 the owner or the agent of the owner, to make an examination of the
3 books and may at any time make an examination of the premises of
4 any person licensed under P.L. , c. (C.) (pending before the
5 Legislature as this bill) for the purpose of determining compliance
6 with P.L. , c. (C.) (pending before the Legislature as this
7 bill) and the rules of the commission. The commission shall not
8 require the books of any licensee to be maintained on the premises
9 of the licensee;

10 (b) The commission may, at any time, examine the books and
11 records of any cannabis licensee, require compliance with P.L. , c.
12 (C.) (pending before the Legislature as this bill), and may
13 appoint auditors, investigators and other employees that the
14 commission considers necessary to enforce its powers and perform
15 its duties;

16 (c) During any inspection of a licensed premises, the
17 commission may require proof that a person performing work at the
18 premises is 18 years of age or older. If the person does not provide
19 the commission with acceptable proof of age upon request, the
20 commission may require the person to immediately cease any
21 activity and leave the premises until the commission receives
22 acceptable proof of age; and

23 (d) The commission shall not be required to obtain a search
24 warrant to conduct an investigation or search of licensed premises;

25 (12) Record keeping requirements, including, but not limited to,
26 the following:

27 (a) The obligation of every cannabis grower to keep a complete
28 and accurate record of all sales of cannabis flowers, cannabis
29 leaves, and immature cannabis plants, and a complete and accurate
30 record of the number of cannabis flowers produced, the number of
31 ounces of cannabis leaves produced, the number of immature
32 cannabis plants produced, and the dates of production; the
33 obligation of every cannabis establishment to keep a complete and
34 accurate record of all sales of cannabis, and a complete and accurate
35 record of the number of ounces of cannabis items sold; the
36 obligation of every cannabis distributor to keep a complete and
37 accurate record of all cannabis items transported in bulk, and the
38 sending and receiving cannabis establishments involved in each
39 transportation of the cannabis items; and the obligation of every
40 cannabis delivery service to keep a complete and accurate record of
41 all cannabis item deliveries made on behalf of a cannabis retailer;

42 (b) Such records shall be kept and maintained for four years and
43 the records shall be in such form and contain such other information
44 as the commission may require; and

45 (c) The commission may, at any time, with adequate notice,
46 examine the books and records of any cannabis establishment,
47 distributor, or delivery service, and may appoint auditors,
48 investigators, and other employees that the commission considers

- 1 necessary to enforce its powers and duties as described in P.L. ,
2 c. (C.) (pending before the Legislature as this bill);
- 3 (13) Procedures for inspecting samples of cannabis items,
4 including:
- 5 (a) On a schedule determined by the commission, every licensed
6 cannabis grower and processor shall submit representative samples
7 of cannabis, useable cannabis, or cannabis-infused products
8 produced or processed by the licensee to an independent, third-party
9 licensed testing facility meeting the accreditation requirements
10 established by the commission, for inspection and testing to certify
11 compliance with standards adopted by the commission. Any sample
12 remaining after testing shall be destroyed by the facility or returned
13 to the licensee, unless that sample does not meet the applicable
14 standards adopted by the commission, in which case it may be retained
15 for purposes of retesting upon request of a licensee in accordance with
16 subparagraph (c) of this paragraph;
- 17 (b) Licensees shall submit the results of this inspection and
18 testing to the commission on a form developed by the commission;
19 and
- 20 (c) If a representative sample inspected and tested under this
21 section does not meet the applicable standards adopted by the
22 commission, the representative sample may, upon notice to the
23 commission, be retested at the request of a licensee in a manner
24 prescribed by the commission, and in addition to a retest, or as an
25 alternative thereto, the licensee may also be permitted an
26 opportunity to remediate, upon notice to the commission, the lot
27 from which the failed representative sample was taken, which lot
28 shall be subject to a subsequent test of a new representative sample
29 in a manner prescribed by the commission. Any request for a retest
30 of a representative sample, and any retest and reporting of results,
31 as well as any lot remediation process undertaken and subsequent
32 testing of that lot, shall be completed within a time period
33 established by the commission. The commission shall also provide
34 a process by which representative samples and lots that failed
35 retesting or remediation, as applicable, shall be destroyed;
- 36 (14) Establishing the number of cannabis retailers:
- 37 (a) Assuming there are sufficient qualified applicants for
38 licensure, the commission shall, subject to annual review, issue a
39 sufficient number of Class 5 Retailer licenses to meet the market
40 demands of the State, giving regard to geographical and population
41 distribution throughout the State; and
- 42 (b) the provision of adequate access to licensed sources of
43 useable cannabis and cannabis products to discourage purchases
44 from the illegal market; and
- 45 (15) Civil penalties for the failure to comply with regulations
46 adopted pursuant to this section.
- 47 b. In order to ensure that individual privacy is protected, the
48 commission shall not require a consumer to provide a cannabis retailer

1 with personal information other than government-issued identification
2 to determine the consumer's age, and a cannabis retailer shall not
3 collect and retain any personal information about consumers other than
4 information typically acquired in a financial transaction conducted by
5 the holder of a Class C retail license concerning alcoholic beverages as
6 set forth in R.S.33:1-12.

7 c. Once regulations are adopted by the commission pursuant to
8 subsection a. of this section, but prior to the commencement of the
9 application process, the commission shall conduct a series of
10 information sessions in every county in New Jersey to educate
11 residents of New Jersey about the responsibilities, opportunities,
12 requirements, obligations, and processes for application for a
13 license to operate a cannabis establishment, distributor, or delivery
14 service. The commission shall conduct an appropriate number of
15 information sessions in each county considering the population of
16 each county, but no fewer than one information session in each
17 county. The commission shall publicize the day, time, location, and
18 agenda of each information session broadly through television,
19 radio, Internet, print, and local agencies.

20 d. The commission shall:

21 (1) Examine available research, and may conduct or commission
22 new research or convene an expert task force, to investigate the
23 influence of cannabis and marijuana on the ability of a person to
24 drive a vehicle, on methods for determining whether a person is under
25 the influence of cannabis or marijuana, and on the concentration of
26 delta-9 tetrahydrocannabinol in a person's blood, in each case taking
27 into account all relevant factors; and

28 (2) Report, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
29 19.1), the results of the research to the Legislature and make
30 recommendations to the Legislature regarding legislation or other
31 legislative action as the commission deems necessary.

32

33 19. (New section) Application For License or Conditional
34 License.

35 a. Each application for an annual license to operate a cannabis
36 establishment, distributor, or delivery service, or conditional license
37 for a proposed cannabis establishment, distributor, or delivery
38 service, shall be submitted to the commission. A separate license or
39 conditional license shall be required for each location at which a
40 cannabis establishment seeks to operate, or for the location of each
41 premises from which a cannabis distributor or delivery service
42 seeks to operate. Renewal applications for another annual license
43 may be filed up to 90 days prior to the expiration of the
44 establishment's, distributor's, or delivery service's license. A
45 conditional license shall not be renewed, but replaced with an
46 annual license upon the commission's determination of
47 qualification for the annual license, or otherwise expire, as set forth
48 in paragraph (2) of subsection b. of this section.

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

3 (a) begin accepting and processing applications within 30 days
4 after the commission's initial rules and regulations have been
5 adopted pursuant to subparagraph (a) of paragraph (1) of subsection
6 d. of section 6 of P.L. , c. (C.) (pending before the Legislature
7 as this bill);

8 (b) forward, within seven days of receipt, a copy of each
9 application to the municipality in which the applicant desires to
10 operate the cannabis establishment, distributor, or delivery service;
11 and

12 (c) verify the information contained in the application and
13 review the qualifications for the applicable license class, set forth in
14 section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending
15 before the Legislature as this bill), and regulations concerning
16 qualifications for licensure promulgated by the commission for
17 which the applicant seeks licensure, and not more than 90 days after
18 the receipt of an application, make a determination as to whether
19 the application is approved or denied, or that the commission
20 requires more time to adequately review the application.

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

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

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

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

8 (a) begin accepting and processing applications from applicants
9 within 30 days after the commission’s initial rules and regulations
10 have been adopted pursuant to subparagraph (a) of paragraph (1) of
11 subsection d. of section 6 of P.L. , c. (C.) (pending before the
12 Legislature as this bill), and ensure that at least 35 percent of the
13 total licenses issued for each class of cannabis establishment, and
14 for cannabis distributors and delivery services, are conditional
15 licenses, which 35 percent figure shall also include any conditional
16 license issued to an applicant which is subsequently replaced by the
17 commission with an annual license due to that applicant’s
18 compliance for the annual license pursuant to subparagraph (i)
19 of subparagraph (d) of this paragraph;

20 (b) forward, within seven days of receipt, a copy of each
21 application to the municipality in which the applicant desires to
22 operate a proposed cannabis establishment, or to the municipality in
23 which the premises is located from which the applicant desires to
24 operate a proposed cannabis distributor or delivery service; and

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

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

30 (ii) a listing included with the application, showing all persons
31 with a financial interest who also has decision making authority for
32 the proposed cannabis establishment, distributor, or delivery service
33 detailed in the application;

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

38 (iv) the name, address, date of birth, and resumes of each
39 executive officer and all significantly involved persons with a
40 financial interest who also has decision making authority for the
41 proposed cannabis establishment, distributor, or delivery service, as
42 well as a photocopy of their driver’s licenses or other government-
43 issued form of identification, plus background check information in
44 a form and manner determined by the commission in consultation
45 with the Superintendent of State Police; concerning the background
46 check, an application shall be denied if any person has any
47 disqualifying conviction pursuant to subparagraph (c) of paragraph
48 (4) of subsection a. of section 19, 21, 22, 23, or 24 of P.L. ,

1 c. (C.) (pending before the Legislature as this bill), based
2 upon the applicable class of cannabis establishment for which the
3 application was submitted, or based upon the application being for a
4 cannabis distributor or delivery service, unless the commission
5 determines pursuant to subsubparagraph (ii) of those subparagraphs
6 that the conviction should not disqualify the application;

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

12 (vi) a certification that each person with a financial interest who
13 also has decision making authority for the proposed cannabis
14 establishment, distributor, or delivery service does not have any
15 financial interest in an application for an annual license under
16 review before the commission or a cannabis establishment or
17 distributor that is currently operating with an annual license;

18 (vii) the federal and State tax identification numbers for the
19 proposed cannabis establishment, distributor, or delivery service,
20 and proof of business registration with the Division of Revenue in
21 the Department of the Treasury;

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

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

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

31 (xi) any other requirements established by the commission
32 pursuant to regulation; and

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

37 The commission shall deny a license application to any applicant
38 who fails to provide information, documentation and assurances as
39 required by P.L. , c. (C.) (pending before the Legislature as
40 this bill) or as requested by the commission, or who fails to reveal any
41 fact material to qualification, or who supplies information which is
42 untrue or misleading as to a material fact pertaining to the qualification
43 criteria for licensure. The commission shall approve a license
44 application that meets the requirements of this section unless the
45 commission finds by clear and convincing evidence that the applicant
46 would be manifestly unsuitable to perform the activities for the
47 applicable license class for which licensure is sought.

1 (i) If the application is approved, upon collection of the
2 conditional license fee, the commission shall issue a conditional
3 license to the applicant, which is non-transferable for its duration,
4 no later than 30 days after giving notice of approval of the
5 application, unless the commission finds the applicant is not in
6 compliance with regulations for conditional licenses enacted
7 pursuant to the provisions of paragraph (1) of subsection d. of
8 section 6 of P.L. , c. (C.) (pending before the legislature as
9 this bill) or the commission is notified by the relevant municipality
10 that the applicant is not in compliance with ordinances and
11 regulations made pursuant to the provisions of section 31 of P.L. of
12 P.L. , c. (C.) (pending before the Legislature as this bill)
13 and in effect at the time of application, provided, if a municipality
14 has enacted a numerical limit on the number of marijuana cannabis
15 establishments, distributors, or delivery services and a greater
16 number of applicants seek licenses, the commission shall solicit and
17 consider input from the municipality as to the municipality's
18 preference or preferences for licensure. For each license issued, the
19 commission shall also provide the approved licensee with
20 documentation setting forth the remaining conditions to be satisfied
21 under section 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.)
22 (pending before the Legislature as this bill), or relevant regulations,
23 based upon the applicable class of cannabis establishment for which
24 the conditional license was issued, or based upon the conditional
25 license issued for a cannabis distributor or delivery service, and
26 which were not already required for the issuance of that license, to
27 be completed within 120 days of issuance of the conditional license,
28 which period may be extended upon request to the commission for
29 an additional period of up to 45 days at the discretion of the
30 commission. If the commission subsequently determines during
31 that 120-day period, or during any additional period granted, that
32 the conditional licensee is in compliance with all applicable
33 conditions and is implementing the plans, procedures, protocols,
34 actions, or other measures set forth in its application, the
35 commission shall replace the conditional license by issuing an
36 annual license, which will expire one year from its date of issuance;
37 if the conditional licensee is not in compliance with all applicable
38 conditions or not implementing the plans, procedures, protocols,
39 actions, or other measures set forth in its application, the
40 conditional license shall automatically expire at the end of the 120-
41 day period, or at the end of any additional period granted by the
42 commission;

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

1 c. The commission shall require all applicants for cannabis
2 licenses, other than applicants issued a conditional license for any
3 form of cannabis establishment, distributor, or delivery service, or
4 issued either a conditional or annual license for an establishment,
5 distributor, or delivery service that is a microbusiness pursuant to
6 subsection f. of this section, to submit an attestation signed by a
7 bona fide labor organization stating that the applicant has entered
8 into a labor peace agreement with such bona fide labor
9 organization. The maintenance of a labor peace agreement with a
10 bona fide labor organization by a licensed cannabis establishment,
11 distributor, or delivery service, other than an establishment that is a
12 microbusiness, shall be an ongoing material condition of the
13 establishment's, distributor's, or delivery service's license. The
14 submission of an attestation and maintenance of a labor peace
15 agreement with a bona fide labor organization by an applicant
16 issued a conditional license for a cannabis establishment,
17 distributor, or delivery service, other than an establishment that is a
18 microbusiness, shall be a requirement for final approval for an
19 annual license. Failure to enter, or to make a good faith effort to
20 enter, into a collective bargaining agreement within 200 days of the
21 opening of a licensed cannabis establishment, distributor, or
22 delivery service, other than an establishment that is a
23 microbusiness, shall result in the suspension or revocation of the
24 establishment's or distributor's license.

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

40 (a) An initial application for licensure shall be evaluated
41 according to criteria to be developed by the commission. For the
42 point values assigned to each criterion, there shall be included
43 bonus points for applicants who are residents of New Jersey.

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

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

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

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

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

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

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

- 1 - the applicant's history of workers' compensation claims and
2 safety assessments;
- 3 - procedures for reporting adverse events; and
4 - a sanitation practices plan.
- 5 (iii) A summary of the applicant's business experience, including
6 the following, if applicable:
- 7 - the applicant's experience operating businesses in highly-
8 regulated industries;
- 9 - the applicant's experience in operating cannabis establishments
10 or alternative treatment centers and related personal use or medical
11 cannabis production and dispensation entities, or experience in
12 operating cannabis distributors or delivery services, under the laws
13 of New Jersey or any other state or jurisdiction within the United
14 States; and
- 15 - the applicant's plan to comply with and mitigate the effects of
16 26 U.S.C. s.280E on cannabis businesses, and for evidence that the
17 applicant is not in arrears with respect to any tax obligation to the
18 State.
- 19 In evaluating the experience described under this
20 subparagraph, the commission shall afford the greatest weight to
21 the experience of the applicant itself, controlling owners, and
22 entities with common ownership or control with the applicant;
23 followed by the experience of those with a 15 percent or greater
24 ownership interest in the applicant's organization; followed by
25 interest holders in the applicant's organization; followed by other
26 officers, directors, and bona fide full-time employees of the
27 applicant as of the submission date of the application.
- 28 (iv) A description of the proposed location for the applicant's
29 site, including the following, if applicable:
- 30 - the proposed location, the surrounding area, and the suitability
31 or advantages of the proposed location, along with a floor plan and
32 optional renderings or architectural or engineering plans;
- 33 - the submission of zoning approvals for the proposed location,
34 which shall consist of a letter or affidavit from appropriate officials
35 of the municipality that the location will conform to local zoning
36 requirements allowing for activities related to the operations of the
37 proposed cannabis grower, cannabis processor, cannabis
38 wholesaler, cannabis distributor, cannabis retailer, or cannabis
39 delivery service and related supplies as will be conducted at the
40 proposed facility; and
- 41 - the submission of proof of local support for the suitability of
42 the location, which may be demonstrated by a resolution adopted by
43 the municipality's governing body indicating that the intended
44 location is appropriately located or otherwise suitable for activities
45 related to the operations of the proposed cannabis grower, cannabis
46 processor, cannabis wholesaler, cannabis distributor, cannabis
47 retailer, or cannabis delivery service.

1 Notwithstanding any other provision of this subparagraph, an
2 application shall be disqualified from consideration unless it
3 includes documentation demonstrating that the applicant will have
4 final control of the premises upon approval of the application,
5 including, but not limited to, a lease agreement, contract for sale,
6 title, deed, or similar documentation. In addition, if the applicant
7 will lease the premises, the application will be disqualified from
8 consideration unless it includes certification from the landlord that
9 the landlord is aware that the tenant's use of the premises will
10 involve operations as a cannabis grower, cannabis processor,
11 cannabis wholesaler, cannabis distributor, cannabis retailer, or
12 cannabis delivery service. An application shall not be disqualified
13 from consideration if the application does not include the materials
14 described in this subparagraph.

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

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

23 - a written description of the applicant's record of social
24 responsibility, philanthropy, and ties to the proposed host
25 community;

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

30 - a written plan describing any research and development
31 regarding the medical efficacy or adverse effects of cannabis, and
32 any cannabis-related educational and outreach activities, which the
33 applicant intends to conduct if issued a license by the commission.

34 In evaluating the information submitted pursuant to this
35 subparagraph, the commission shall afford the greatest weight to
36 the experience of the applicant itself, controlling owners, and
37 entities with common ownership or control with the applicant;
38 followed by the experience of those with a 15 percent or greater
39 ownership interest in the applicant's organization; followed by
40 interest holders in the applicant's organization; followed by other
41 officers, directors, and bona fide full-time employees of the
42 applicant as of the submission date of the application.

43 (vi) A workforce development and job creation plan, which may
44 include, but shall not be limited to a description of the applicant's
45 workforce development and job creation plan, which may include
46 information on the applicant's history of job creation and planned
47 job creation at the proposed cannabis establishment, distributor, or
48 delivery service; education, training, and resources to be made

1 available for employees; any relevant certifications; and an optional
2 diversity plan.

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

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

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

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

32 (ix) Whether the applicant can demonstrate that its governance
33 structure includes the involvement of a school of medicine or
34 osteopathic medicine licensed and accredited in the United States,
35 or a general acute care hospital, ambulatory care facility, adult day
36 care services program, or pharmacy licensed in New Jersey,
37 provided that:

38 - the school, hospital, facility, or pharmacy has conducted or
39 participated in research approved by an institutional review board
40 related to cannabis involving the use of human subjects, except in
41 the case of an accredited school of medicine or osteopathic
42 medicine that is located and licensed in New Jersey;

43 - the school, hospital, facility, or pharmacy holds a profit share
44 or ownership interest in the applicant's organization of 10 percent
45 or more, except in the case of an accredited school of medicine or
46 osteopathic medicine that is located and licensed in New Jersey;
47 and

1 - the school, hospital, facility, or pharmacy participates in major
2 decision-making activities within the applicant's organization,
3 which may be demonstrated by representation on the board of
4 directors of the applicant's organization.

5 (x) Any other information the commission deems relevant in
6 determining whether to grant a license to the applicant.

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

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

15 (b) Applicants that are party to a collective bargaining
16 agreement with a labor organization that currently represents, or is
17 actively seeking to represent cannabis workers in New Jersey.

18 (c) Applicants that are party to a collective bargaining
19 agreement with a labor organization that currently represents
20 cannabis workers in another state.

21 (d) Applicants that submit an attestation affirming that they will
22 use best efforts to utilize **【union】** building trades labor
23 organizations in the construction or retrofit of the facilities
24 associated with the licensed entity.

25 (e) Applicants that submit an attestation affirming that they have
26 a project labor agreement, or will utilize a project labor agreement,
27 which is a form of pre-hire collective bargaining agreement
28 covering terms and conditions of a specific project, including labor
29 issues and worker grievances associated with any construction or
30 retrofit of facilities, or other applicable project, associated with the
31 licensed entity.

32 (3) In reviewing an initial application, unless the information is
33 otherwise solicited by the commission in a specific application
34 question, the commission's evaluation of the application shall be
35 limited to the experience and qualifications of the applicant's
36 organization, including any entities with common ownership or
37 control of the applicant's organization, controlling owners or
38 interest holders in the applicant's organization, and the officers,
39 directors, and current full-time existing employees of the
40 applicant's organization. Responses pertaining to consultants,
41 independent contractors, applicants who are exempt from the
42 criminal history record background check requirements of P.L. ,
43 c. (C.) (pending before the Legislature as this bill), and
44 prospective or part-time employees of the entity shall not be
45 considered. Each applicant shall certify as to the status of the
46 individuals and entities included in the application.

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

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

26 (5) Application materials submitted to the commission pursuant
27 to this section shall not be considered a public record pursuant to
28 P.L.1963, c.73 (C.47:1A-1 et seq.).

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

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

8 (a) has a population of 120,000 or more according to the most
9 recently compiled federal decennial census as of the effective date
10 of P.L. , c. (C.) (pending before the Legislature as this bill);
11 or

12 (b) (i) ranks in the top 40 percent of municipalities in the State
13 for marijuana- or hashish-related arrests for violation of paragraph
14 (4) of subsection a. of N.J.S.2C:35-10 in the calendar year next
15 preceding the effective date of P.L. , c. (C.) (pending before
16 the Legislature as this bill);

17 (ii) has a crime index total of 825 or higher based upon the
18 indexes listed in the most recently issued annual Uniform Crime
19 Report by the Division of State Police as of that effective date; and

20 (iii) has a local average annual unemployment rate that ranks in
21 the top 15 percent of all municipalities in the State for the calendar
22 year next preceding that effective date, based upon average annual
23 unemployment rates estimated for the relevant calendar year by the
24 Office of Research and Information in the Department of Labor and
25 Workforce Development.

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

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

33 (b) An applicant who is a current resident of an impact zone and
34 has resided therein for three or more consecutive years at the time
35 of making the application. To the extent reasonably practicable, at
36 least 25 percent of the total licenses issued to applicants for a
37 cannabis establishment, distributor, or delivery service license shall
38 be awarded to applicants who have resided in an impact zone for
39 three or more consecutive years at the time of making the
40 application, regardless of where the cannabis establishment,
41 distributor, or delivery service is, or is intended to be, located.

42 (c) An applicant who presents a plan, attested to, to employ 25
43 percent of employees who reside in an impact zone, of whom at
44 least 25 percent shall reside in the impact zone nearest to the
45 location, or intended location, of the cannabis establishment,
46 distributor, or delivery service; failure to meet the requisite
47 percentages of employees from an impact zone within 90 days of
48 the opening of a licensed cannabis establishment, distributor, or

1 delivery service shall result in the suspension or revocation of a
2 license or conditional license, as applicable, issued based on an
3 application with an impact zone employment plan.

4 f. (1) The commission shall ensure that at least 10 percent of
5 the total licenses issued for each class of cannabis establishment, or
6 for cannabis distributors and cannabis delivery services, are
7 designated for and only issued to microbusinesses, and that at least
8 25 percent of the total licenses issued be issued to microbusinesses.
9 The determination of the percentage for each class of license issued
10 to microbusinesses shall include the number of conditional licenses
11 issued to microbusinesses for each class, as the percentage of
12 conditional licenses issued for each class pursuant to subparagraph
13 (a) of paragraph (2) of subsection b. of this section shall not be
14 mutually exclusive of the percentage of licenses issued to
15 microbusinesses pursuant to this paragraph. The maximum fee
16 assessed by the commission for issuance or renewal of a license
17 designated and issued to a microbusiness shall be no more than half
18 the fee applicable to a license of the same class issued to a person
19 or entity that is not a microbusiness. A license designated and
20 issued to a microbusiness shall be valid for one year and may be
21 renewed annually.

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

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

26 (b) at least 51 percent of the owners, directors, officers, or
27 employees of the microbusiness shall be residents of the
28 municipality in which the microbusiness is located, or to be located,
29 or a municipality bordering the municipality in which the
30 microbusiness is located, or to be located;

31 (c) concerning business operations, and capacity and quantity
32 restrictions:

33 (i) employ no more than 10 employees;

34 (ii) operate a cannabis establishment occupying an area of no
35 more than 2,500 square feet, and in the case of a cannabis grower,
36 grow cannabis on an area no more than 2,500 square feet measured
37 on a horizontal plane and grow above that plane not higher than 24
38 feet; provided, that a cannabis grower's grow space may, if
39 approved by the commission, be part of a larger premises that is
40 owned or operated by a cannabis grower that is not a licensed
41 microbusiness, allowing for the sharing of physical facilities and
42 certain business operations, but only the microbusiness cannabis
43 grower shall grow cannabis on and above the grower's grow space.

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

47 (iv) in the case of a cannabis processor, acquire and process no
48 more than 1,000 pounds of cannabis in dried form each month;

1 (v) in the case of a cannabis wholesaler, acquire for resale no
2 more than 1,000 pounds of cannabis in dried form, or the equivalent
3 amount in any other form, or any combination thereof, each month;
4 and

5 (vi) in the case of a cannabis retailer, acquire for retail sale no
6 more than 1,000 pounds of cannabis in dried form, or the equivalent
7 amount in any other form, or any combination thereof, each month.

8 (d) no owner, director, officer, or other person with a financial
9 interest who also has decision making authority for the
10 microbusiness shall hold any financial interest in any other licensed
11 cannabis establishment, distributor, or delivery service, whether or
12 not a microbusiness;

13 (e) no owner, director, officer, or other person with a financial
14 interest who also has decision making authority for a licensed
15 cannabis establishment, distributor, or delivery service, whether or
16 not a microbusiness, shall hold any financial interest in a
17 microbusiness;

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

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

22

23 20. (New section) Class 1 Cannabis Grower license.

24 A cannabis grower shall have a Class 1 Cannabis Grower license
25 issued by the commission for the premises at which the cannabis is
26 grown or cultivated. Except for an initial period during which the
27 number of licenses is capped pursuant to section 33 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill), the
29 commission shall determine the maximum number of licenses, of
30 which at least 35 percent shall be conditional licenses issued
31 pursuant to subparagraph (a) of paragraph (2) of subsection b. of
32 section 18 of P.L. , c. (C.) (pending before the Legislature
33 as this bill), and at least 25 percent of the total number of licenses
34 and conditional licenses shall be designated for and only issued to
35 microbusinesses pursuant subsection f. of that section. After the
36 initial period during which the number of licenses is capped
37 pursuant to section 33 of P.L. , c. (C.) (pending before the
38 Legislature as this bill), the commission shall review the current
39 number of licenses issued and, providing there exist qualified
40 applicants, may, as authorized by paragraph (1) of subsection a. of
41 section 18 of P.L. , c. (C.) (pending before the Legislature
42 as this bill), make requests for new applications for additional
43 licenses as it deems necessary to meet the market demands of the
44 State.

45 a. To hold a Class 1 Cannabis Grower license under this
46 section, an applicant:

1 (1) Shall apply for a license in the manner described in section
2 18 of P.L. , c. (C.) (pending before the Legislature as
3 this bill);

4 (2) Shall have at least one significantly involved person who has
5 resided in this State for at least two years as of the date of the
6 application, and provide proof that this person and any other person
7 with an investment interest who also has decision making authority
8 for the cannabis grower listed on an application submitted under
9 section 18 of P.L. , c. (C.) (pending before the
10 Legislature as this bill) is 21 years of age or older;

11 (3) Shall meet the requirements of any rule or regulation
12 adopted by the commission under subsection b. of this section; and

13 (4) Shall provide for each of the following persons to undergo a
14 criminal history record background check: any owner, other than an
15 owner who holds less than a five percent investment interest in the
16 cannabis grower or who is a member of a group that holds less than
17 a 20 percent investment interest in the cannabis grower and no
18 member of that group holds more than a five percent interest in the
19 total group investment, and who lacks the authority to make
20 controlling decisions regarding the cannabis grower's operations;
21 any director; any officer; and any employee.

22 (a) Pursuant to this provision, the commission is authorized to
23 exchange fingerprint data with and receive criminal history record
24 background information from the Division of State Police and the
25 Federal Bureau of Investigation consistent with the provisions of
26 applicable federal and State laws, rules, and regulations. The
27 Division of State Police shall forward criminal history record
28 background information to the commission in a timely manner
29 when requested pursuant to the provisions of this section;

30 (b) Each person shall submit to being fingerprinted in
31 accordance with applicable State and federal laws, rules, and
32 regulations. No check of criminal history record background
33 information shall be performed pursuant to this section unless a
34 person has furnished his written consent to that check. A person
35 who refuses to consent to, or cooperate in, the securing of a check
36 of criminal history record background information shall not be
37 considered for licensure as a grower. Each person shall bear the
38 cost for the criminal history record background check, including all
39 costs of administering and processing the check;

40 (c) (i) With respect to determining whether any conviction of a
41 person contained in the criminal history record background check
42 should disqualify an applicant for a Class 1 Cannabis Grower
43 license, the commission shall not take into consideration any
44 conviction for a crime or offense that occurred prior to the effective
45 date of P.L. , c. (C.) (pending before the Legislature as this
46 bill) involving a controlled dangerous substance or controlled
47 substance analog as set forth in paragraph (11) or (12) of subsection
48 b., or subparagraph (b) of paragraph (10) of subsection b. of

1 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
2 N.J.S.2C:35-10, or any similar indictable offense under federal law,
3 this State's law, or any other state's law, or for any conviction under
4 federal law for conduct involving cannabis or cannabis resin that is
5 authorized by P.L. , c. (C.) (pending before the Legislature as
6 this bill). Additionally, the commission shall not take into
7 consideration any other prior conviction, unless that conviction is
8 for an indictable offense under federal law, other than a conviction
9 for conduct involving cannabis or cannabis resin that is authorized
10 by P.L. , c. (C.) (pending before the Legislature as this bill),
11 or under this State's law, or any other state's law that is
12 substantially related to the qualifications, functions, or duties for
13 which the license is required, and not more than five years have
14 passed since the date of that conviction, satisfactory completion of
15 probation or parole, or release from incarceration, which is later. In
16 determining which indictable offenses are substantially related to
17 the qualifications, functions, or duties for which the license is
18 required, the commission shall at least consider any conviction
19 involving fraud, deceit, or embezzlement, and any conviction for
20 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
21 similar indictable offense in this or another jurisdiction involving
22 the use of a minor to dispense or distribute a controlled dangerous
23 substance or controlled substance analog;

24 (ii) The commission may approve an applicant for a Class 1
25 Cannabis Grower license after conducting a thorough review of any
26 previous conviction of a person that substantially related to the
27 qualifications, functions, or duties for which the license is required
28 that is contained in the criminal history record background
29 information, and this review shall include examining the nature of
30 the indictable offense, the circumstances at the time of committing
31 the offense, and evidence of rehabilitation since conviction. If the
32 commission determines that the reviewed conviction should not
33 disqualify the applicant, the applicant may be approved so long as
34 the applicant is otherwise qualified to be issued the license; and

35 (d) Upon receipt and review of the criminal history record
36 background information from the Division of State Police and the
37 Federal Bureau of Investigation, the commission shall provide
38 written notification to the applicant of the qualification for or
39 disqualification for a Class 1 Cannabis Grower license.

40 If the applicant is disqualified because the commission
41 determined that a person has a disqualifying conviction pursuant to
42 the provisions of this section, the conviction that constitutes the
43 basis for the disqualification shall be identified in the written
44 notice.

45 (e) The Division of State Police shall promptly notify the
46 commission in the event that a person who was the subject of a
47 criminal history record background check conducted pursuant to
48 this section is convicted of a crime or offense in this State after the

1 date the background check was performed. Upon receipt of that
2 notification, the commission shall make a determination regarding
3 the continued eligibility for the applicant, or following application,
4 for the licensee, to hold a Class 1 Cannabis Grower license.

5 b. The commission shall adopt rules and regulations that:

6 (1) Provide for the annual renewal of the Class 1 Cannabis
7 Grower license;

8 (2) Establish application, licensure, and renewal of licensure
9 fees for cannabis growers in accordance with paragraph (2) of
10 subsection a. of section 18 of P.L. , c. (C.) (pending before
11 the Legislature as this bill);

12 (3) Require cannabis produced by cannabis growers to be tested
13 in accordance with P.L. , c. (C.) (pending before the
14 Legislature as this bill);

15 (4) Require cannabis growers to submit, at the time of applying
16 for or renewing a license under P.L. , c. (C.) (pending
17 before the Legislature as this bill), a report describing the
18 applicant's or licensee's electrical and water usage; and

19 (5) Require a cannabis grower to meet any public health and
20 safety standards, industry best practices, and all applicable
21 regulations established by the commission by rule or regulation
22 related to the production of cannabis or the propagation of
23 immature cannabis plants and the seeds of the plant *Cannabis sativa*
24 L. within the plant family Cannabaceae. The commission may
25 regulate the number of immature cannabis plants that may be
26 possessed by a cannabis grower licensed under this section; the size
27 of the grow canopy a cannabis grower licensed under this section
28 uses to grow immature cannabis plants; and the weight or size of
29 shipments of immature cannabis plants made by a cannabis grower
30 licensed under this section.

31 c. Fees adopted under subsection b. of this section:

32 (1) Shall be in the form of a schedule that imposes a greater fee
33 for premises with more square footage or on which more mature
34 cannabis plants are grown; and

35 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
36 Assistance, and Marketplace Modernization Fund" established under
37 section 40 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 d. (1) The commission shall issue or deny issuance of a Class
40 1 Cannabis Grower license or conditional license in accordance
41 with the procedures set forth in section 18 of P.L. , c. (C.)
42 (pending before the Legislature as this bill).

43 (2) The commission may suspend or revoke a Class 1 Cannabis
44 Grower license or conditional license to operate as a cannabis
45 cultivation facility for cause, which shall be considered a final
46 agency action for the purposes of the "Administrative Procedure
47 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only
48 to judicial review as provided in the Rules of Court.

1 e. A person who has been issued a license or conditional
2 license shall display the license or conditional license at the
3 premises at all times when cannabis is being produced.

4 f. As required by the commission in regulation, a licensee or
5 conditional licensee shall report required changes in information
6 about the licensee to the commission within the time specified by
7 the commission.

8

9 21. (New section) Grow Canopies for Licensed Cannabis
10 Growers.

11 a. Subject to subsection b. of this section, the commission shall
12 adopt rules or regulations restricting the size of mature cannabis
13 plant grow canopies at premises for which a license has been issued
14 to a cannabis grower pursuant to P.L. , c. (C.) (pending
15 before the Legislature as this bill).

16 b. When adopting rules and regulations under this subsection,
17 the commission shall consider whether to:

18 (1) Limit the size of mature cannabis plant grow canopies for
19 premises where cannabis is grown outdoors and for premises where
20 cannabis is grown indoors in a manner calculated to result in
21 premises that produce the same amount of harvested cannabis
22 leaves and harvested cannabis flowers, regardless of whether the
23 cannabis is grown outdoors or indoors;

24 (2) Adopt a tiered system under which the permitted size of a
25 cannabis growers' mature cannabis plant grow canopy increases at
26 the time of licensure renewal, except that the permitted size of a
27 cannabis grower's mature cannabis plant grow canopy may not
28 increase following any year during which the commission
29 disciplined the cannabis grower for violating a provision of or a rule
30 adopted under a provision of P.L. , c. (C.) (pending
31 before the Legislature as this bill); provided, that at the time of
32 adoption, any growing or cultivation square footage previously
33 approved or authorized for an alternative treatment center that was
34 issued a permit prior to the effective date of P.L.2019, c.153
35 (C.24:6I-5.1 et al.), or that was issued a permit on or after that
36 effective date pursuant to an application submitted prior to that
37 effective date, shall not be reduced, but the commission's adopted
38 tier system shall apply to the growing or cultivation square footage
39 of that alternative treatment center thereafter;

40 (3) Take into consideration the market demand for cannabis
41 items in this State, the number of persons applying for a license
42 pursuant to sections 20, 22, 23, 24, 25, and 26 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill), and to
44 whom a license has been issued pursuant to those sections, and
45 whether the availability of cannabis items in this State is
46 commensurate with the market demand.

47 c. This section shall not apply to premises for which a license
48 has been issued to a cannabis grower pursuant to section 20 of

1 P.L. , c. (C.) (pending before the Legislature as this
2 bill), if the premises is used only to propagate immature cannabis
3 plants.

4
5 22. (New section) Class 2 Cannabis Processor license.

6 A cannabis processor shall have a Class 2 Cannabis Processor
7 license issued by the commission for the premises at which the
8 cannabis product is produced. The commission shall determine the
9 maximum number of licenses, of which at least 35 percent shall be
10 conditional licenses issued pursuant to subparagraph (a) of
11 paragraph (2) of subsection b. of section 18 of P.L. , c. (C.)
12 (pending before the Legislature as this bill), and at least 25 percent
13 of the total number of licenses and conditional licenses shall be
14 designated for and only issued to microbusinesses pursuant to
15 subsection f. of that section. Providing there exist qualified
16 applicants, the commission shall issue a sufficient number of
17 licenses to meet the market demands of the State, and may, as
18 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
19 c. (C.) (pending before the Legislature as this bill), make
20 requests for new applications for additional licenses as it deems
21 necessary to meet those demands.

22 a. To hold a Class 2 Cannabis Processor license under this
23 section, an applicant:

24 (1) Shall apply for a license in the manner described in section
25 18 of P.L. , c. (C.) (pending before the Legislature as
26 this bill);

27 (2) Shall have at least one significantly involved person who has
28 resided in this State for at least two years as of the date of the
29 application, and provide proof that this person and any other person
30 with an investment interest who also has decision making authority
31 for the cannabis processor listed on an application submitted under
32 section 18 of P.L. , c. (C.) (pending before the
33 Legislature as this bill) is 21 years of age or older;

34 (3) Shall meet the requirements of any rule or regulation
35 adopted by the commission under subsection b. of this section; and

36 (4) Shall provide for each of the following persons to undergo a
37 criminal history record background check: any owner, other than an
38 owner who holds less than a five percent investment interest in the
39 cannabis processor or who is a member of a group that holds less
40 than a 20 percent investment interest in the cannabis processor and
41 no member of that group holds more than a five percent interest in
42 the total group investment, and who lacks the authority to make
43 controlling decisions regarding the cannabis processor's operations;
44 any director; any officer; and any employee.

45 (a) Pursuant to this provision, the commission is authorized to
46 exchange fingerprint data with and receive criminal history record
47 background information from the Division of State Police and the
48 Federal Bureau of Investigation consistent with the provisions of

1 applicable federal and State laws, rules, and regulations. The
2 Division of State Police shall forward criminal history record
3 background information to the commission in a timely manner
4 when requested pursuant to the provisions of this section;

5 (b) Each person shall submit to being fingerprinted in
6 accordance with applicable State and federal laws, rules, and
7 regulations. No check of criminal history record background
8 information shall be performed pursuant to this section unless a
9 person has furnished his written consent to that check. A person
10 who refuses to consent to, or cooperate in, the securing of a check
11 of criminal history record background information shall not be
12 considered for licensure as a processor. Each person shall bear the
13 cost for the criminal history record background check, including all
14 costs of administering and processing the check;

15 (c) (i) With respect to determining whether any conviction of a
16 person contained in the criminal history record background check
17 should disqualify an applicant for a Class 2 Cannabis Processor
18 license, the commission shall not take into consideration any
19 conviction for a crime or offense that occurred prior to the effective
20 date of P.L. , c. (C.) (pending before the Legislature as this
21 bill) involving a controlled dangerous substance or controlled
22 substance analog as set forth in paragraph (11) or (12) of subsection
23 b., or subparagraph (b) of paragraph (10) of subsection b. of
24 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
25 N.J.S.2C:35-10, or any similar indictable offense under federal law,
26 this State's law, or any other state's law, or for any conviction under
27 federal law for conduct involving cannabis or cannabis resin that is
28 authorized by P.L. , c. (C.) (pending before the Legislature as
29 this bill). Additionally, the commission shall not take into
30 consideration any other prior conviction, unless that conviction is
31 for an indictable offense under federal law, other than a conviction
32 for conduct involving cannabis or cannabis resin that is authorized
33 by P.L. , c. (C.) (pending before the Legislature as this bill),
34 or under this State's law, or any other state's law that is
35 substantially related to the qualifications, functions, or duties for
36 which the license is required, and not more than five years have
37 passed since the date of that conviction, satisfactory completion of
38 probation or parole, or release from incarceration, whichever is later.
39 In determining which indictable offenses are substantially related to
40 the qualifications, functions, or duties for which the license is
41 required, the commission shall at least consider any conviction
42 involving fraud, deceit, or embezzlement, and any conviction for
43 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
44 similar indictable offense in this or another jurisdiction involving
45 the use of a minor to dispense or distribute a controlled dangerous
46 substance or controlled substance analog;

47 (ii) The commission may approve an applicant for a Class 2
48 Cannabis Processor license after conducting a thorough review of

1 any previous conviction of a person that substantially related to the
2 qualifications, functions, or duties for which the license is required
3 that is contained in the criminal history record background
4 information, and this review shall include examining the nature of
5 the indictable offense, the circumstances at the time of committing
6 the offense, and evidence of rehabilitation since conviction. If the
7 commission determines that the reviewed conviction should not
8 disqualify the applicant, the applicant may be approved so long as
9 the applicant is otherwise qualified to be issued the license; and

10 (d) Upon receipt and review of the criminal history record
11 background information from the Division of State Police and the
12 Federal Bureau of Investigation, the commission shall provide
13 written notification to the applicant of the qualification for or
14 disqualification for a Class 2 Cannabis Processor license.

15 If the applicant is disqualified because the commission
16 determined that a person has a disqualifying conviction pursuant to
17 the provisions of this section, the conviction that constitutes the
18 basis for the disqualification shall be identified in the written
19 notice.

20 (e) The Division of State Police shall promptly notify the
21 commission in the event that an individual who was the subject of a
22 criminal history record background check conducted pursuant to
23 this section is convicted of a crime or offense in this State after the
24 date the background check was performed. Upon receipt of that
25 notification, the commission shall make a determination regarding
26 the continued eligibility for the applicant, or following application,
27 for the licensee, to hold a Class 2 Cannabis Processor license.

28 b. The commission shall adopt rules that:

29 (1) Provide for the annual renewal of the Class 2 Cannabis
30 Processor license;

31 (2) Establish application, licensure, and renewal of licensure
32 fees for cannabis processors in accordance with paragraph (2) of
33 subsection a. of section 18 of P.L. , c. (C.) (pending before
34 the Legislature as this bill);

35 (3) Require cannabis produced by cannabis processors to be
36 tested in accordance with P.L. , c. (C.) (pending before
37 the Legislature as this bill); and

38 (4) Require a cannabis processor to meet any public health and
39 safety standards, industry best practices, and all applicable
40 regulations established by the commission by rule or regulation
41 related to the processing of cannabis.

42 c. Fees adopted under subsection b. of this section:

43 (1) Shall be in the form of a schedule that imposes a greater fee
44 for premises with more square footage; and

45 (2) Shall be deposited in the “Cannabis Regulatory, Enforcement
46 Assistance, and Marketplace Modernization Fund” established under
47 section 40 of P.L. , c. (C.) (pending before the
48 Legislature as this bill).

1 d. (1) The commission shall issue or deny issuance of a Class
2 2 Cannabis Processor license or conditional license in accordance
3 with the procedures set forth in section 18 of P.L. , c. (C.)
4 (pending before the Legislature as this bill).

5 (2) The commission may suspend or revoke a Class 2 Cannabis
6 Processor license or conditional license to operate as a cannabis
7 production facility for cause, which shall be considered a final
8 agency action for the purposes of the "Administrative Procedure
9 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only
10 to judicial review as provided in the Rules of Court.

11 e. A person who has been issued a license or conditional
12 license shall display the license or conditional license at the
13 premises at all times when cannabis is being processed.

14 f. As required by the commission in regulation, a licensee or
15 conditional licensee shall report required changes in information
16 about the licensee to the commission within the time specified by
17 the commission.

18

19 23. (New section) Class 3 Cannabis Wholesaler license.

20 A cannabis wholesaler shall have a Class 3 Cannabis Wholesaler
21 license issued by the commission for the premises at which the
22 cannabis is warehoused. The commission shall determine the
23 maximum number of licenses, of which at least 35 percent shall be
24 conditional licenses issued pursuant to subparagraph (a) of
25 paragraph (2) of subsection b. of section 18 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), and at least 25 percent
27 of the total number of licenses and conditional licenses shall be
28 designated for and only issued to microbusinesses pursuant
29 subsection f. of that section. Providing there exist qualified
30 applicants, the commission shall issue a sufficient number of
31 licenses to meet the market demands of the State, and may, as
32 authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
33 c. (C.) (pending before the Legislature as this bill), make
34 requests for new applications for additional licenses as it deems
35 necessary to meet those demands.

36 a. To hold a Class 3 Cannabis Wholesaler license under this
37 section, an applicant:

38 (1) Shall apply for a license in the manner described in section
39 18 of P.L. , c. (C.) (pending before the Legislature as
40 this bill);

41 (2) Shall have at least one significantly involved person who has
42 resided in this State for at least two years as of the date of the
43 application, and provide proof that this person and any other person
44 with an investment interest who also has decision making authority
45 for the cannabis wholesaler listed on an application submitted under
46 section 18 of P.L. , c. (C.) (pending before the
47 Legislature as this bill) is 21 years of age or older;

- 1 (3) Shall meet the requirements of any rule or regulation
2 adopted by the commission under subsection b. of this section; and
- 3 (4) Shall provide for each of the following persons to undergo a
4 criminal history record background check: any owner, other than an
5 owner who holds less than a five percent investment interest in the
6 cannabis wholesaler or who is a member of a group that holds less
7 than a 20 percent investment interest in the cannabis wholesaler and
8 no member of that group holds more than a five percent interest in
9 the total group investment, and who lacks the authority to make
10 controlling decisions regarding the cannabis wholesaler's
11 operations; any director; any officer; and any employee.
- 12 (a) Pursuant to this provision, the commission is authorized to
13 exchange fingerprint data with and receive criminal history record
14 background information from the Division of State Police and the
15 Federal Bureau of Investigation consistent with the provisions of
16 applicable federal and State laws, rules, and regulations. The
17 Division of State Police shall forward criminal history record
18 background information to the commission in a timely manner
19 when requested pursuant to the provisions of this section;
- 20 (b) Each person shall submit to being fingerprinted in
21 accordance with applicable State and federal laws, rules, and
22 regulations. No check of criminal history record background
23 information shall be performed pursuant to this section unless a
24 person has furnished his written consent to that check. A person
25 who refuses to consent to, or cooperate in, the securing of a check
26 of criminal history record background information shall not be
27 considered for licensure as a wholesaler. Each person shall bear the
28 cost for the criminal history record background check, including all
29 costs of administering and processing the check;
- 30 (c) (i) With respect to determining whether any conviction of a
31 person contained in the criminal history record background check
32 should disqualify an applicant for a Class 3 Cannabis Wholesaler
33 license, the commission shall not take into consideration any
34 conviction for a crime or offense that occurred prior to the effective
35 date of P.L. , c. (C.) (pending before the Legislature as this
36 bill) involving a controlled dangerous substance or controlled
37 substance analog as set forth in paragraph (11) or (12) of subsection
38 b., or subparagraph (b) of paragraph (10) of subsection b. of
39 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
40 N.J.S.2C:35-10, or any similar indictable offense under federal law,
41 this State's law, or any other state's law, or for any conviction under
42 federal law for conduct involving cannabis or cannabis resin that is
43 authorized by P.L. , c. (C.) (pending before the Legislature as
44 this bill). Additionally, the commission shall not take into
45 consideration any other prior conviction, unless that conviction is
46 for an indictable offense under federal law, other than a conviction
47 for conduct involving cannabis or cannabis resin that is authorized
48 by P.L. , c. (C.) (pending before the Legislature as this bill),

1 or under this State's law, or any other state's law that is
2 substantially related to the qualifications, functions, or duties for
3 which the license is required, and not more than five years have
4 passed since the date of that conviction, satisfactory completion of
5 probation or parole, or release from incarceration, whichever is later.
6 In determining which indictable offenses are substantially related to
7 the qualifications, functions, or duties for which the license is
8 required, the commission shall at least consider any conviction
9 involving fraud, deceit, or embezzlement, and any conviction for
10 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
11 similar indictable offense in this or another jurisdiction involving
12 the use of a minor to dispense or distribute a controlled dangerous
13 substance or controlled substance analog;

14 (ii) The commission may approve an applicant for a Class 3
15 Cannabis Wholesaler license after conducting a thorough review of
16 any previous conviction of a person that substantially related to the
17 qualifications, functions, or duties for which the license is required
18 that is contained in the criminal history record background
19 information, and this review shall include examining the nature of
20 the indictable offense, the circumstances at the time of committing
21 the offense, and evidence of rehabilitation since conviction. If the
22 commission determines that the reviewed conviction should not
23 disqualify the applicant, the applicant may be approved so long as
24 the applicant is otherwise qualified to be issued the license; and

25 (d) Upon receipt and review of the criminal history record
26 background information from the Division of State Police and the
27 Federal Bureau of Investigation, the commission shall provide
28 written notification to the applicant of the qualification for or
29 disqualification for a Class 3 Cannabis Wholesaler license.

30 If the applicant is disqualified because the commission
31 determined that a person has a disqualifying conviction pursuant to
32 the provisions of this section, the conviction that constitutes the
33 basis for the disqualification shall be identified in the written
34 notice.

35 (e) The Division of State Police shall promptly notify the
36 commission in the event that an individual who was the subject of a
37 criminal history record background check conducted pursuant to
38 this section is convicted of a crime or offense in this State after the
39 date the background check was performed. Upon receipt of that
40 notification, the commission shall make a determination regarding
41 the continued eligibility for the applicant, or following application,
42 for the licensee to hold a Class 3 Cannabis Wholesaler license.

43 b. The commission shall adopt rules that:

44 (1) Provide for the annual renewal of the Class 3 Cannabis
45 Wholesaler license;

46 (2) Establish application, licensure, and renewal of licensure
47 fees for cannabis wholesalers in accordance with paragraph (2) of

1 subsection a. of section 18 of P.L. , c. (C.) (pending before
2 the Legislature as this bill); and

3 (3) Require a cannabis wholesaler to meet any public health and
4 safety standards, industry best practices, and all applicable
5 regulations established by the commission by rule or regulation
6 related to the warehousing of cannabis.

7 c. Fees adopted under subsection b. of this section:

8 (1) Shall be in the form of a schedule that imposes a greater fee
9 for premises with more square footage; and

10 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
11 Assistance, and Marketplace Modernization Fund" established under
12 section 40 of P.L. , c. (C.) (pending before the
13 Legislature as this bill).

14 d. (1) The commission shall issue or deny issuance of a Class
15 3 Cannabis Wholesaler license or conditional license in accordance
16 with the procedures set forth in section 18 of P.L. , c. (C.)
17 (pending before the Legislature as this bill).

18 (2) The commission may suspend or revoke a Class 3 Cannabis
19 Wholesaler license or conditional license to operate as a cannabis
20 wholesaler for cause, which shall be considered a final agency
21 action for the purposes of the "Administrative Procedure Act,"
22 P.L.1968, c.410 (C.52:14B-1 et seq.) and shall be subject only to
23 judicial review as provided in the Rules of Court.

24 e. A person who has been issued a license or conditional
25 license shall display the license or conditional license at the
26 premises at all times when cannabis is being warehoused.

27 f. As required by the commission in regulation, a licensee or
28 conditional licensee shall report required changes in information
29 about the licensee to the commission within the time specified by
30 the commission.

31

32 24. (New section) Class 4 Cannabis Distributor license.

33 A cannabis distributor shall have a Class 4 Cannabis Distributor
34 license issued by the commission for the premises from which the
35 cannabis distributor will conduct operations to transport cannabis
36 items in bulk. The commission shall determine the maximum number
37 of licenses, of which at least 35 percent shall be conditional licenses
38 issued pursuant to subparagraph (a) of paragraph (2) of subsection b.
39 of section 18 of P.L. , c. (C.) (pending before the Legislature
40 as this bill), and at least 25 percent of the total number of licenses and
41 conditional licenses shall be designated for and only issued to
42 microbusinesses pursuant subsection f. of that section. Providing there
43 exist qualified applicants, the commission shall issue a sufficient
44 number of licenses to meet the market demands of the State, and may,
45 as authorized by paragraph (1) of subsection a. of section 18 of P.L. ,
46 c. (C.) (pending before the Legislature as this bill), make
47 requests for new applications for additional licenses as it deems
48 necessary to meet those demands.

- 1 a. To hold a Class 4 Cannabis Distributor license under this
2 section, an applicant:
- 3 (1) Shall apply for a license in the manner described in section 18
4 of P.L. , c. (C.) (pending before the Legislature as this bill);
- 5 (2) Shall have at least one significantly involved person who has
6 resided in this State for at least two years as of the date of the
7 application, and provide proof that this person and any other person
8 with an investment interest who also has decision making authority for
9 the cannabis distributor listed on an application submitted under
10 section 18 of P.L. , c. (C.) (pending before the Legislature
11 as this bill) is 21 years of age or older;
- 12 (3) Shall meet the requirements of any rule or regulation adopted
13 by the commission under subsection b. of this section; and
- 14 (4) Shall provide for each of the following persons to undergo a
15 criminal history record background check: any owner, other than an
16 owner who holds less than a five percent investment interest in the
17 cannabis distributor or who is a member of a group that holds less than
18 a 20 percent investment interest in the cannabis distributor and no
19 member of that group holds more than a five percent interest in the
20 total group investment, and who lacks the authority to make
21 controlling decisions regarding the cannabis distributor's operations;
22 any director; any officer; and any employee.
- 23 (a) Pursuant to this provision, the commission is authorized to
24 exchange fingerprint data with and receive criminal history record
25 background information from the Division of State Police and the
26 Federal Bureau of Investigation consistent with the provisions of
27 applicable federal and State laws, rules, and regulations. The Division
28 of State Police shall forward criminal history record background
29 information to the commission in a timely manner when requested
30 pursuant to the provisions of this section;
- 31 (b) Each person shall submit to being fingerprinted in accordance
32 with applicable State and federal laws, rules, and regulations. No
33 check of criminal history record background information shall be
34 performed pursuant to this section unless a person has furnished his
35 written consent to that check. A person who refuses to consent to, or
36 cooperate in, the securing of a check of criminal history record
37 background information shall not be considered for licensure as a
38 distributor. Each person shall bear the cost for the criminal history
39 record background check, including all costs of administering and
40 processing the check;
- 41 (c) (i) With respect to determining whether any conviction of a
42 person contained in the criminal history record background check
43 should disqualify an applicant for a Class 4 Cannabis Distributor
44 license, the commission shall not take into consideration any
45 conviction for a crime or offense that occurred prior to the effective
46 date of P.L. , c. (C.) (pending before the Legislature as this
47 bill) involving a controlled dangerous substance or controlled
48 substance analog as set forth in paragraph (11) or (12) of subsection b.,

1 or subparagraph (b) of paragraph (10) of subsection b. of N.J.S.2C:35-
2 5, or paragraph (3) or (4) of subsection a. of N.J.S.2C:35-10, or any
3 similar indictable offense under federal law, this State's law, or any
4 other state's law, or for any conviction under federal law for conduct
5 involving cannabis or cannabis resin that is authorized by P.L. ,
6 c. (C.) (pending before the Legislature as this bill).
7 Additionally, the commission shall not take into consideration any
8 other prior conviction, unless that conviction is for an indictable
9 offense under federal law, other than a conviction for conduct
10 involving cannabis or cannabis resin that is authorized by P.L. ,
11 c. (C.) (pending before the Legislature as this bill), or under this
12 State's law, or any other state's law that is substantially related to the
13 qualifications, functions, or duties for which the license is required,
14 and not more than five years have passed since the date of that
15 conviction, satisfactory completion of probation or parole, or release
16 from incarceration, whichever is later. In determining which
17 indictable offenses are substantially related to the qualifications,
18 functions, or duties for which the license is required, the commission
19 shall at least consider any conviction involving fraud, deceit, or
20 embezzlement, and any conviction for N.J.S.2C:35-6, employing a
21 minor in a drug distribution scheme, or similar indictable offense in
22 this or another jurisdiction involving the use of a minor to dispense or
23 distribute a controlled dangerous substance or controlled substance
24 analog;

25 (ii) The commission may approve an applicant for a Class 4
26 Cannabis Distributor license after conducting a thorough review of any
27 previous conviction of a person that substantially related to the
28 qualifications, functions, or duties for which the license is required that
29 is contained in the criminal history record background information,
30 and this review shall include examining the nature of the indictable
31 offense, the circumstances at the time of committing the offense, and
32 evidence of rehabilitation since conviction. If the commission
33 determines that the reviewed conviction should not disqualify the
34 applicant, the applicant may be approved so long as the applicant is
35 otherwise qualified to be issued the license; and

36 (d) Upon receipt and review of the criminal history record
37 background information from the Division of State Police and the
38 Federal Bureau of Investigation, the commission shall provide written
39 notification to the applicant of the qualification for or disqualification
40 for a Class 4 Cannabis Distributor license.

41 If the applicant is disqualified because the commission determined
42 that a person has a disqualifying conviction pursuant to the provisions
43 of this section, the conviction that constitutes the basis for the
44 disqualification shall be identified in the written notice.

45 (e) The Division of State Police shall promptly notify the
46 commission in the event that an individual who was the subject of a
47 criminal history record background check conducted pursuant to this
48 section is convicted of a crime or offense in this State after the date the

1 background check was performed. Upon receipt of that notification,
2 the commission shall make a determination regarding the continued
3 eligibility for the applicant, or following application, for the licensee to
4 hold a Class 4 Cannabis Distributor license.

5 b. The commission shall adopt rules that:

6 (1) Provide for the annual renewal of the Class 4 Cannabis
7 Distributor license;

8 (2) Establish application, licensure, and renewal of licensure fees
9 for cannabis distributors in accordance with paragraph (2) of
10 subsection a. of section 18 of P.L. , c. (C.) (pending before the
11 Legislature as this bill); and

12 (3) Require a cannabis distributor to meet any public health and
13 safety standards, industry best practices, and all applicable regulations
14 established by the commission by rule or regulation related to the bulk
15 transportation of cannabis items.

16 c. Fees adopted under subsection b. of this section:

17 (1) Shall be in the form of a schedule that imposes a greater fee for
18 larger transportation operations; and

19 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
20 Assistance, and Marketplace Modernization Fund" established under
21 section 40 of P.L. , c. (C.) (pending before the Legislature
22 as this bill).

23 d. (1) The commission shall issue or deny issuance of a Class 4
24 Cannabis Distributor license or conditional license in accordance with
25 the procedures set forth in section 18 of P.L. , c. (C.) (pending
26 before the Legislature as this bill).

27 (2) The commission may suspend or revoke a Class 4 Cannabis
28 Distributor license or conditional license to operate as a cannabis
29 distributor for cause, which shall be considered a final agency action
30 for the purposes of the "Administrative Procedure Act," P.L.1968,
31 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial review
32 as provided in the Rules of Court.

33 e. A person who has been issued a license or conditional license
34 shall display the license or conditional license at the distributor's
35 premises at all times when cannabis is being transported.

36 f. As required by the commission in regulation, a licensee or
37 conditional licensee shall report required changes in information about
38 the licensee to the commission within the time specified by the
39 commission.

40

41 25. (New section) Class 5 Cannabis Retailer license.

42 A cannabis retailer shall have a Class 5 Cannabis Retailer license
43 issued by the commission for the premises at which the cannabis is
44 retailed. The commission shall determine the maximum number of
45 licenses, of which at least 35 percent shall be conditional licenses
46 issued pursuant to subparagraph (a) of paragraph (2) of subsection
47 b. of section 18 of P.L. , c. (C.) (pending before the
48 Legislature as this bill), and at least 25 percent of the total number

1 of licenses and conditional licenses shall be designated for and only
2 issued to microbusinesses pursuant subsection f. of that section.
3 Providing there exist qualified applicants, the commission shall
4 issue a sufficient number of licenses to meet the market demands of
5 the State, and may, as authorized by paragraph (1) of subsection a.
6 of section 18 of P.L. , c. (C.) (pending before the
7 Legislature as this bill), make requests for new applications for
8 additional licenses as it deems necessary to meet those demands.

9 a. To hold a Class 5 Cannabis Retailer license under this
10 section, a cannabis retailer:

11 (1) Shall apply for a license in the manner described in section
12 18 of P.L. , c. (C.) (pending before the Legislature as
13 this bill);

14 (2) Shall have at least one significantly involved person who has
15 resided in this State for at least two years as of the date of the
16 application, and provide proof that this person and any other person
17 with an investment interest who also has decision making authority
18 for the cannabis retailer listed on an application submitted under
19 section 18 of P.L. , c. (C.) (pending before the
20 Legislature as this bill) is 21 years of age or older;

21 (3) Shall meet the requirements of any rule adopted by the
22 commission under subsection b. of this section; and

23 (4) Shall provide for each of the following persons to undergo a
24 criminal history record background check: any owner, other than an
25 owner who holds less than a five percent investment interest in the
26 cannabis retailer or who is a member of a group that holds less than
27 a 20 percent investment interest in the cannabis retailer and no
28 member of that group holds more than a five percent interest in the
29 total group investment, and who lacks the authority to make
30 controlling decisions regarding the cannabis retailer's operations;
31 any director; any officer; and any employee.

32 (a) Pursuant to this provision, the commission is authorized to
33 exchange fingerprint data with and receive criminal history record
34 background information from the Division of State Police and the
35 Federal Bureau of Investigation consistent with the provisions of
36 applicable federal and State laws, rules, and regulations. The
37 Division of State Police shall forward criminal history record
38 background information to the commission in a timely manner
39 when requested pursuant to the provisions of this section;

40 (b) Each person shall submit to being fingerprinted in
41 accordance with applicable State and federal laws, rules, and
42 regulations. No check of criminal history record background
43 information shall be performed pursuant to this section unless a
44 person has furnished his written consent to that check. A person
45 who refuses to consent to, or cooperate in, the securing of a check
46 of criminal history record background information shall not be
47 considered for licensure as a retailer. Each person shall bear the

1 cost for the criminal history record background check, including all
2 costs of administering and processing the check;

3 (c) (i) With respect to determining whether any conviction of a
4 person contained in the criminal history record background check
5 should disqualify an applicant for a Class 5 Cannabis Retailer
6 license, the commission shall not take into consideration any
7 conviction for a crime or offense that occurred prior to the effective
8 date of P.L. , c. (C.) (pending before the Legislature as this
9 bill) involving a controlled dangerous substance or controlled
10 substance analog as set forth in paragraph (11) or (12) of subsection
11 b., or subparagraph (b) of paragraph (10) of subsection b. of
12 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
13 N.J.S.2C:35-10, or any similar indictable offense under federal law,
14 this State's law, or any other state's law, or for any conviction under
15 federal law for conduct involving cannabis or cannabis resin that is
16 authorized by P.L. , c. (C.) (pending before the Legislature as
17 this bill). Additionally, the commission shall not take into
18 consideration any other prior conviction, unless that conviction is
19 for an indictable offense under federal law, other than a conviction
20 for conduct involving cannabis or cannabis resin that is authorized
21 by P.L. , c. (C.) (pending before the Legislature as this bill),
22 or under this State's law, or any other state's law that is
23 substantially related to the qualifications, functions, or duties for
24 which the license is required, and not more than five years have
25 passed since the date of that conviction, satisfactory completion of
26 probation or parole, or release from incarceration, whichever is later.
27 In determining which indictable offenses are substantially related to
28 the qualifications, functions, or duties for which the license is
29 required, the commission shall at least consider any conviction
30 involving fraud, deceit, or embezzlement, and any conviction for
31 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
32 similar indictable offense in this or another jurisdiction involving
33 the use of a minor to dispense or distribute a controlled dangerous
34 substance or controlled substance analog;

35 (ii) The commission may approve an applicant for a Class 5
36 Cannabis Retailer license after conducting a thorough review of any
37 previous conviction of a person that substantially related to the
38 qualifications, functions, or duties for which the license is required
39 that is contained in the criminal history record background
40 information, and this review shall include examining the nature of
41 the indictable offense, the circumstances at the time of committing
42 the offense, and evidence of rehabilitation since conviction. If the
43 commission determines that the reviewed conviction should not
44 disqualify the applicant, the applicant may be approved so long as
45 the applicant is otherwise qualified to be issued the license; and

46 (d) Upon receipt and review of the criminal history record
47 background information from the Division of State Police and the
48 Federal Bureau of Investigation, the commission shall provide

1 written notification to the applicant of the qualification for or
2 disqualification for a Class 5 Cannabis Retailer license.

3 If the applicant is disqualified because the commission
4 determined that a person has a disqualifying conviction pursuant to
5 the provisions of this section, the conviction that constitutes the
6 basis for the disqualification shall be identified in the written
7 notice.

8 (e) The Division of State Police shall promptly notify the
9 commission in the event that an individual who was the subject of a
10 criminal history record background check conducted pursuant to
11 this section is convicted of a crime or offense in this State after the
12 date the background check was performed. Upon receipt of that
13 notification, the commission shall make a determination regarding
14 the continued eligibility for the applicant, or following application,
15 for the licensee, to hold a Class 5 Cannabis Retailer license.

16 b. The commission shall adopt rules that:

17 (1) Provide for the annual renewal of the Class 5 Cannabis
18 Retailer license;

19 (2) Establish application, licensure, and renewal of licensure
20 fees for a cannabis retailer in accordance with paragraph (2) of
21 subsection a. of section 18 of P.L. , c. (C.) (pending before
22 the Legislature as this bill); and

23 (3) Require a cannabis retailer to meet any public health and
24 safety standards, industry best practices, and all applicable
25 regulations established by the commission by rule related to the sale
26 of cannabis.

27 c. Fees adopted under subsection b. of this section:

28 (1) Shall be in the form of a schedule that imposes a greater fee
29 for premises with more square footage; and

30 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
31 Assistance, and Marketplace Modernization Fund" established under
32 section 40 of P.L. , c. (C.) (pending before the
33 Legislature as this bill).

34 d. (1) The commission shall issue or deny issuance of a Class
35 5 Cannabis Retailer license or conditional license in accordance
36 with the procedures set forth in section 18 of P.L. , c. (C.)
37 (pending before the Legislature as this bill).

38 (2) The commission may suspend or revoke a Class 4 Cannabis
39 Retailer license or conditional license to operate as a cannabis
40 retailer for cause, which shall be considered a final agency action
41 for the purposes of the "Administrative Procedure Act," P.L.1968,
42 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial
43 review as provided in the Rules of Court.

44 e. A person who has been issued a license or conditional
45 license shall display the license or conditional license at the
46 premises at all times when cannabis is being retailed.

47 f. As required by the commission in regulation, a licensee or
48 conditional licensee shall report required changes in information

1 about the licensee to the commission within the time specified by
2 the commission.

3 g. Subject to receiving an endorsement pursuant to section 28
4 of P.L.2019, c.153 (C.24:6I-21):

5 (1) A licensed cannabis retailer may operate a cannabis
6 consumption area at which the on-premises consumption of
7 cannabis items either obtained from the retailer, or brought by a
8 person to the consumption area, may occur.

9 (2) Each licensed cannabis retailer may operate only one
10 cannabis consumption area.

11 (3) The cannabis consumption area shall be either (a) an indoor,
12 structurally enclosed area of the licensed cannabis retailer that is
13 separate from the area in which retail sales of cannabis items occur
14 or (b) an exterior structure on the same premises as the retailer,
15 either separate from or connected to the retailer.

16 (4) A Class 5 Cannabis Retailer licensee that has been approved
17 for a cannabis consumption area endorsement may transfer cannabis
18 items purchased by a person in its retail establishment to the person
19 in its cannabis consumption area. The Class 4 Cannabis Retailer
20 licensee shall not transfer to the consumption area an amount of
21 cannabis items that exceed the limits established by the
22 commission.

23

24 26. (New section) Class 6 Cannabis Delivery license.

25 A cannabis delivery service shall have a Class 6 Cannabis Delivery
26 license issued by the commission for the premises from which the
27 cannabis delivery service will conduct operations to provide courier
28 services for a cannabis retailer in order to make deliveries of
29 cannabis items and related supplies to a consumer. The commission
30 shall determine the maximum number of licenses, of which at least 35
31 percent shall be conditional licenses issued pursuant to subparagraph
32 (a) of paragraph (2) of subsection b. of section 18 of P.L. , c. (C.
33) (pending before the Legislature as this bill), and at least 25 percent of
34 the total number of licenses and conditional licenses shall be
35 designated for and only issued to microbusinesses pursuant subsection
36 f. of that section. Providing there exist qualified applicants, the
37 commission shall issue a sufficient number of licenses to meet the
38 market demands of the State, and may, as authorized by paragraph (1)
39 of subsection a. of section 18 of P.L. , c. (C.) (pending before
40 the Legislature as this bill), make requests for new applications for
41 additional licenses as it deems necessary to meet those demands.

42 a. To hold a Class 6 Cannabis Delivery license under this section,
43 an applicant:

44 (1) Shall apply for a license in the manner described in section 18
45 of P.L. , c. (C.) (pending before the Legislature as this bill);

46 (2) Shall have at least one significantly involved person who has
47 resided in this State for at least two years as of the date of the
48 application, and provide proof that this person and any other person

1 with an investment interest who also has decision making authority for
2 the cannabis delivery service listed on an application submitted under
3 section 18 of P.L. , c. (C.) (pending before the Legislature
4 as this bill) is 21 years of age or older;

5 (3) Shall meet the requirements of any rule or regulation adopted
6 by the commission under subsection b. of this section; and

7 (4) Shall provide for each of the following persons to undergo a
8 criminal history record background check: any owner, other than an
9 owner who holds less than a five percent investment interest in the
10 cannabis delivery service or who is a member of a group that holds
11 less than a 20 percent investment interest in the cannabis delivery
12 service and no member of that group holds more than a five percent
13 interest in the total group investment, and who lacks the authority to
14 make controlling decisions regarding the cannabis delivery service's
15 operations; any director; any officer; and any employee.

16 (a) Pursuant to this provision, the commission is authorized to
17 exchange fingerprint data with and receive criminal history record
18 background information from the Division of State Police and the
19 Federal Bureau of Investigation consistent with the provisions of
20 applicable federal and State laws, rules, and regulations. The Division
21 of State Police shall forward criminal history record background
22 information to the commission in a timely manner when requested
23 pursuant to the provisions of this section;

24 (b) Each person shall submit to being fingerprinted in accordance
25 with applicable State and federal laws, rules, and regulations. No
26 check of criminal history record background information shall be
27 performed pursuant to this section unless a person has furnished his
28 written consent to that check. A person who refuses to consent to, or
29 cooperate in, the securing of a check of criminal history record
30 background information shall not be considered for licensure as a
31 delivery service. Each person shall bear the cost for the criminal
32 history record background check, including all costs of administering
33 and processing the check;

34 (c) (i) With respect to determining whether any conviction of a
35 person contained in the criminal history record background check
36 should disqualify an applicant for a Class 6 Cannabis Delivery license,
37 the commission shall not take into consideration any conviction for a
38 crime or offense that occurred prior to the effective date of P.L. ,
39 c. (C.) (pending before the Legislature as this bill) involving a
40 controlled dangerous substance or controlled substance analog as set
41 forth in paragraph (11) or (12) of subsection b., or subparagraph (b) of
42 paragraph (10) of subsection b. of N.J.S.2C:35-5, or paragraph (3) or
43 (4) of subsection a. of N.J.S.2C:35-10, or any similar indictable
44 offense under federal law, this State's law, or any other state's law, or
45 for any conviction under federal law for conduct involving cannabis or
46 cannabis resin that is authorized by P.L. , c. (C.) (pending
47 before the Legislature as this bill). Additionally, the commission shall
48 not take into consideration any other prior conviction, unless that

1 conviction is for an indictable offense under federal law, other than a
2 conviction for conduct involving cannabis or cannabis resin that is
3 authorized by P.L. , c. (C.) (pending before the Legislature as
4 this bill), or under this State's law, or any other state's law that is
5 substantially related to the qualifications, functions, or duties for
6 which the license is required, and not more than five years have passed
7 since the date of that conviction, satisfactory completion of probation
8 or parole, or release from incarceration, whichever is later. In
9 determining which indictable offenses are substantially related to the
10 qualifications, functions, or duties for which the license is required, the
11 commission shall at least consider any conviction involving fraud,
12 deceit, or embezzlement, and any conviction for N.J.S.2C:35-6,
13 employing a minor in a drug distribution scheme, or similar indictable
14 offense in this or another jurisdiction involving the use of a minor to
15 dispense or distribute a controlled dangerous substance or controlled
16 substance analog;

17 (ii) The commission may approve an applicant for a Class 4
18 Cannabis Distributor license after conducting a thorough review of any
19 previous conviction of a person that substantially related to the
20 qualifications, functions, or duties for which the license is required that
21 is contained in the criminal history record background information,
22 and this review shall include examining the nature of the indictable
23 offense, the circumstances at the time of committing the offense, and
24 evidence of rehabilitation since conviction. If the commission
25 determines that the reviewed conviction should not disqualify the
26 applicant, the applicant may be approved so long as the applicant is
27 otherwise qualified to be issued the license; and

28 (d) Upon receipt and review of the criminal history record
29 background information from the Division of State Police and the
30 Federal Bureau of Investigation, the commission shall provide written
31 notification to the applicant of the qualification for or disqualification
32 for a Class 6 Cannabis Delivery license.

33 If the applicant is disqualified because the commission determined
34 that a person has a disqualifying conviction pursuant to the provisions
35 of this section, the conviction that constitutes the basis for the
36 disqualification shall be identified in the written notice.

37 (e) The Division of State Police shall promptly notify the
38 commission in the event that an individual who was the subject of a
39 criminal history record background check conducted pursuant to this
40 section is convicted of a crime or offense in this State after the date the
41 background check was performed. Upon receipt of that notification,
42 the commission shall make a determination regarding the continued
43 eligibility for the applicant, or following application, for the licensee to
44 hold a Class 6 Cannabis Delivery license.

45 b. The commission shall adopt rules that:

46 (1) Provide for the annual renewal of the Class 6 Cannabis
47 Delivery license;

1 (2) Establish application, licensure, and renewal of licensure fees
2 for cannabis delivery services in accordance with paragraph (2) of
3 subsection a. of section 18 of P.L. , c. (C.) (pending before the
4 Legislature as this bill); and

5 (3) Require a cannabis delivery service to meet any public health
6 and safety standards, industry best practices, and all applicable
7 regulations established by the commission by rule or regulation related
8 to the delivery of cannabis items and related supplies to a consumer.

9 c. Fees adopted under subsection b. of this section:

10 (1) Shall be in the form of a schedule that imposes a greater fee for
11 larger transportation operations; and

12 (2) Shall be deposited in the "Cannabis Regulatory, Enforcement
13 Assistance, and Marketplace Modernization Fund" established under
14 section 40 of P.L. , c. (C.) (pending before the Legislature
15 as this bill).

16 d. (1) The commission shall issue or deny issuance of a Class 6
17 Cannabis Delivery license or conditional license in accordance with
18 the procedures set forth in section 18 of P.L. , c. (C.) (pending
19 before the Legislature as this bill).

20 (2) The commission may suspend or revoke a Class 6 Cannabis
21 Delivery license or conditional license to operate as a cannabis
22 distributor for cause, which shall be considered a final agency action
23 for the purposes of the "Administrative Procedure Act," P.L.1968,
24 c.410 (C.52:14B-1 et seq.) and shall be subject only to judicial review
25 as provided in the Rules of Court.

26 e. A person who has been issued a license or conditional license
27 shall display the license or conditional license at the delivery service's
28 premises at all times when cannabis is being transported.

29 f. As required by the commission in regulation, a licensee or
30 conditional licensee shall report required changes in information about
31 the licensee to the commission within the time specified by the
32 commission.

33

34 27. (New section) Personal Use Cannabis Handlers.

35 a. An individual who performs work for or on behalf of a
36 person who holds a license classified pursuant to section 20, 22, 23,
37 24, 25, or 26 of P.L. , c. (C.) (pending before the
38 Legislature as this bill) shall have a valid certification issued by the
39 commission under this section if the individual participates in:

40 (1) the possession, securing, or selling of cannabis items at the
41 premises for which the license has been issued; or

42 (2) the recording of the possession, securing, or selling of
43 cannabis items at the premises for which the license has been
44 issued; or

45 (3) the transportation or delivery of cannabis items.

46 b. A person who holds a license classified pursuant to section
47 20, 22, 23, 24, 25, or 26 of P.L. , c. (C.) (pending before
48 the Legislature as this bill) shall verify that an individual has a valid

1 certification issued under this section before allowing the individual
2 to perform any work described in subsection a. of this section at the
3 premises for which the license has been issued.

4 c. The commission shall issue certifications to qualified
5 applicants to perform work described in this section. The
6 commission shall adopt rules and regulations establishing: the
7 qualifications for performing work described in this section; the
8 terms of a certification issued under this section; procedures for
9 applying for and renewing a certification issued under this section;
10 and reasonable application, issuance, and renewal fees for a
11 certification issued under this section.

12 d. The commission may require an individual applying for a
13 certification under this section to successfully complete a course,
14 made available by or through the commission, in which the
15 individual receives training on: checking identification; detecting
16 intoxication; handling cannabis items; statutory and regulatory
17 provisions relating to cannabis; and any matter deemed necessary
18 by the commission to protect the public health and safety. The
19 commission or other provider may charge a reasonable fee for the
20 course.

21 The commission shall not require an individual to successfully
22 complete the course more than once, except that the commission
23 may adopt regulations directing continuing education training on a
24 prescribed schedule.

25 As part of a final order suspending a certification issued under
26 this section, the commission may require a holder of a certification
27 to successfully complete the course as a condition of lifting the
28 suspension and as part of a final order revoking a certification
29 issued under this section, the commission shall require an individual
30 to successfully complete the course prior to applying for a new
31 certification.

32 e. (1) Each individual applying for a certification under this
33 section shall undergo a criminal history record background check.
34 The commission is authorized to exchange fingerprint data with and
35 receive criminal history record background information from the
36 Division of State Police and the Federal Bureau of Investigation
37 consistent with the provisions of applicable federal and State laws,
38 rules, and regulations. The Division of State Police shall forward
39 criminal history record background information to the commission
40 in a timely manner when requested pursuant to the provisions of
41 this subsection.

42 (2) Each individual shall submit to being fingerprinted in
43 accordance with applicable State and federal laws, rules, and
44 regulations. No check of criminal history record background
45 information shall be performed pursuant to this subsection unless
46 the individual has furnished written consent to that check. Any
47 individual who refuses to consent to, or cooperate in, the securing
48 of a check of criminal history record background information shall

1 not be considered for a certification. Each individual shall bear the
2 cost for the criminal history record background check, including all
3 costs of administering and processing the check.

4 (3) Upon receipt and review of the criminal history record
5 background information from the Division of State Police and the
6 Federal Bureau of Investigation, the commission shall provide
7 written notification to the individual of the qualification for or
8 disqualification for a certification. If the individual is disqualified
9 because of a disqualifying conviction as set forth in subsection f. of
10 this section, the conviction that constitutes the basis for the
11 disqualification shall be identified in the written notice.

12 (4) The Division of State Police shall promptly notify the
13 commission in the event that an individual who was the subject of a
14 criminal history record background check conducted pursuant to
15 this subsection is convicted of a crime in this State after the date the
16 background check was performed. Upon receipt of that
17 notification, the commission shall make a determination regarding
18 the continued eligibility to hold a certification.

19 f. (1) (a) With respect to determining whether any conviction
20 of an individual contained in the criminal history record background
21 check should disqualify an applicant for a certification, the
22 commission shall not take into consideration any conviction for a
23 crime or offense that occurred prior to the effective date of P.L. ,
24 c. (C.) (pending before the Legislature as this bill) involving a
25 controlled dangerous substance or controlled substance analog as
26 set forth in paragraph (11) or (12) of subsection b., or subparagraph
27 (b) of paragraph (10) of subsection b. of N.J.S.2C:35-5, or
28 paragraph (3) or (4) of subsection a. of N.J.S.2C:35-10, or any
29 similar indictable offense under federal law, this State's law, or any
30 other state's law, or for any conviction under federal law for conduct
31 involving cannabis or cannabis resin that is authorized by P.L. ,
32 c. (C.) (pending before the Legislature as this bill).
33 Additionally, the commission shall not take into consideration any
34 other prior conviction, unless that conviction is for an indictable
35 offense under federal law, other than a conviction for conduct
36 involving cannabis or cannabis resin that is authorized by P.L. ,
37 c. (C.) (pending before the Legislature as this bill), or under
38 this State's law, or any other state's law that is substantially related
39 to the qualifications, functions, or duties for which certification is
40 required, and not more than five years have passed since the date of
41 that conviction, satisfactory completion of probation or parole, or
42 release from incarceration, whichever is later. In determining
43 which indictable offenses are substantially related to the
44 qualifications, functions, or duties for which certification is
45 required, the commission shall at least consider any conviction
46 involving fraud, deceit, or embezzlement, and any conviction for
47 N.J.S.2C:35-6, employing a minor in a drug distribution scheme, or
48 similar indictable offense in this or another jurisdiction involving

1 the use of a minor to dispense or distribute a controlled dangerous
2 substance or controlled substance analog;

3 (b) The commission may approve an applicant for a certification
4 after conducting a thorough review of any previous conviction of a
5 person that substantially related to the qualifications, functions, or
6 duties for which certification is required that is contained in the
7 criminal history record background information, and this review
8 shall include examining the nature of the indictable offense, the
9 circumstances at the time of committing the offense, and evidence
10 of rehabilitation since conviction. If the commission determines
11 that the reviewed conviction should not disqualify the applicant, the
12 applicant may be approved so long as the applicant is otherwise
13 qualified to be issued the certification.

14 g. The commission shall deny an application to any applicant who
15 fails to provide information, documentation and assurances as required
16 by P.L. , c. (C.) (pending before the Legislature as this bill) or
17 as requested by the commission, or who fails to reveal any fact
18 material to qualification, or who supplies information which is untrue
19 or misleading as to a material fact pertaining to the qualification
20 criteria for licensure.

21 h. The commission may suspend, revoke, or refuse to renew a
22 certification if the individual who is applying for or who holds the
23 certification: violates any provision of P.L. , c. (C.)
24 (pending before the Legislature as this bill) or any rule or regulation
25 adopted under P.L. , c. (C.) (pending before the
26 Legislature as this bill); makes a false statement to the commission;
27 or refuses to cooperate in any investigation by the commission.

28 i. A certification issued under this section is a personal
29 privilege and permits work described under this section only for the
30 individual who holds the certification.

31 j. In addition to the requirements for regulations set forth in
32 paragraph (1) of subsection d. of section 6 of P.L. ,
33 c. (C.) (pending before the Legislature as this bill) the
34 commission shall enact regulations to allow for a cannabis retailer
35 to engage in delivery of cannabis items by a certified cannabis
36 handler performing work for or on behalf of a cannabis retailer,
37 including a certified cannabis handler employed by a cannabis
38 delivery service providing courier service for the cannabis retailer,
39 and which regulations shall include, but not be limited to, the
40 following requirements:

41 (1) A cannabis retailer may only deliver cannabis items to a
42 residence, including a temporary residence, in this State.

43 (2) Deliveries shall be made only to a legal consumer by a
44 certified cannabis handler who is an employee of a cannabis
45 retailer, cannabis delivery service, or an approved contractor vender
46 for a cannabis retailer.

1 (3) A cannabis retailer shall not deliver to a residence located on
2 land owned by the federal government or any residence on land or
3 in a building leased by the federal government.

4 (4) A cannabis retailer shall staff each delivery vehicle with a
5 certified cannabis handler who is an employee of the cannabis
6 retailer who shall be at least 18 years of age, or use a cannabis
7 delivery service or an approved contract vendor whose delivery
8 employees shall be at least 18 years of age.

9 (5) All deliveries of cannabis items shall be made in person. A
10 delivery of cannabis items shall not be made through the use of an
11 unmanned vehicle.

12 (6) Each certified cannabis handler shall carry a copy of the
13 cannabis employee, cannabis delivery service, or contract vendor
14 identification card. The cannabis handler shall present the
15 identification card upon request to State and local law enforcement,
16 and State and local regulatory authorities and agencies.

17 (7) Each certified cannabis handler shall have access to a secure
18 form of communication with the cannabis retailer, such as a cellular
19 telephone, at all times that a delivery vehicle contains cannabis
20 items.

21 (8) During delivery, the certified cannabis handler shall
22 maintain a physical or electronic copy of the delivery request and
23 shall make it available upon request to State and local law
24 enforcement, and State and local regulatory authorities and
25 agencies.

26 (9) Delivery vehicles shall be equipped with a secure lockbox in
27 a secured cargo area, which shall be used for the sanitary and secure
28 transport of cannabis items.

29 (10) A certified cannabis handler shall not leave cannabis items
30 in an unattended delivery vehicle unless the vehicle is locked and
31 equipped with an active vehicle alarm system.

32 (11) A delivery vehicle shall contain a Global Positioning
33 System (GPS) device for identifying the geographic location of the
34 delivery vehicle. The device shall be either permanently or
35 temporarily affixed to the delivery vehicle while the delivery
36 vehicle is in operation, and the device shall remain active and in the
37 possession of the certified cannabis handler at all times during
38 delivery. At all times, the cannabis retailer shall be able to identify
39 the geographic location of all delivery vehicles that are making
40 deliveries for the cannabis retailer and shall provide that
41 information to the commission upon request.

42 (12) Upon request, a cannabis retailer shall provide the
43 commission with information regarding any vehicles used for
44 delivery, including the vehicle's make, model, color, Vehicle
45 Identification Number, license plate number, and vehicle
46 registration.

47 (13) Each cannabis retailer, delivery service, or contract vendor
48 of a cannabis retailer shall maintain current hired and non-owned

1 automobile liability insurance sufficient to insure all vehicles used
2 for delivery of cannabis in the amount of not less than \$1,000,000
3 per occurrence or accident.

4 (14) Each cannabis retailer shall ensure that vehicles used to
5 deliver cannabis bear no markings that would either identify or
6 indicate that the vehicle is used to deliver cannabis items.

7 (15) Each cannabis retailer shall ensure that deliveries are
8 completed in a timely and efficient manner.

9 (16) While making residential deliveries, a certified cannabis
10 handler shall only travel from the cannabis retailer's licensed
11 premises, or as part of a cannabis delivery service or contract
12 vendor deliveries, between multiple cannabis retailers, then to a
13 residence for delivery; from one residential delivery to another
14 residence for residential delivery; or from a residential delivery
15 back to the cannabis retailer's licensed premises. A cannabis
16 handler shall not deviate from the delivery path described in this
17 paragraph, except in the event of emergency or as necessary for
18 rest, fuel, or vehicle repair stops, or because road conditions make
19 continued use of the route or operation of the vehicle unsafe,
20 impossible, or impracticable.

21 (17) The process of delivery begins when the certified cannabis
22 handler leaves the cannabis retailer licensed premises with the
23 cannabis items for delivery. The process of delivering ends when
24 the cannabis handler returns to the cannabis retailer's licensed
25 premises, or delivery service's or contract vendor's premises, after
26 delivering the cannabis item to the consumer.

27 (18) Each cannabis retailer shall maintain a record of each
28 delivery of cannabis items in a delivery log, which may be written
29 or electronic. For each delivery, the log shall record:

30 (a) The date and time that the delivery began and ended;

31 (b) The name of the certified cannabis handler;

32 (c) The cannabis items delivered;

33 (d) The lot number of the cannabis; and

34 (e) The signature of the consumer who accepted delivery.

35 (19) A cannabis retailer shall report any vehicle accidents,
36 diversions, losses, or other reportable events that occur during
37 delivery to the appropriate State and local authorities, including the
38 commission.

39

40 28. Section 24 of P.L.2019, c.153 (C.24:6I-17) is amended to
41 read as follows:

42 24. a. (1) Each batch of medical cannabis cultivated by a
43 medical cannabis cultivator or a clinical registrant and each batch of
44 a medical cannabis product produced by a medical cannabis
45 manufacturer or a clinical registrant shall be tested in accordance
46 with the requirements of section 26 of P.L.2019, c.153 (C.24:6I-19)
47 by a laboratory licensed pursuant to section 25 of P.L.2019, c.153
48 (C.24:6I-18). The laboratory performing the testing shall produce a

1 written report detailing the results of the testing, a summary of
2 which shall be included in any packaging materials for medical
3 cannabis and medical cannabis products dispensed to qualifying
4 patients and their designated and institutional caregivers. The
5 laboratory may charge a reasonable fee for any test performed
6 pursuant to this section.

7 (2) Each representative sample of personal use cannabis from a
8 cannabis cultivation facility and each representative sample of a
9 personal use cannabis item from a cannabis product manufacturing
10 facility shall be tested in accordance with the provisions of section
11 18 of P.L. , c. (C.) (pending before the Legislature as this
12 bill) by a laboratory licensed pursuant to section 25 of P.L.2019,
13 c.153 (C.24:6I-18).

14 b. The requirements of subsection a. of this section shall take
15 effect at such time as the commission certifies that a sufficient
16 number of laboratories have been licensed pursuant to section 25 of
17 P.L.2019, c.153 (C.24:6I-18), or pursuant to section 18 of P.L. ,
18 c. (C.), to ensure that all medical cannabis and medical
19 cannabis products can be promptly tested consistent with the
20 requirements of this section without disrupting patient access to
21 medical cannabis.

22 (cf: P.L.2019, c.153, s.24)

23

24 29. Section 25 of P.L.2019, c.153 (C.24:6I-18) is amended to
25 read as follows:

26 25. a. (1) A laboratory that performs testing services pursuant to
27 section 24 of P.L.2019, c.153 (C.24:6I-17) shall be licensed by the
28 commission and may be subject to inspection by the commission to
29 determine the condition and calibration of any equipment used for
30 testing purposes and to ensure that testing of medical cannabis and
31 medical cannabis products is being performed in accordance with
32 the requirements of section 26 of P.L.2019, c.153 (C.24:6I-19), and
33 the testing of personal use cannabis and personal use cannabis items
34 is being performed in accordance with the requirements of section
35 18 of P.L. , c. (C.) (pending before the Legislature as this
36 bill). Each applicant for licensure pursuant to this section shall
37 submit an attestation signed by a bona fide labor organization
38 stating that the applicant has entered into a labor peace agreement
39 with such bona fide labor organization. The maintenance of a labor
40 peace agreement with a bona fide labor organization shall be an
41 ongoing material condition of maintaining a license to test medical
42 cannabis.

43 (2) Any laboratory licensed pursuant to this section prior to the
44 effective date of P.L. , c. (C.) to only test medical cannabis
45 and medical cannabis products shall be authorized to test personal
46 use cannabis and personal use cannabis items under an existing
47 license in good standing, if the laboratory certifies to the
48 commission that its facility, and the condition and calibration of any

1 equipment used for testing meet the commission's accreditation
2 requirements for licensure as a cannabis testing facility, and its
3 testing procedures will be performed in accordance with the
4 requirements of section 18 of P.L. , c. (C.) (pending before
5 the Legislature as this bill). The commission shall acknowledge
6 receipt of the laboratory's certification in writing to that laboratory,
7 which shall serve as notice and recognition that the laboratory may
8 test personal use cannabis and personal use cannabis items under
9 the existing license.

10 b. There shall be no upper limit on the number of laboratories
11 that may be licensed to perform testing services.

12 c. A person who has been convicted of a crime involving any
13 controlled dangerous substance or controlled substance analog as
14 set forth in chapter 35 of Title 2C of the New Jersey Statutes except
15 paragraph (4) of subsection a. of N.J.S.2C:35-10, or any similar law
16 of the United States or any other state shall not be issued a license
17 to operate as or be a director, officer, or employee of a medical
18 cannabis testing laboratory, unless such conviction occurred after
19 the effective date of P.L.2009, c.307 (C.24:6I-1 et al.) and was for a
20 violation of federal law relating to possession or sale of cannabis
21 for conduct that is authorized under P.L.2009, c.307 (C.24:6I-1 et
22 al.) or P.L.2015, c.158 (C.18A:40-12.22 et al.).

23 d. (1) The commission shall require each applicant for licensure
24 as a medical cannabis testing laboratory to undergo a criminal
25 history record background check, except that no criminal history
26 record background check shall be required for an applicant who
27 completed a criminal history record background check as a
28 condition of professional licensure or certification.

29 For purposes of this section, the term "applicant" shall include
30 any owner, director, officer, or employee of a medical cannabis
31 testing laboratory. The commission is authorized to exchange
32 fingerprint data with and receive criminal history record
33 background information from the Division of State Police and the
34 Federal Bureau of Investigation consistent with the provisions of
35 applicable federal and State laws, rules, and regulations. The
36 Division of State Police shall forward criminal history record
37 background information to the commission in a timely manner
38 when requested pursuant to the provisions of this section.

39 An applicant who is required to undergo a criminal history
40 record background check pursuant to this section shall submit to
41 being fingerprinted in accordance with applicable State and federal
42 laws, rules, and regulations. No check of criminal history record
43 background information shall be performed pursuant to this section
44 unless the applicant has furnished the applicant's written consent to
45 that check. An applicant who is required to undergo a criminal
46 history record background check pursuant to this section who
47 refuses to consent to, or cooperate in, the securing of a check of
48 criminal history record background information shall not be

1 considered for a license to operate, or authorization to be employed
2 at, a medical cannabis testing laboratory. An applicant shall bear
3 the cost for the criminal history record background check, including
4 all costs of administering and processing the check.

5 (2) The commission shall not approve an applicant for a license
6 to operate, or authorization to be employed at, a medical cannabis
7 testing laboratory if the criminal history record background
8 information of the applicant reveals a disqualifying conviction as
9 set forth in subsection c. of this section.

10 (3) Upon receipt of the criminal history record background
11 information from the Division of State Police and the Federal
12 Bureau of Investigation, the commission shall provide written
13 notification to the applicant of the applicant's qualification for or
14 disqualification for a permit to operate or be a director, officer, or
15 employee of a medical cannabis testing laboratory.

16 If the applicant is disqualified because of a disqualifying
17 conviction pursuant to the provisions of this section, the conviction
18 that constitutes the basis for the disqualification shall be identified
19 in the written notice.

20 (4) The Division of State Police shall promptly notify the
21 commission in the event that an individual who was the subject of a
22 criminal history record background check conducted pursuant to
23 this section is convicted of a crime or offense in this State after the
24 date the background check was performed. Upon receipt of that
25 notification, the commission shall make a determination regarding
26 the continued eligibility to operate or be a director, officer, or
27 employee of a medical cannabis testing laboratory.

28 (5) Notwithstanding the provisions of subsection c. of this
29 section to the contrary, the commission may offer provisional
30 authority for an applicant to be an owner, director, officer, or
31 employee of a medical cannabis testing laboratory for a period not
32 to exceed three months if the applicant submits to the commission a
33 sworn statement attesting that the person has not been convicted of
34 any disqualifying conviction pursuant to this section.

35 (6) Notwithstanding the provisions of subsection c. of this
36 section to the contrary, no applicant to be an owner, director,
37 officer, or employee of a medical cannabis testing laboratory shall
38 be disqualified on the basis of any conviction disclosed by a
39 criminal history record background check conducted pursuant to
40 this section if the individual has affirmatively demonstrated to the
41 commission clear and convincing evidence of rehabilitation. In
42 determining whether clear and convincing evidence of rehabilitation
43 has been demonstrated, the following factors shall be considered:

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

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

47 (c) the circumstances under which the crime or offense
48 occurred;

- 1 (d) the date of the crime or offense;
- 2 (e) the age of the individual when the crime or offense was
3 committed;
- 4 (f) whether the crime or offense was an isolated or repeated
5 incident;
- 6 (g) any social conditions which may have contributed to the
7 commission of the crime or offense; and
- 8 (h) any evidence of rehabilitation, including good conduct in
9 prison or in the community, counseling or psychiatric treatment
10 received, acquisition of additional academic or vocational
11 schooling, successful participation in correctional work-release
12 programs, or the recommendation of those who have had the
13 individual under their supervision.

14 (cf: P.L.2019, c.153, s.25)

15

16 30. Section 15 of P.L.2009, c.307 (C.24:6I-13) is amended to read
17 as follows:

18 15. a. The Cannabis Regulatory Commission is authorized to
19 exchange fingerprint data with, and receive information from, the
20 Division of State Police in the Department of Law and Public
21 Safety and the Federal Bureau of Investigation for use in reviewing
22 applications for individuals who are required to complete a criminal
23 history record background check in connection with applications :

24 (1) to serve as designated caregivers or institutional caregivers
25 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4), for licenses to
26 operate as, or to be a director, officer, or employee of, medical
27 cannabis testing laboratories pursuant to section 25 of P.L.2019,
28 c.153 (C.24:6I-18), for permits to operate as, or to be a director,
29 officer, or employee of, or a significantly involved person in,
30 clinical registrants pursuant to section 13 of P.L.2019, c.153
31 (C.24:6I-7.3), and for permits to operate as, or to be a director,
32 officer, or employee of, or a significantly involved person in,
33 medical cannabis cultivators, medical cannabis manufacturers, and
34 medical cannabis dispensaries pursuant to section 7 of P.L.2009,
35 c.307 (C.24:6I-7); or

36 (2) for licenses to operate as, or to be a director, officer, or
37 employee of, or a significantly involved person in, cannabis
38 growers, cannabis processors, cannabis wholesalers, cannabis
39 distributors, cannabis retailers, cannabis delivery services, and
40 personal use cannabis testing facilities pursuant to sections 18, 20,
41 21, 22, 23, 24, 25, and 26 of P.L. , c. (C.) (pending before
42 the Legislature as this bill).

43 b. The Division of State Police shall promptly notify the
44 Cannabis Regulatory Commission in the event an applicant
45 [seeking to serve as a designated or institutional caregiver, an
46 applicant for a license to operate as, or to be a director, officer, or
47 employee of, a medical cannabis testing laboratory, an applicant for

1 a permit to operate as, or to be a director, officer, or employee of, or
2 a significantly involved person in, a clinical registrant, or an
3 applicant for a permit to operate as, or to be a director, officer, or
4 employee of, or a significantly involved person in, a medical
5 cannabis cultivator, medical cannabis manufacturer, or medical
6 cannabis dispensary], who was the subject of a criminal history
7 record background check conducted pursuant to subsection a. of this
8 section, is convicted of a crime involving possession or sale of a
9 controlled dangerous substance.

10 (cf: P.L.2019, c.153, s.21)

11

12 31. (New section) Municipal Regulations or Ordinances.

13 a. A municipality may enact ordinances or regulations, not in
14 conflict with the provisions of P.L. , c. (C.) (pending before the
15 Legislature as this bill):

16 (1) governing the times of operation, location, manner, and
17 number of cannabis establishments, distributors, or delivery services;
18 and

19 (2) establishing civil penalties for violation of an ordinance or
20 regulation governing the times of operation, location, manner, and
21 number of cannabis establishments, distributors, or delivery services
22 that may operate in such municipality.

23 b. A municipality may prohibit the operation of any one or
24 more classes of cannabis establishment or cannabis distributors, but
25 not cannabis delivery services, within the jurisdiction of the
26 municipality through the enactment of an ordinance, and this
27 prohibiting ordinance shall apply throughout the municipality, even if
28 that municipality or parts thereof fall within any district, area, or other
29 geographical jurisdiction for which land use planning, site planning,
30 zoning requirements or other development authority is exercised by an
31 independent State authority, commission, instrumentality, or agency
32 pursuant to the enabling legislation that governs its duties, functions,
33 and powers, even if this development authority is expressly stated or
34 interpreted to be exclusive thereunder; the local prohibiting ordinance
35 applies, notwithstanding the provisions of any independent State
36 authority law to the contrary. Only an ordinance to prohibit one or
37 more classes of cannabis establishment or cannabis distributors
38 enacted pursuant to the specific authority to do so by this section
39 shall be valid and enforceable; any ordinance enacted by a
40 municipality prior to the effective date of this section addressing the
41 issue of prohibiting one or more types of cannabis-related activities
42 within the jurisdiction of the municipality is null and void, and that
43 entity may only prohibit the operation of one or more classes of
44 cannabis establishment or cannabis distributors by enactment of a
45 new ordinance based upon the specific authority to do so by this
46 section. The failure of a municipality to enact an ordinance
47 prohibiting the operation of one or more classes of cannabis

1 establishment or cannabis distributors within 180 days after the
2 effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill), shall result in any class of cannabis
4 establishment or a cannabis distributor that is not prohibited from
5 operating within the municipality as being permitted to operate
6 therein as follows: the growing, cultivating, processing, and selling
7 and reselling of cannabis and cannabis items, and operations to
8 transport in bulk cannabis items by a cannabis grower, cannabis
9 processor, cannabis wholesaler, or cannabis distributor shall be
10 permitted uses in all industrial zones of the municipality; and the
11 selling of cannabis items to consumers from a retail store by a
12 cannabis retailer shall be a conditional use in all commercial zones
13 or retail zones, subject to meeting the conditions set forth in any
14 applicable zoning ordinance or receiving a variance from one or
15 more of those conditions in accordance with the “Municipal Land
16 Use Law,” P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of a
17 five-year period following the initial failure of a municipality to
18 enact an ordinance prohibiting the operation of one or more classes
19 of cannabis establishment or cannabis distributors, and every five-
20 year period thereafter following a failure to enact a prohibiting
21 ordinance, the municipality shall again be permitted to prohibit the
22 future operation of any one or more classes of cannabis
23 establishment or cannabis distributors through the enactment of an
24 ordinance, but this ordinance shall be prospective only and not
25 apply to any cannabis establishment or distributor operating in the
26 municipality prior to the enactment of the ordinance.

27 c. (1) When the commission receives an application for initial
28 licensing or renewal of an existing license for any cannabis
29 establishment, distributor, or delivery service pursuant to section 19
30 of P.L. , c. (C.) (pending before the Legislature as this bill),
31 or endorsement for a cannabis consumption area pursuant to section
32 28 of P.L.2019, c.153 (C.24:6I-21), the commission shall provide,
33 within seven days, a copy of the application to the municipality in
34 which the establishment, distributor, delivery service, or
35 consumption area is to be located, unless the municipality has
36 prohibited the operation of the particular class of business for which
37 licensure is sought pursuant to subsection b. of this section, or in
38 the case of an application seeking a consumption area endorsement,
39 prohibited the operation of cannabis retailers. The local jurisdiction
40 shall determine whether the application complies with local
41 restrictions on times of operation, location, manner, and the number
42 of cannabis businesses. The local jurisdiction shall inform the
43 commission whether the application complies with local restrictions
44 on times of operation, location, manner, and the number of cannabis
45 businesses.

46 (2) A municipality may impose a separate local licensing or
47 endorsement requirement as a part of its restrictions on times of
48 operation, location, manner, and the number of cannabis businesses.

1 A municipality may decline to impose any local licensing or
2 endorsement requirements, but a local jurisdiction shall notify the
3 commission that it either approves or denies each application
4 forwarded to it.

5

6 32. Section 28 of P.L.2019, c.153 (C.24:6I-21) is amended to read
7 as follows:

8 28. a. A municipality may authorize, through the enactment of
9 an ordinance, the operation of locally endorsed **【medical】** cannabis
10 consumption areas:

11 (1) operated by medical cannabis dispensaries , including any
12 alternative treatment centers deemed to hold a medical cannabis
13 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
14 7), and clinical registrants within its jurisdiction, at which areas the
15 on-premises consumption of medical cannabis may occur;

16 (2) operated by cannabis retailers within its jurisdiction, at which
17 areas the on-premises consumption of personal use cannabis may
18 occur; and

19 (3) operated by medical cannabis dispensaries, including any
20 alternative treatment centers deemed to hold a medical cannabis
21 dispensary permit pursuant to section 7 of P.L.2009, c.307 (C.24:6I-
22 7), within its jurisdiction that are also deemed to have, pursuant to
23 that section, one or more Class 5 Cannabis Retailer licenses and for
24 which the commission has correspondingly issued one or more
25 licenses following receipt of the municipality's approval to operate
26 as a cannabis retailer pursuant to subparagraph (a) of paragraph (3)
27 of subsection a. of section 33 of P.L. , c. (C.) (pending
28 before the Legislature as this bill), or medical cannabis dispensaries
29 and alternative treatment centers otherwise issued a license by the
30 commission pursuant to P.L. , c. (C.) (pending before the
31 Legislature as this bill), to simultaneously operate as a cannabis
32 retailer, at which areas the on-premises consumption of both
33 medical cannabis and personal use cannabis may occur.

34 b. Applications for an endorsement pursuant to this section
35 shall be made to the commission in a form and manner as shall be
36 prescribed by the commission and shall set forth such information
37 as the commission may require. Each application shall be verified
38 by the oath or affirmation of such persons as the commission may
39 prescribe. The endorsement shall be conditioned upon approval by
40 a municipality. An applicant is prohibited from operating a
41 cannabis consumption area without State and local approval. If the
42 applicant does not receive approval from the municipality within
43 one year after the date of State approval, the State endorsement
44 shall expire and may not be renewed. If an application is denied by
45 the municipality or the approval of the municipality is revoked, the
46 commission shall revoke the State endorsement. Any person

1 aggrieved by the local denial of an endorsement application may
2 request a hearing in the Superior Court of the county in which the
3 application was filed. The request for a hearing shall be filed
4 within 30 days after the date the application was denied. The
5 person shall serve a copy of the person's request for a hearing upon
6 the appropriate officer for the municipality that denied the
7 application. The hearing shall be held and a record made thereof
8 within 30 days after the receipt of the application for a hearing. No
9 formal pleading and no filing fee shall be required for the hearing.

10 c. (1) The commission shall deny a State endorsement if the
11 premises on which the applicant proposes to conduct its business
12 does not meet the requirements of P.L.2009, c.307 (C.24:6I-1 et
13 al.) , P.L. , c. (C.) (pending before the Legislature as this bill),
14 or for reasons set forth in this section. The commission may revoke
15 or deny an endorsement renewal, or reinstatement, or an initial
16 endorsement for good cause.

17 (2) For purposes of this subsection "good cause" means:

18 (a) the endorsed permit holder , license holder, or applicant has
19 violated, does not meet, or has failed to comply with, any of the
20 terms, conditions, or provisions of this section, any rules
21 promulgated pursuant to this section, or any supplemental local
22 laws, rules, or regulations;

23 (b) the endorsed permit holder , license holder, or applicant has
24 failed to comply with any special terms or conditions that were
25 placed on its endorsement by the commission or municipality; or

26 (c) the premises have been operated in a manner that adversely
27 affects the public health or the safety of the immediate
28 neighborhood in which the **【medical cannabis】** consumption area is
29 located.

30 (3) Any commission decision made pursuant to this subsection
31 shall be considered a final agency decision for the purposes of the
32 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
33 seq.) and may be subject to judicial review as provided in the Rules
34 of Court.

35 d. A **【medical】** cannabis consumption area endorsement shall
36 be valid for one year and may be renewed annually, subject to the
37 approval of the commission and the municipality as set forth in this
38 section. The commission shall establish by rule the amount of the
39 application fee and renewal fee for the endorsement, which shall not
40 exceed the administrative cost for processing and reviewing the
41 application.

42 e. The commission shall maintain a list of all **【medical】**
43 cannabis consumption areas in the State and shall make the list
44 available on its Internet website.

45 f. A **【medical】** cannabis consumption area shall be located on
46 the premises of a medical cannabis dispensary **【or】** , clinical

1 registrant, or cannabis retailer, may be indoors or outdoors, and shall
2 be designated by conspicuous signage. The signage shall also
3 indicate whether the cannabis consumption area may be used for the
4 on-premises consumption of medical cannabis, personal use cannabis,
5 or both.

6 (1) (a) An indoor **【medical】** cannabis consumption area in which
7 medical cannabis may be consumed, or both medical cannabis and
8 personal use cannabis may be consumed, shall be a structurally
9 enclosed area within a medical cannabis dispensary or clinical
10 registrant facility that is separated by solid walls or windows from
11 the area in which medical cannabis is dispensed **【and】** , or in which
12 retail sales of cannabis items occur if the dispensary or facility is also
13 licensed as a cannabis retailer, shall only be accessible through an
14 interior door after first entering the facility , and for a dispensary or
15 facility that is also licensed as a cannabis retailer, with respect to
16 any smoking, vaping, or aerosolizing of personal use cannabis, the
17 consumption area shall comply with all ventilation requirements
18 applicable to cigar lounges, as that term is defined in section 3 of
19 P.L.2005, c.383 (C.26:3D-57), in order to permit indoor smoking,
20 vaping, or aerosolizing that is the equivalent of smoking tobacco
21 not in violation of the “New Jersey Smoke-Free Air Act,” P.L.2005,
22 c.383 (C.26:3D-55 et seq.). Nothing in this subparagraph shall be
23 construed to authorize the consumption of medical cannabis by
24 smoking, vaping, or aerosolizing in this or any other indoor public
25 place or workplace, as those terms are defined in section 3 of
26 P.L.2005, c.383 (C.26:3D-57).

27 (b) An indoor cannabis consumption area in which only personal
28 use cannabis may be consumed shall be a structurally enclosed area
29 within a cannabis retailer that is separated by solid walls or
30 windows from the area in which retail sales of cannabis items
31 occur, shall only be accessible through an interior door after first
32 entering the retailer, and shall comply with all ventilation
33 requirements applicable to cigar lounges, as that term is defined in
34 section 3 of P.L.2005, c.383 (C.26:3D-57), in order to permit indoor
35 smoking, vaping, or aerosolizing that is the equivalent of smoking
36 tobacco not in violation of the “New Jersey Smoke-Free Air Act,”
37 P.L.2005, c.383 (C.26:3D-55 et seq.).

38 (2) An outdoor **【medical】** cannabis consumption area shall be
39 an exterior structure on the same premises as the medical cannabis
40 dispensary **【or】** , clinical registrant facility, or cannabis retailer, that
41 is either separate from or connected to the dispensary, facility, or
42 retailer, and that is not required to be completely enclosed, but shall
43 have sufficient walls, fences, or other barriers to prevent any view
44 of patients consuming medical cannabis or persons consuming
45 personal use cannabis from any sidewalk or other pedestrian or non-

1 motorist right-of-way, as the case may be, within the consumption
2 area.

3 **[(3)** Nothing in this subsection shall be construed to authorize
4 the consumption of medical cannabis by smoking in any indoor
5 public place or workplace, as those terms are defined in subsection
6 3 of P.L.2005, c.383 (C.26:3D-57), and the **]** A medical cannabis
7 dispensary **[or]** , clinical registrant , or cannabis retailer operating
8 **[the]** a consumption area shall ensure that any smoking, vaping, or
9 aerosolizing of medical cannabis or personal use cannabis that
10 occurs in an outdoor **[medical]** cannabis consumption area does not
11 result in migration, seepage, or recirculation of smoke or other
12 exhaled material to any indoor public place or workplace as those
13 terms are defined in section 3 of P.L.2005, c.383 (C.26:3D-57). The
14 commission may require **[a]** an outdoor consumption area to
15 include any ventilation features as the commission deems necessary
16 and appropriate.

17 g. (1) A medical cannabis dispensary **[or]** , clinical registrant ,
18 or cannabis retailer holding a **[medical]** cannabis consumption area
19 endorsement, and the employees **[of the dispensary or clinical**
20 registrant] thereof, subject to any regulations for **[medical]**
21 cannabis consumption areas promulgated by the commission, may
22 permit a person to bring medical cannabis or personal use cannabis
23 into a **[medical]** cannabis consumption area , so long as the on-
24 premises consumption of that cannabis is authorized by the
25 endorsement .

26 (2) A medical cannabis dispensary **[or]**, clinical registrant , or
27 cannabis retailer holding a **[medical]** cannabis consumption area
28 endorsement shall not sell alcohol, including fermented malt
29 beverages or malt, vinous, or spirituous liquor, sell tobacco or
30 nicotine products, or allow the consumption of alcohol, tobacco, or
31 nicotine products on premises, or operate as a retail food
32 establishment.

33 (3) A medical cannabis dispensary **[or]** , clinical registrant , or
34 cannabis retailer holding a **[medical]** cannabis consumption area
35 endorsement shall not allow on-duty employees of the
36 establishment to consume any medical cannabis or personal use
37 cannabis items in the consumption area, other than an on-duty
38 employee who is a registered qualifying patient with a valid
39 authorization for the use of medical cannabis, if the medical
40 cannabis dispensary, clinical registrant, or cannabis retailer does not
41 otherwise provide a private area, that is separate from the area in
42 which medical cannabis is dispensed or in which retail sales of
43 cannabis items occur, for that employee to use medical cannabis.

44 (4) (a) A cannabis retailer, or medical cannabis dispensary or
45 clinical registrant that is also licensed to simultaneously operate as

1 a cannabis retailer, shall limit the amount of personal use cannabis
2 sold to a person to be consumed in its consumption area, or brought
3 into its consumption area if permitted pursuant to paragraph (1) of
4 this subsection, to no more than the sales limit set by the
5 commission. The cannabis retailer, medical cannabis dispensary, or
6 clinical registrant shall not engage in multiple sales transactions of
7 personal use cannabis to the same person during the same business
8 day when an establishment's employee knows or reasonably should
9 have known that the sales transaction would result in the person
10 possessing more than the sales limit established by the commission.
11 The cannabis retailer, medical cannabis dispensary, or clinical
12 registrant shall provide, if required by the commission, information
13 regarding the safe consumption of personal use cannabis at the
14 point of sale to all persons who make a purchase

15 (b) All employees of a cannabis retailer, or medical cannabis
16 dispensary or clinical registrant that is also licensed to
17 simultaneously operate as a cannabis retailer, shall complete any
18 responsible vendor training program established in regulation by the
19 commission concerning consumption areas in which personal use
20 cannabis may be consumed.

21 h. (1) Access to a **【medical】** cannabis consumption area in
22 which medical cannabis may be consumed shall be restricted to
23 employees of the medical cannabis dispensary or clinical registrant
24 and to registered **【qualified】** qualifying patients and their
25 designated caregivers.

26 (2) Access to a cannabis consumption area in which personal use
27 cannabis may be consumed, or both medical cannabis and personal
28 use cannabis may be consumed, shall be restricted to employees of
29 the cannabis retailer, or medical cannabis dispensary or clinical
30 registrant that is also licensed to simultaneously operate as a
31 cannabis retailer, and to registered qualifying patients, their
32 designated caregivers, and other persons who are at least 21 years
33 of age. Each person shall be required to produce a form of
34 government-issued identification that may be accepted, pursuant to
35 subparagraph (a) of paragraph (6) of subsection a. of section 18 of
36 P.L. , c. (C.) (pending before the Legislature as this bill), in
37 order to enter the consumption area for purposes of consuming any
38 cannabis.

39 i. When a patient or other person leaves a **【medical】** cannabis
40 consumption area, the establishment shall ensure any remaining
41 unconsumed medical cannabis or personal use cannabis item that is
42 not taken by the patient **【or】** , the patient's designated caregiver , or
43 other person is destroyed.

44 j. A medical cannabis dispensary, clinical registrant, or cannabis
45 retailer operating a cannabis consumption area and its employees:

1 (1) shall operate the establishment in a decent, orderly, and
2 respectable manner;

3 (2) may remove an individual from the establishment for any
4 reason;

5 (3) shall not knowingly permit any activity or acts of disorderly
6 conduct; and

7 (4) shall not permit rowdiness, undue noise, or other
8 disturbances or activity offensive to the average citizen or to the
9 residents of the neighborhood in which the consumption area is
10 located.

11 k. If an emergency requires law enforcement, firefighters,
12 emergency medical services providers, or other public safety
13 personnel to enter a medical cannabis consumption area, employees
14 of the establishment shall prohibit on-site consumption of medical
15 cannabis until such personnel have completed their investigation or
16 services and have left the premises.

17 (cf: P.L.2019, c.153, s.28)

18

19 33. (New section) Marketplace Regulation.

20 a. (1) (a) For a period of 18 months after the date determined
21 by the commission pursuant to paragraph (2) of subsection d. of
22 section 6 of P.L. , c. (C.) (pending before the Legislature as
23 this bill), to be the first date on which cannabis retailers issued
24 licenses and conditional licenses begin retail sales of personal use
25 cannabis items, it shall be unlawful for any owner, part owner,
26 stockholder, officer, or director of any corporation, or any other
27 person interested in any cannabis cultivation facility, cannabis
28 testing facility, cannabis product manufacturing facility, cannabis
29 wholesaler, cannabis distributor, or cannabis delivery service to
30 engage in the retailing of any cannabis items in this State, or to own,
31 either in whole or in part, or be directly or indirectly interested in a
32 cannabis retailer, and such interest shall include any payments or
33 delivery of money or property by way of loan or otherwise
34 accompanied by an agreement to sell the product of said cannabis
35 cultivation facility, cannabis testing facility, cannabis product
36 manufacturing facility, cannabis wholesaler, or cannabis distributor,
37 but does not include any arrangement between a cannabis delivery
38 service and a cannabis retailer for making deliveries of cannabis
39 items to consumers. During this 18-month period, the holder of a
40 Class 1 Cannabis Grower license to operate a cannabis cultivation
41 facility or a Class 2 Cannabis Processor license to operate a
42 cannabis product manufacturing facility may hold one other license
43 to operate another cannabis establishment, other than a Class 3
44 Cannabis Wholesaler license to operate a cannabis wholesaler or a
45 Class 5 Cannabis Retailer license to operate a cannabis retailer; and
46 the holder of a Class 3 Cannabis Wholesaler license to operate a
47 cannabis wholesaler shall be limited to just that one license.

1 (b) Throughout the 18-month period set forth in subparagraph
2 (a) of this paragraph, the commission, except as authorized by
3 paragraph (2) of subsection b. of this section, shall not allow,
4 providing there exist qualified applicants, more than 28 cannabis
5 growers to be simultaneously licensed and engaging in personal use
6 cannabis activities, which number shall include any alternative
7 treatment centers deemed to be licensed as cannabis growers who
8 are issued licenses by the commission pursuant to paragraph (3) of
9 this subsection.

10 (2) For a period of 18 months after the date determined by the
11 commission pursuant to paragraph (2) of subsection d. of section 6
12 of P.L. , c. (C.) (pending before the Legislature as this bill),
13 to be the first date on which cannabis retailers issued licenses and
14 conditional licenses begin retail sales of personal use cannabis
15 items, it shall be unlawful for any owner, part owner, stockholder,
16 officer, or director of any corporation, or any other person engaged
17 in any retailing of any cannabis items to engage in the growing of,
18 testing of, processing of, wholesaling of, or transporting in bulk any
19 cannabis items, or to own either whole or in part, or to be a
20 shareholder, officer or director of a corporation or association,
21 directly or indirectly, interested in any cannabis cultivation facility,
22 cannabis testing facility, cannabis product manufacturing facility,
23 cannabis wholesaler, cannabis distributor, or cannabis delivery
24 service.

25 (3) (a) (i) Except with respect to the cap on the number of
26 cannabis grower licenses set forth in subparagraph (b) of paragraph
27 (1) of this subsection, the provisions of paragraphs (1) and (2) of
28 this subsection shall not apply

29 to any alternative treatment center that was issued a permit prior
30 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or to any
31 alternative treatment center that was issued a permit subsequent to
32 that effective date pursuant to an application submitted prior to that
33 effective date,

34 to the one alternative treatment center, out of four, issued a permit
35 pursuant to an application submitted after the effective date of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to a request for
37 applications published in the New Jersey Register prior to that
38 effective date, that is expressly exempt, pursuant to subsection a. of
39 section 11 of P.L.2019, c.153 (C.24:6I-7.1), from the provisions of
40 subparagraph (i) of subparagraph (a) of paragraph (2) of
41 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), which
42 exemption permits the alternative treatment center to concurrently
43 hold more than one medical cannabis permit, and that one alternative
44 treatment center is deemed pursuant to that section 7 (C.24:6I-7) to
45 concurrently hold more than one permit, and

46 to the one alternative treatment center, out of three, issued a
47 permit pursuant to an application submitted on or after the effective
48 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly

1 exempt, pursuant to subsection a. of section 11 of P.L.2019,
2 c.153 (C.24:6I-7.1), from the provisions of subparagraph (i) of
3 subparagraph (a) of paragraph (2) of subsection a. of section 7 of
4 P.L.2009, c.307 (C.24:6I-7), which exemption permits the
5 alternative treatment center to concurrently hold more than one
6 medical cannabis permit, and that one alternative treatment center is
7 deemed pursuant to that section 7 (C.24:6I-7) to concurrently hold
8 more than one permit,

9 and which alternative treatment center is also deemed, pursuant
10 to subparagraph (ii) of subparagraph (c) of paragraph (2) of
11 section 7 of P.L.2009, c.307 (C.24:6I-7), to either concurrently hold
12 a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor
13 license, and a Class 5 Cannabis Retailer license, plus an additional
14 Class 5 Cannabis Retailer license for each satellite dispensary
15 authorized and established by an alternative treatment center pursuant
16 to subparagraph (d) of paragraph (2) of subsection a. of section 7 of
17 P.L.2009, c.307 (C.24:6I-7), or alternatively to hold a Class 3
18 Cannabis Wholesaler license.

19 (ii) For each alternative treatment center deemed to have
20 licenses pursuant to subparagraph (i) of this subparagraph, the
21 commission shall not require the submission of an application for
22 licensure, as the application requirement is deemed satisfied by the
23 alternative treatment center's previously approved permit
24 application that was submitted to the Department of Health or to the
25 commission pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7),
26 but the alternative treatment center shall not begin to operate as any
27 class of cannabis establishment until the alternative treatment center
28 has submitted a written approval for a proposed cannabis
29 establishment from the municipality in which the proposed
30 establishment is to be located, which approval is based on a
31 determination that the proposed establishment complies with the
32 municipality's restrictions on the time, location, manner, and
33 number of establishments enacted pursuant to section 31 of P.L. of
34 P.L. , c. (C.) (pending before the Legislature as this bill).
35 The commission shall issue the initial license to the alternative
36 treatment center for a cannabis establishment of the appropriate
37 class upon receipt of the municipality's approval. The commission
38 shall begin accepting municipal approvals from alternative
39 treatment centers beginning on the date of adoption of the
40 commission's initial rules and regulations pursuant to subparagraph
41 (a) of paragraph (1) of subsection d. of section 6 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43 (iii) An alternative treatment center issued an initial license
44 following approval by a municipality pursuant to subparagraph
45 (ii) of this subparagraph shall not engage in activities related to the
46 growing, producing, or wholesaling of personal use cannabis until it
47 has certified to the commission that that it has sufficient quantities
48 of medical cannabis and medical cannabis products available to

1 meet the reasonably anticipated need of registered qualifying
2 patients, and the commission has accepted the alternative treatment
3 center's certification.

4 Notwithstanding the date determined by the commission
5 pursuant to paragraph (2) of subsection d. of section 6 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill) to be the
7 first date on which cannabis retailers issued licenses and conditional
8 licenses begin retail sales of personal use cannabis items, an
9 alternate treatment center, if approved by a municipality to operate
10 as a cannabis retailer, may begin to engage in the retail sale of
11 cannabis items on any date after the date that the commission
12 adopts its initial rules and regulations pursuant to subparagraph (a) of
13 paragraph (1) of subsection d. of section 6 of that act (C.), so
14 long as it has certified to the commission, and to the municipality in
15 which it is located and intends to engage in retail sales, that it has
16 sufficient quantities of medical cannabis and, if applicable, medical
17 cannabis products available to meet the reasonably anticipated need
18 of registered qualifying patients, and both the commission and
19 municipality have accepted the alternative treatment center's
20 certification.

21 (iv) An alternative treatment center issued a license for a
22 cannabis establishment shall be authorized to use the same premises
23 for all activities authorized under P.L. , c. (C.) (pending
24 before the Legislature as this bill) and the "Jake Honig
25 Compassionate Use Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-
26 1 et al.), without being required to establish or maintain any
27 physical barriers or separations between operations related to the
28 medical use of cannabis and operations related to personal use
29 cannabis, provided that the alternative treatment center shall be
30 required to certify that it has sufficient quantities of medical
31 cannabis and, if applicable, medical cannabis products available to
32 meet the reasonably anticipated treatment needs of registered
33 qualifying patients, as set forth in subparagraph (iii) of this
34 subparagraph, as a condition of selling personal use cannabis at
35 retail.

36 In determining whether to accept, pursuant to this subparagraph,
37 an alternative treatment center's certification that it has sufficient
38 quantities of medical cannabis or medical cannabis products
39 available to meet the reasonably anticipated needs of registered
40 qualifying patients, the commission, and if applicable a
41 municipality in consultation with the commission, shall
42 assess patient enrollment, inventory, sales of medical cannabis and
43 medical cannabis products, and any other factors determined by the
44 commission through regulation. If an alternative treatment center is
45 found by the commission to not have sufficient quantities of
46 medical cannabis or medical cannabis products available to meet
47 the reasonably anticipated needs of qualified patients, the
48 commission may issue fines, limit retail sales, temporarily suspend

1 the alternative treatment center's cannabis establishment license, or
2 issue any other penalties determined by the commission through
3 regulation.

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

30 b. Following the 18 month period set forth in subsection a. of
31 this section, a cannabis establishment license holder shall be
32 authorized to hold:

33 (1) (a) a Class 1 Cannabis Grower license, a Class 2 Cannabis
34 Processor license, and a Class 5 Cannabis Retailer license
35 concurrently, provided that no license holder shall be authorized to
36 concurrently hold more than one license of each class, except for an
37 alternative treatment center that was deemed, during the 18 month
38 period, to have an additional Class 5 Cannabis Retailer license for
39 each satellite dispensary that was authorized and established by the
40 alternative treatment center pursuant to subparagraph (d) of
41 paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
42 (C.24:6I-7). These additional retailer licenses only permit the retail
43 operation of each satellite dispensary, and shall not be replaced by
44 any other class of cannabis establishment license; or

45 (b) a Class 3 Cannabis Wholesaler license. In no case may a
46 holder of a Class 3 Cannabis Wholesaler license concurrently
47 holder a license of any other class or cannabis establishment.

1 (2) The commission, pursuant to its authority under paragraph
2 (1) of subsection a. of section 18 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) for making periodic evaluations of
4 whether the number of each class of cannabis establishment, or
5 number of cannabis distributors or delivery services, is sufficient to
6 meet the market demands of the State, shall review the limit on the
7 number of cannabis grower licenses set forth in subparagraph (b) of
8 paragraph (1) of subsection a. of this section, and providing there
9 exist qualified applicants, may make requests for new applications
10 for additional licenses as it deems necessary.

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

21
22 34. Section 7 of P.L.2009, c.307 (C.24:6I-7) is amended to read
23 as follows:

24 7. a. (1) The commission shall accept applications from entities
25 for permits to operate as medical cannabis cultivators, medical
26 cannabis manufacturers, and medical cannabis dispensaries. For the
27 purposes of this section, the term “permit” shall be deemed to
28 include a conditional permit issued pursuant to subsection d. of
29 section 11 of P.L.2019, c.153 (C.24:6I-7.1) and any permit issued to
30 a microbusiness pursuant to subsection e. of section 11 of P.L.2019,
31 c.153 (C.24:6I-7.1).

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

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

37 (ii) there shall be no more than 28 active medical cannabis
38 cultivator permits, including medical cannabis cultivator permits
39 deemed to be held by alternative treatment centers issued a permit
40 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) and
41 medical cannabis cultivator permits deemed to be held by
42 alternative treatment centers issued a permit subsequent to the
43 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
44 application submitted prior to the effective date of P.L.2019, c.153
45 (C.24:6I-5.1 et al.); provided that medical cannabis cultivator
46 permits issued to microbusinesses pursuant to subsection e. of

1 section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall not count toward
2 this limit.

3 (b) Commencing 18 months after the effective date of P.L.2019,
4 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to
5 concurrently hold a medical cannabis cultivator permit, a medical
6 cannabis manufacturer permit, and a medical cannabis dispensary
7 permit, provided that no permit holder shall be authorized to
8 concurrently hold more than one permit of each type. The permit
9 holder may submit an application for a permit of any type that the
10 permit holder does not currently hold prior to the expiration of the
11 18-month period described in subparagraph (a) of this paragraph,
12 provided that no additional permit shall be awarded to the permit
13 holder during the 18 month period.

14 (c) (i) The provisions of subparagraph (a) of this paragraph shall
15 not apply to any alternative treatment center that was issued a
16 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
17 al.), to any alternative treatment center that was issued a permit
18 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
19 pursuant to an application submitted prior to the effective date of
20 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
21 treatment centers issued a permit pursuant to an application
22 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
23 al.) pursuant to a request for applications published in the New
24 Jersey Register prior to the effective date of P.L.2019, c.153
25 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
26 subparagraph (i) of subparagraph (a) of this paragraph, or to one
27 of the three alternative treatment centers issued a permit pursuant to
28 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
29 exempt from the provisions of subparagraph (i) of subparagraph
30 (a) of this paragraph, which alternative treatment centers shall be
31 deemed to concurrently hold a medical cannabis cultivator permit, a
32 medical cannabis manufacturer permit, and a medical cannabis
33 dispensary permit, and shall be authorized to engage in any conduct
34 authorized pursuant to those permits in relation to the cultivation,
35 manufacturing, and dispensing of medical cannabis.

36 (ii) In addition, each of the alternative treatment centers
37 described in subparagraph (i) of this subparagraph, to which the
38 provisions of subparagraph (a) of this paragraph do not apply shall,
39 upon the adoption of the initial rules and regulations by the
40 commission pursuant to subparagraph (a) of paragraph (1) of
41 subsection d. of section 6 of P.L. , c. (C.) (pending before
42 the Legislature as this bill), be deemed to either concurrently hold a
43 Class 1 Cannabis Grower license, a Class 2 Cannabis Processor
44 License, and a Class 5 Cannabis Retailer license, plus an additional
45 Class 5 Cannabis Retailer license for each satellite dispensary
46 authorized and established by the alternative treatment center

1 pursuant to subparagraph (d) of this paragraph, or hold a Class 3
2 Cannabis Wholesaler license. Any alternative treatment center
3 deemed to hold one or more licenses as described in this
4 subsubparagraph may begin to operate as any authorized class of
5 cannabis establishment upon receipt of written approval from the
6 municipality in which the proposed establishment is to be located
7 and obtaining an initial license or licenses, as applicable, issued by
8 the commission pursuant to paragraph (3) of subsection a. of section
9 33 of P.L. , c. (C.) (pending before the Legislature as this
10 bill).

11 (d) No entity may be issued or concurrently hold more than one
12 medical cannabis cultivator permit, one medical cannabis
13 manufacturer permit, or one medical cannabis dispensary permit at
14 one time, and no medical cannabis dispensary shall be authorized to
15 establish a satellite location on or after the effective date of
16 P.L.2019, c.153 (C.24:6I-5.1 et al.), except that an alternative
17 treatment center that was issued a permit prior to the effective date
18 of P.L.2019, c.153 (C.24:6I-5.1 et al.) or that was issued a permit
19 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
20 pursuant to an application submitted prior to the effective date of
21 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be authorized to maintain
22 up to two satellite dispensaries, including any satellite dispensary
23 that was approved pursuant to an application submitted prior to or
24 within 18 months after the effective date of P.L.2019, c.153
25 (C.24:6I-5.1 et al.). The three alternative treatment centers issued
26 permits pursuant to section 11 of P.L.2019, c.153 (C.24:6I-7.1) that
27 are expressly exempt from the provisions of subsubparagraph (i) of
28 subparagraph (a) of this paragraph shall be authorized to establish
29 and maintain up to one satellite dispensary location, provided that
30 the satellite dispensary was approved pursuant to an application
31 submitted within 18 months after the effective date of P.L.2019,
32 c.153 (C.24:6I-5.1 et al.).

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

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

45 (g) An alternative treatment center that was issued a permit prior
46 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was

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

25 (h) An alternative treatment center that was issued a permit prior
26 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be
27 permitted to cultivate from up to two physical locations, provided
28 that the alternative treatment center's combined mature cannabis
29 plant grow canopy between both locations shall not exceed 150,000
30 square feet of bloom space or the square footage of canopy
31 permitted under the largest tier in the tiered system adopted by the
32 commission pursuant to paragraph (2) of subsection b. of section 21
33 of P.L. , c. (C.) (pending before the Legislature as this bill).

34 (3) The commission shall seek to ensure the availability of a
35 sufficient number of medical cannabis cultivators, medical cannabis
36 manufacturers, and medical cannabis dispensaries throughout the
37 State, pursuant to need, including at least two each in the northern,
38 central, and southern regions of the State. Medical cannabis
39 cultivators, medical cannabis manufacturers, and medical cannabis
40 dispensaries issued permits pursuant to this section may be
41 nonprofit or for-profit entities.

42 (4) The commission shall periodically evaluate whether the
43 number of medical cannabis cultivator, medical cannabis
44 manufacturer, and medical cannabis dispensary permits issued are
45 sufficient to meet the needs of qualifying patients in the State, and
46 shall make requests for applications and issue such additional

1 permits as shall be necessary to meet those needs. The types of
2 permits requested and issued, and the locations of any additional
3 permits that are authorized, shall be in the discretion of the
4 commission based on the needs of qualifying patients in the State.

5 (5) (a) A medical cannabis cultivator shall be authorized to:
6 acquire a reasonable initial and ongoing inventory, as determined
7 by the commission, of cannabis seeds or seedlings and
8 paraphernalia; possess, cultivate, plant, grow, harvest, and package
9 medical cannabis, including prerolled forms, for any authorized
10 purpose, including, but not limited to, research purposes; and
11 deliver, transfer, transport, distribute, supply, or sell medical
12 cannabis and related supplies to any medical cannabis cultivator,
13 medical cannabis manufacturer, medical cannabis dispensary, or
14 clinical registrant in the State. In no case shall a medical cannabis
15 cultivator operate or be located on land that is valued, assessed or
16 taxed as an agricultural or horticultural use pursuant to the
17 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et
18 seq.).

19 (b) A medical cannabis manufacturer shall be authorized to:
20 purchase or acquire medical cannabis from any medical cannabis
21 cultivator, medical cannabis manufacturer, or clinical registrant in
22 the State; possess and utilize medical cannabis in the manufacture,
23 production, and creation of medical cannabis products; and deliver,
24 transfer, transport, supply, or sell medical cannabis products and
25 related supplies to any medical cannabis manufacturer, medical
26 cannabis dispensary, or clinical registrant in the State.

27 (c) A medical cannabis dispensary shall be authorized to:
28 purchase or acquire medical cannabis from any medical cannabis
29 cultivator, medical cannabis dispensary, or clinical registrant in the
30 State and medical cannabis products and related supplies from any
31 medical cannabis manufacturer, medical cannabis dispensary, or
32 clinical registrant in the State; purchase or acquire paraphernalia
33 from any legal source; and distribute, supply, sell, or dispense
34 medical cannabis, medical cannabis products, paraphernalia, and
35 related supplies to qualifying patients or their designated or
36 institutional caregivers who are registered with the commission
37 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
38 cannabis dispensary may furnish medical cannabis, medical
39 cannabis products, paraphernalia, and related supplies to a medical
40 cannabis handler for delivery to a registered qualifying patient,
41 designated caregiver, or institutional caregiver consistent with the
42 requirements of subsection i. of section 27 of P.L.2019, c.153
43 (C.24:6I-20).

44 (6) A medical cannabis cultivator shall not be limited in the
45 number of strains of medical cannabis cultivated, and a medical
46 cannabis manufacturer shall not be limited in the number or type of

1 medical cannabis products manufactured, produced, or created. A
2 medical cannabis manufacturer may package, and a medical
3 cannabis dispensary may directly dispense medical cannabis and
4 medical cannabis products to qualifying patients and their
5 designated and institutional caregivers in any authorized form.
6 Authorized forms shall include dried form, oral lozenges, topical
7 formulations, transdermal form, sublingual form, tincture form, or
8 edible form, or any other form as authorized by the commission.
9 Edible form shall include pills, tablets, capsules, drops or syrups,
10 oils, chewable forms, and any other form as authorized by the
11 commission, except that the edible forms made available to minor
12 patients shall be limited to forms that are medically appropriate for
13 children, including pills, tablets, capsules, chewable forms, and
14 drops, oils, syrups, and other liquids.

15 (7) Nonprofit medical cannabis cultivators, medical cannabis
16 manufacturers, and medical cannabis dispensaries need not be
17 recognized as a 501(c)(3) organization by the federal Internal
18 Revenue Service.

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

23 c. A person who has been convicted of a crime of the first,
24 second, or third degree under New Jersey law or of a crime
25 involving any controlled dangerous substance or controlled
26 substance analog as set forth in chapter 35 of Title 2C of the New
27 Jersey Statutes except paragraph (11) or (12) of subsection b. of
28 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
29 N.J.S.2C:35-10, or any similar law of the United States or any other
30 state shall not be issued a permit to operate as a medical cannabis
31 cultivator, medical cannabis manufacturer, medical cannabis
32 dispensary, or clinical registrant or be a director, officer, or
33 employee of a medical cannabis cultivator, medical cannabis
34 manufacturer, medical cannabis dispensary, or clinical registrant,
35 unless such conviction occurred after the effective date of P.L.2009,
36 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
37 relating to possession or sale of cannabis for conduct that is
38 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
39 c.158 (C.18A:40-12.22 et al.).

40 d. (1) The commission shall require each applicant seeking a
41 permit to operate as, to be a director, officer, or employee of, or to
42 be a significantly involved person in, a medical cannabis cultivator,
43 medical cannabis manufacturer, medical cannabis dispensary, or
44 clinical registrant to undergo a criminal history record background
45 check.

1 Any individual seeking to become a director, officer, or
2 employee of a medical cannabis cultivator, medical cannabis
3 manufacturer, medical cannabis dispensary, or clinical registrant,
4 after issuance of an initial permit shall notify the commission and
5 shall complete a criminal history record background check and
6 provide all information as may be required by the commission as a
7 condition of assuming a position as director, officer, or employee of
8 the permitted entity. An individual who incurs an investment
9 interest or gains the authority to make controlling decisions in a
10 permitted entity that makes the individual a significantly involved
11 person shall notify the commission, complete a criminal history
12 record background check, and provide all information as may be
13 required by the commission no later than 30 days after the date the
14 individual becomes a significantly involved person, or any permit
15 issued to the individual or group of which the significantly involved
16 person is a member shall be revoked and the individual or group
17 shall be deemed ineligible to hold any ownership or investment
18 interest in a medical cannabis cultivator, medical cannabis
19 manufacturer, medical cannabis dispensary, or clinical registrant for
20 a period of at least two years, commencing from the date of
21 revocation, and for such additional period of time as the
22 commission deems appropriate, based on the duration of the
23 nondisclosure, the size of the individual's or group's investment
24 interest in the permitted entity, the amount of profits, revenue, or
25 income realized by the individual or group from the permitted entity
26 during the period of nondisclosure, and whether the individual had a
27 disqualifying conviction or would otherwise have been deemed
28 ineligible to be a significantly involved person in a medical
29 cannabis cultivator, medical cannabis manufacturer, medical
30 cannabis dispensary, or clinical registrant.

31 For purposes of this section, the term "applicant" shall include
32 any owner, director, officer, or employee of, and any significantly
33 involved person in, a medical cannabis cultivator, medical cannabis
34 manufacturer, medical cannabis dispensary, or clinical registrant.
35 The commission is authorized to exchange fingerprint data with and
36 receive criminal history record background information from the
37 Division of State Police and the Federal Bureau of Investigation
38 consistent with the provisions of applicable federal and State laws,
39 rules, and regulations. The Division of State Police shall forward
40 criminal history record background information to the commission
41 in a timely manner when requested pursuant to the provisions of
42 this section.

43 An applicant who is required to undergo a criminal history
44 record background check pursuant to this section shall submit to
45 being fingerprinted in accordance with applicable State and federal
46 laws, rules, and regulations. No check of criminal history record

1 background information shall be performed pursuant to this section
2 unless the applicant has furnished the applicant's written consent to
3 that check. An applicant who is required to undergo a criminal
4 history record background check pursuant to this section who
5 refuses to consent to, or cooperate in, the securing of a check of
6 criminal history record background information shall not be
7 considered for a permit to operate, or authorization to be employed
8 at or to be a significantly involved person in, a medical cannabis
9 cultivator, medical cannabis manufacturer, medical cannabis
10 dispensary, or clinical registrant. An applicant shall bear the cost
11 for the criminal history record background check, including all
12 costs of administering and processing the check.

13 (2) The commission shall not approve an applicant for a permit
14 to operate, or authorization to be employed at or to be a
15 significantly involved person in, a medical cannabis cultivator,
16 medical cannabis manufacturer, medical cannabis dispensary, or
17 clinical registrant if the criminal history record background
18 information of the applicant reveals a disqualifying conviction as
19 set forth in subsection c. of this section.

20 (3) Upon receipt of the criminal history record background
21 information from the Division of State Police and the Federal
22 Bureau of Investigation, the commission shall provide written
23 notification to the applicant of the applicant's qualification for or
24 disqualification for a permit to operate or be a director, officer, or
25 employee of, or a significantly involved person in, a medical
26 cannabis cultivator, medical cannabis manufacturer, medical
27 cannabis dispensary, or clinical registrant.

28 If the applicant is disqualified because of a disqualifying
29 conviction pursuant to the provisions of this section, the conviction
30 that constitutes the basis for the disqualification shall be identified
31 in the written notice.

32 (4) The Division of State Police shall promptly notify the
33 commission in the event that an individual who was the subject of a
34 criminal history record background check conducted pursuant to
35 this section is convicted of a crime or offense in this State after the
36 date the background check was performed. Upon receipt of that
37 notification, the commission shall make a determination regarding
38 the continued eligibility to operate or be a director, officer, or
39 employee of, or a significantly involved person in, a medical
40 cannabis cultivator, medical cannabis manufacturer, medical
41 cannabis dispensary, or clinical registrant.

42 (5) Notwithstanding the provisions of subsection c. of this
43 section to the contrary, the commission may offer provisional
44 authority for an applicant to be an owner, director, officer, or
45 employee of, or a significantly involved person in, a medical
46 cannabis cultivator, medical cannabis manufacturer, medical

1 cannabis dispensary, or clinical registrant for a period not to exceed
2 three months if the applicant submits to the commission a sworn
3 statement attesting that the person has not been convicted of any
4 disqualifying conviction pursuant to this section.

5 (6) Notwithstanding the provisions of subsection c. of this
6 section to the contrary, no applicant to be an owner, director,
7 officer, or employee of, or a significantly involved person in, a
8 medical cannabis cultivator, medical cannabis manufacturer,
9 medical cannabis dispensary, or clinical registrant shall be
10 disqualified on the basis of any conviction disclosed by a criminal
11 history record background check conducted pursuant to this section
12 if the individual has affirmatively demonstrated to the commission
13 clear and convincing evidence of rehabilitation. In determining
14 whether clear and convincing evidence of rehabilitation has been
15 demonstrated, the following factors shall be considered:

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

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

19 (c) the circumstances under which the crime or offense
20 occurred;

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

22 (e) the age of the individual when the crime or offense was
23 committed;

24 (f) whether the crime or offense was an isolated or repeated
25 incident;

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

28 (h) any evidence of rehabilitation, including good conduct in
29 prison or in the community, counseling or psychiatric treatment
30 received, acquisition of additional academic or vocational
31 schooling, successful participation in correctional work-release
32 programs, or the recommendation of those who have had the
33 individual under their supervision.

34 e. The commission shall issue a permit to operate or be an
35 owner, director, officer, or employee of, or a significantly involved
36 person in, a medical cannabis cultivator, medical cannabis
37 manufacturer, or medical cannabis dispensary if the commission
38 finds that issuing such a permit would be consistent with the
39 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
40 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
41 met. The denial of an application shall be considered a final agency
42 decision, subject to review by the Appellate Division of the
43 Superior Court. A permit to operate a medical cannabis cultivator,
44 medical cannabis manufacturer, or medical cannabis dispensary
45 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1
46 et al.) shall be valid for one year and shall be renewable annually.

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

9 g. A medical cannabis cultivator, medical cannabis
10 manufacturer, medical cannabis dispensary, or clinical registrant
11 shall report any change in information to the commission not later
12 than 10 days after such change, or the permit shall be deemed null
13 and void.

14 h. Each medical cannabis dispensary and clinical registrant
15 shall maintain and make available on its Internet website, if any, a
16 standard price list that shall apply to all medical cannabis, medical
17 cannabis products, and related supplies and paraphernalia sold or
18 dispensed by the medical cannabis dispensary or clinical registrant,
19 which prices shall be reasonable and consistent with the actual costs
20 incurred by the medical cannabis dispensary or clinical registrant in
21 connection with acquiring and selling, transferring, or dispensing
22 the medical cannabis or medical cannabis product and related
23 supplies and paraphernalia. The prices charged by the medical
24 cannabis dispensary or clinical registrant shall not deviate from the
25 prices indicated on the entity's current price list, provided that a
26 price list maintained by a medical cannabis dispensary or clinical
27 registrant may allow for medical cannabis to be made available at a
28 reduced price or without charge to qualifying patients who have a
29 demonstrated financial hardship, as that term shall be defined by the
30 commission by regulation. A price list required pursuant to this
31 subsection may be revised no more than once per month, and each
32 medical cannabis dispensary and clinical registrant shall be
33 responsible for ensuring that the commission has a copy of the
34 facility's current price list. A medical cannabis dispensary or
35 clinical registrant shall be liable to a civil penalty of \$1,000 for
36 each sale that occurs at a price that deviates from the entity's
37 current price list, and to a civil penalty of \$10,000 for each week
38 during which the entity's current price list is not on file with the
39 commission. Any civil penalties collected by the commission
40 pursuant to this section shall be used by the commission for the
41 purposes of administering the State medical cannabis program.

42 i. The commission shall adopt regulations to:

43 (1) require such written documentation of each delivery or
44 dispensation of cannabis to, and pickup of cannabis for, a registered
45 qualifying patient, including the date and amount dispensed, and, in
46 the case of delivery, the date and times the delivery commenced and

1 was completed, the address where the medical cannabis was
2 delivered, the name of the patient or caregiver to whom the medical
3 cannabis was delivered, and the name, handler certification number,
4 and delivery certification number of the medical cannabis handler
5 who performed the delivery, to be maintained in the records of the
6 medical cannabis dispensary or clinical registrant, as the
7 commission determines necessary to ensure effective
8 documentation of the operations of each medical cannabis
9 dispensary or clinical registrant;

10 (2) monitor, oversee, and investigate all activities performed by
11 medical cannabis cultivators, medical cannabis manufacturers,
12 medical cannabis dispensaries, and clinical registrants;

13 (3) ensure adequate security of all facilities 24 hours per day
14 and security of all delivery methods to registered qualifying
15 patients; and

16 (4) establish thresholds for administrative action to be taken
17 against a medical cannabis cultivator, medical cannabis
18 manufacturer, medical cannabis dispensary, or clinical registrant
19 and its employees, officers, investors, directors, or governing board
20 pursuant to subsection m. of this section, including, but not limited
21 to, specific penalties or disciplinary actions that may be imposed in
22 a summary proceeding.

23 j. (1) Each medical cannabis cultivator, medical cannabis
24 manufacturer, medical cannabis dispensary, and clinical registrant
25 shall require the owners, directors, officers, and employees at the
26 permitted facility to complete at least eight hours of ongoing
27 training each calendar year. The training shall be tailored to the
28 roles and responsibilities of the individual's job function, and shall
29 include training on confidentiality and such other topics as shall be
30 required by the commission.

31 (2) Each medical cannabis dispensary and clinical registrant
32 shall consider whether to make interpreter services available to the
33 population served, including for individuals with a visual or hearing
34 impairment. The commission shall provide assistance to any
35 medical cannabis dispensary or clinical registrant that seeks to
36 provide such services in locating appropriate interpreter resources.
37 A medical cannabis dispensary or clinical registrant shall assume
38 the cost of providing interpreter services pursuant to this
39 subsection.

40 k. (1) The first six alternative treatment centers issued permits
41 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
42 shall be authorized to sell or transfer such permit and other assets to
43 a for-profit entity, provided that: the sale or transfer is approved by
44 the commission; each owner, director, officer, and employee of, and
45 significantly involved person in, the entity seeking to purchase or
46 receive the transfer of the permit, undergoes a criminal history

1 record background check pursuant to subsection d. of this section,
2 provided that nothing in this subsection shall be construed to
3 require any individual to undergo a criminal history record
4 background check if the individual would otherwise be exempt from
5 undergoing a criminal history record background check pursuant to
6 subsection d. of this section; the commission finds that the sale or
7 transfer of the permit would be consistent with the purposes of
8 P.L.2009, c.307 (C.24:6I-1 et al.); and no such sale or transfer shall
9 be authorized more than one year after the effective date of
10 P.L.2019, c.153 (C.24:6I-5.1 et al.). The sale or transfer of a permit
11 pursuant to this subsection shall not be subject to the requirements
12 of the “New Jersey Nonprofit Corporation Act,” N.J.S.15A:1-1 et
13 seq., provided that, prior to or at the time of the sale or transfer, all
14 debts and obligations of the nonprofit entity are either paid in full or
15 assumed by the for-profit entity purchasing or acquiring the permit,
16 or a reserve fund is established for the purpose of paying in full the
17 debts and obligations of the nonprofit entity, and the for-profit
18 entity pays the full value of all assets held by the nonprofit entity,
19 as reflected on the nonprofit entity’s balance sheet, in addition to
20 the agreed-upon price for the sale or transfer of the entity’s
21 alternative treatment center permit. Until such time as the members
22 of the Cannabis Regulatory Commission are appointed and the
23 commission first organizes, the Department of Health shall have
24 full authority to approve a sale or transfer pursuant to this
25 paragraph.

26 (2) The sale or transfer of any interest of five percent or more in
27 a medical cannabis cultivator, medical cannabis manufacturer,
28 medical cannabis dispensary, or clinical registrant permit shall be
29 subject to approval by the commission and conditioned on the entity
30 that is purchasing or receiving transfer of the interest in the medical
31 cannabis cultivator, medical cannabis manufacturer, medical
32 cannabis dispensary, or clinical registrant permit completing a
33 criminal history record background check pursuant to the
34 requirements of subsection d. of this section.

35 1. No employee of any department, division, agency, board, or
36 other State, county, or local government entity involved in the
37 process of reviewing, processing, or making determinations with
38 regard to medical cannabis cultivator, medical cannabis
39 manufacturer, medical cannabis dispensary, or clinical registrant
40 permit applications shall have any direct or indirect financial
41 interest in the cultivating, manufacturing, or dispensing of medical
42 cannabis or related paraphernalia, or otherwise receive anything of
43 value from an applicant for a medical cannabis cultivator, medical
44 cannabis manufacturer, medical cannabis dispensary, or clinical
45 registrant permit in exchange for reviewing, processing, or making
46 any recommendations with respect to a permit application.

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

16 (cf: P.L.2019, c.153, s.10)

17

18 35. (New section) Medical Cannabis Provisions.

19 Nothing in P.L. , c. (C.) (pending before the
20 Legislature as this bill) shall be construed:

21 a. to limit any privileges or rights of a registered qualifying
22 patient, designated caregiver, institutional caregiver, or alternative
23 treatment center as provided in the “Jake Honig Compassionate Use
24 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), or
25 P.L.2015, c.158 (C.18A:40-12.22 et al.) concerning the medical use
26 of cannabis;

27 b. to authorize an alternative treatment center to dispense
28 cannabis to or on behalf of a person who is not a registered
29 qualifying patient, unless that alternative treatment center is deemed
30 to be licensed to engage in the retail sale of cannabis pursuant to
31 section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a license by the
32 commission following receipt of a municipality’s written approval
33 for a cannabis retailer pursuant to subparagraph (a) of paragraph (3)
34 of subsection a. of section 33 of P.L. , c. (C.) (pending
35 before the Legislature as this bill), or otherwise has applied for a
36 license, and been approved and issued a license by the commission
37 pursuant to P.L. , c. (C.) (pending before the Legislature as
38 this bill) to simultaneously operate as a cannabis retailer, and the
39 alternative treatment center has certified to the commission, and to
40 the municipality in which it is located and intends to engage in retail
41 sales, that it has sufficient quantities of medical cannabis and
42 medical cannabis products available to meet the reasonably
43 anticipated need of registered qualifying patients, and the
44 commission, and municipality, if applicable, has accepted the
45 alternative treatment center’s certification;

46 c. to authorize an alternative treatment center to purchase or
47 acquire cannabis or cannabis products in a manner or from a source

1 not permitted under the “Jake Honig Compassionate Use Medical
2 Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
3 c.158 (C.18A:40-12.22 et al.), unless that alternative treatment
4 center is deemed to be a licensed cannabis establishment pursuant
5 to section 7 of P.L.2009, c.307 (C.24:6I-7) and issued a license by
6 the commission following receipt of a municipality’s written
7 approval for the cannabis establishment pursuant to subparagraph
8 (a) of paragraph (3) of subsection a. of section 33 of P.L. ,
9 c. (C.) (pending before the Legislature as this bill), or
10 otherwise has applied for a license, and been approved and issued a
11 license by the commission pursuant to P.L. , c. (C.)
12 (pending before the Legislature as this bill) to simultaneously
13 operate as a cannabis establishment, and the alternative treatment
14 center has certified to the commission, and if operating as a
15 cannabis retailer, to the municipality in which it is located and
16 intends to engage in retail sales, that it has sufficient quantities of
17 medical cannabis and, if applicable, medical cannabis products
18 available to meet the reasonably anticipated treatment needs of
19 registered qualifying patients, and the commission, and
20 municipality, if applicable, has accepted the alternative treatment
21 center’s certification;

22 d. to authorize an alternative treatment center issued a permit
23 under section 7 of P.L.2009, c.307 (C.24:6I-7) to operate on the
24 same premises as a cannabis license holder or applicant for a
25 license, unless that alternative treatment center is deemed to be a
26 licensed cannabis establishment pursuant to section 7 of P.L.2009,
27 c.307 (C.24:6I-7) and issued a license by the commission following
28 receipt of a municipality’s written approval for the cannabis
29 establishment pursuant to subparagraph (a) of paragraph (3) of
30 subsection a. of section 33 of P.L. , c. (C.) (pending before
31 the Legislature as this bill), or otherwise has applied for a license,
32 and been approved and issued a license by the commission pursuant
33 to P.L. , c. (C.) (pending before the Legislature as this bill)
34 to simultaneously operate as a cannabis establishment, and the
35 alternative treatment center has certified to the commission, and if
36 operating as a cannabis retailer, to the municipality in which it is
37 located and intends to engage in retail sales, that it has sufficient
38 quantities of medical cannabis and, if applicable, medical cannabis
39 products available to meet the reasonably anticipated treatment
40 needs of registered qualifying patients, and the commission, and
41 municipality, if applicable, has accepted the alternative treatment
42 center’s certification; or

43 In determining whether to accept, pursuant to this section, an
44 alternative treatment center’s certification that it has sufficient
45 quantities of medical cannabis or medical cannabis products
46 available to meet the reasonably anticipated needs of registered
47 qualifying patients, the commission, and if applicable a
48 municipality in consultation with the commission, shall

1 assess patient enrollment, inventory, sales of medical cannabis and
2 medical cannabis products, and any other factors determined by the
3 commission through regulation. If an alternative treatment center is
4 found by the commission to not have sufficient quantities of
5 medical cannabis or medical cannabis products available to meet
6 the reasonably anticipated needs of qualified patients, the
7 commission may issue fines, limit retail sales, temporarily suspend
8 the alternative treatment center's cannabis establishment license, or
9 issue any other penalties determined by the commission through
10 regulation.

11

12 36. (New section) Medical Cannabis – Additional Regulatory
13 Requirements.

14 a. An alternative treatment center issued a permit under section
15 7 of P.L.2009, c.307 (C.24:6I-7) shall, as a condition of engaging in
16 operations associated with personal use cannabis, after being
17 deemed to be licensed pursuant to that section and issued a license
18 by the commission following receipt of a municipality's written
19 approval for a cannabis retailer pursuant to subparagraph (a) of
20 paragraph (3) of subsection a. of section 33 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), or otherwise issued a
22 license by the commission pursuant to P.L. , c. (C.)
23 (pending before the Legislature as this bill) to simultaneously
24 operate as a cannabis establishment, certify to the commission, and
25 if operating as a cannabis retailer, to the municipality in which it is
26 located and intends to engage in retail sales, that it has sufficient
27 quantities of medical cannabis and, if applicable, medical cannabis
28 products available to meet the reasonably anticipated treatment
29 needs of registered qualifying patients, and the commission, and
30 municipality, if applicable, has accepted the alternative treatment
31 center's certification.

32 b. In determining whether to accept, pursuant to this section, an
33 alternative treatment center's certification that it has sufficient
34 quantities of medical cannabis or medical cannabis products
35 available to meet the reasonably anticipated needs of registered
36 qualifying patients, the commission, and if applicable a
37 municipality in consultation with the commission, shall
38 assess patient enrollment, inventory, sales of medical cannabis and
39 medical cannabis products, and any other factors determined by the
40 commission through regulation. If an alternative treatment center is
41 found by the commission to not have sufficient quantities of
42 medical cannabis or medical cannabis products available to meet
43 the reasonably anticipated needs of qualified patients, the
44 commission may issue fines, limit retail sales, temporarily suspend
45 the alternative treatment center's cannabis establishment license, or
46 issue any other penalties determined by the commission through
47 regulation.

1 37. (New section) Businesses Treatment of Cannabis
2 Establishments, Distributors, and Delivery Services.

3 With respect to the business treatment of cannabis
4 establishments, distributors, and delivery services:

5 a. A financial institution, as defined by section 2 of P.L.1983,
6 c.466 (C.17:16K-2), shall not, subject to the suspension or
7 revocation of a charter or other available enforcement action by the
8 Commissioner of Banking and Insurance, engage in any
9 discriminatory activities with respect to the banking activities of a
10 cannabis establishment, distributor, or delivery service, or the
11 banking activities of a person associated with a cannabis
12 establishment, distributor, or delivery service.

13 b. (1) In no case shall a cannabis grower operate or be located
14 on land that is valued, assessed or taxed as an agricultural or
15 horticultural use pursuant to the "Farmland Assessment Act of
16 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.).

17 (2) As used in this paragraph, "State or local economic
18 incentive" means a financial incentive, awarded by the State, any
19 political subdivision of the State, or any agency or instrumentality
20 of the State or political subdivision of the State, to any non-
21 governmental person, association, for-profit or non-profit
22 corporation, joint venture, limited liability company, partnership, sole
23 proprietorship, or other form of business organization or entity, or
24 agreed to between the government and non-governmental parties, for
25 the purpose of stimulating economic development or redevelopment
26 in New Jersey, including, but not limited to, a bond, grant, loan,
27 loan guarantee, matching fund, tax credit, or other tax expenditure.

28 (a) (i) A person or entity issued a license to operate as a
29 cannabis grower, cannabis processor, cannabis wholesaler, cannabis
30 distributor, cannabis retailer, or cannabis delivery service, or that
31 employs a certified personal use cannabis handler to perform work for
32 or on behalf of a cannabis establishment, distributor, or delivery
33 service shall not be eligible for a State or local economic incentive.

34 (ii) The issuance of a license to operate as a cannabis grower,
35 cannabis processor, cannabis wholesaler, cannabis distributor,
36 cannabis retailer, or cannabis delivery service, or the issuance of a
37 certification to perform work for or on behalf of a cannabis
38 establishment, distributor, or delivery service to a person or entity
39 that has been awarded a State or local economic incentive shall
40 invalidate the right of the person or entity to benefit from the
41 economic incentive as of the date of issuance of the license or
42 certification.

43 (b) (i) A property owner, developer, or operator of a project to
44 be used, in whole or in part, as a cannabis grower, cannabis
45 processor, cannabis wholesaler, cannabis distributor, cannabis
46 retailer, or cannabis delivery service, or to employ a certified
47 personal use cannabis handler to perform work for or on behalf of a
48 cannabis establishment, distributor, or delivery service, shall not be

1 eligible for a State or local economic incentive during the period of
2 time that the economic incentive is in effect.

3 (ii) The issuance of a license to operate as a cannabis grower,
4 cannabis processor, cannabis wholesaler, cannabis distributor,
5 cannabis retailer, or cannabis delivery service, or issuance of a
6 certification to a personal use cannabis handler employed by a
7 person or entity to perform work for or on behalf of a cannabis
8 establishment, distributor, or delivery service at a location that is
9 the subject of a State or local economic incentive shall invalidate
10 the right of a property owner, developer, or operator to benefit from
11 the economic incentive as of the date of issuance of the license.

12

13 38. Section 29 of P.L.2019, c.153 (C.24:6I-22) is amended to
14 read as follows:

15 29. a. (1) The commission shall develop and maintain a system
16 for tracking :

17 (a) the cultivation of medical cannabis, the manufacturing of
18 medical cannabis products, the transfer of medical cannabis and
19 medical cannabis products between medical cannabis cultivators,
20 medical cannabis manufacturers, medical cannabis dispensaries,
21 clinical registrants, and testing laboratories as authorized pursuant
22 to paragraph (5) of subsection a. of section 7 of P.L.2009, c.307
23 (C.24:6I-7) and subsection h. of section 27 of P.L.2019, c.153
24 (C.24:6I-20), and the dispensing or delivery of medical cannabis to
25 registered qualifying patients, designated caregivers, and
26 institutional caregivers; and

27 (b) the production of personal use cannabis, the processing of
28 cannabis items, the transportation by cannabis distributors or other
29 transfer of cannabis items between the premises of cannabis growers,
30 cannabis processors, cannabis wholesalers, cannabis retailers, and
31 testing facilities, the retail sale of cannabis items to persons 21 years of
32 age or older, and the delivery of cannabis items to persons 21 years of
33 age or older by personal use cannabis handlers as authorized pursuant
34 to P.L. , c. (C.) (pending before the Legislature as this bill).

35 (2) The tracking system shall, among other features as
36 determined by the commission, utilize a stamp affixed to a
37 container or package for medical cannabis or personal use cannabis
38 items to assist in the collection of the information required to be
39 tracked pursuant to subsection c. of this section.

40 (a) The commission, in consultation with the Director of the
41 Division of Taxation, shall secure stamps based on the designs,
42 specifications, and denominations prescribed by the commission in
43 regulation, and which incorporate encryption, security, and
44 counterfeit-resistant features to prevent the unauthorized
45 duplication or counterfeiting of any stamp. The stamp shall be
46 readable by a scanner or similar device that may be used by the
47 commission, the Director of the Division of Taxation, [and]

1 medical cannabis cultivators, medical cannabis manufacturers,
2 medical cannabis dispensaries, **【or】** and clinical registrants , and
3 personal use cannabis growers, cannabis processors, cannabis
4 wholesalers, cannabis distributors, cannabis retailers, and cannabis
5 delivery services.

6 (b) The commission, and the Director of the Division of
7 Taxation if authorized by the commission, shall make stamps
8 available for purchase by medical cannabis cultivators, medical
9 cannabis manufacturers, and clinical registrants, and personal use
10 cannabis growers, cannabis processors, cannabis wholesalers, cannabis
11 distributors, cannabis retailers, and cannabis delivery services, which
12 shall be the only entities authorized to affix a stamp to a container
13 or package for medical cannabis or personal use cannabis in
14 accordance with applicable regulations promulgated by the
15 commission in consultation with the Director of the Division of
16 Taxation. The price charged by the commission **【to medical**
17 **cannabis cultivators, medical cannabis manufacturers, and clinical**
18 **registrants】** for a stamp **【required pursuant to this paragraph】** shall
19 be reasonable and commensurate with the cost of producing the
20 stamp.

21 (c) A medical cannabis cultivator, medical cannabis
22 manufacturer, medical cannabis dispensary, clinical registrant, or
23 certified medical cannabis handler , or a personal use cannabis
24 grower, cannabis processor, cannabis wholesaler, cannabis
25 distributor, cannabis retailer, cannabis delivery service, or certified
26 personal use cannabis handler, shall not purchase, sell, offer for
27 sale, transfer, transport, or deliver any medical cannabis or personal
28 use cannabis item unless a stamp is properly affixed to the container
29 or package for the medical cannabis or personal use cannabis item.

30 b. The purposes of the system developed and maintained under
31 this section include, but are not limited to:

32 (1) preventing the diversion of medical cannabis and personal
33 use cannabis items to criminal enterprises, gangs, cartels, persons
34 not authorized to possess medical cannabis or personal use cannabis
35 items, and other states;

36 (2) preventing persons from substituting or tampering with
37 medical cannabis and personal use cannabis items;

38 (3) ensuring an accurate accounting of the cultivation,
39 manufacturing, transferring, dispensing, and delivery of medical
40 cannabis , and the production, processing, transporting, transferring,
41 sale, and delivery of personal use cannabis items;

42 (4) ensuring that the testing results from licensed testing
43 laboratories and facilities are accurately reported; and

44 (5) ensuring compliance with the rules and regulations adopted
45 by the commission and any other law of this State that charges the

1 commission with a duty, function, or power related to medical
2 cannabis or personal use cannabis items.

3 c. The system developed and maintained under this section
4 shall be capable of tracking, at a minimum:

5 (1) the propagation of immature medical cannabis plants and
6 personal use cannabis plants, the production of medical cannabis by
7 a medical cannabis cultivator , and the production of personal use
8 cannabis by a cannabis grower;

9 (2) the utilization of medical cannabis in the manufacture,
10 production, and creation of medical cannabis products by a medical
11 cannabis manufacturer , the processing of personal use cannabis items
12 by a cannabis processor, the receiving, storing, and sending of
13 personal use cannabis items by a cannabis wholesaler, and the
14 transporting in bulk cannabis items by a cannabis distributor;

15 (3) the transfer of medical cannabis and medical cannabis
16 products , and personal use cannabis items, to and from licensed
17 testing laboratories and facilities for testing purposes;

18 (4) the dispensing of medical cannabis by a medical cannabis
19 dispensary or clinical registrant , and the selling and delivery of
20 personal use cannabis items by a cannabis retailer or cannabis delivery
21 service;

22 (5) the furnishing of medical cannabis by a medical cannabis
23 dispensary or clinical registrant to a medical cannabis handler for
24 delivery , and the furnishing of personal use cannabis items by a
25 cannabis retailer to a personal use cannabis handler for delivery;

26 (6) the delivery of medical cannabis by a medical cannabis
27 handler , and the delivery of personal use cannabis items by a personal
28 use cannabis handler;

29 (7) the purchase, sale, or other transfer of medical cannabis and
30 medical cannabis products between medical cannabis cultivators,
31 medical cannabis manufacturers, medical cannabis dispensaries, and
32 clinical registrants as authorized pursuant to paragraph (5) of
33 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) and
34 subsection h. of section 27 of P.L.2019, c.153 (C.24:6I-20) , and the
35 purchase, sale, transporting, or other transfer of personal use cannabis
36 items by or between cannabis growers, cannabis processors, cannabis
37 wholesalers, cannabis distributors, cannabis retailers, and cannabis
38 delivery services as authorized pursuant to P.L. , c. (C.)
39 (pending before the Legislature as this bill); and

40 (8) any other information that the commission determines is
41 reasonably necessary to accomplish the duties, functions, and
42 powers of the commission.

43 (cf: P.L.2019, c.153, s.29)

44

45 39. (New section) Local Cannabis Taxation; Local Cannabis
46 Transfer Tax and User Tax.

1 a. (1) A municipality may adopt an ordinance imposing a transfer
2 tax on the sale of cannabis items by a cannabis establishment that is
3 located in the municipality. At the discretion of the municipality, the
4 tax may be imposed on: receipts from the sale of cannabis or cannabis
5 items from one cannabis establishment to another cannabis
6 establishment; receipts from the retail sales by a cannabis retailer to
7 retail customers who are 21 years of age or older; or any combination
8 thereof. Each municipality shall set its own rate or rates, but in no
9 case shall a rate exceed: two percent of the receipts from each sale by a
10 cannabis grower; two percent of the receipts from each sale by a
11 cannabis processor; one percent of the receipts from each sale by a
12 cannabis wholesaler; and two percent of the receipts from each sale by
13 a cannabis retailer.

14 (2) A local tax ordinance adopted pursuant to paragraph (1) of this
15 subsection shall also include provisions for imposing a user tax, at the
16 equivalent transfer tax rates, on any concurrent license holder, as
17 permitted by section 33 of P.L. , c. (C.) (pending before the
18 Legislature as this bill), operating more than one cannabis
19 establishment. The user tax shall be imposed on the value of each
20 transfer or use of cannabis items not otherwise subject to the transfer
21 tax imposed pursuant to paragraph (1) of this subsection, from the
22 license holder's establishment that is located in the municipality to any
23 of the other license holder's establishments, whether located in the
24 municipality or another municipality.

25 b. (1) A transfer tax or user tax imposed pursuant this section
26 shall be in addition to any other tax imposed by law. Any
27 transaction for which the transfer tax or user tax is imposed, or
28 could be imposed, pursuant to this section, other than those which
29 generate receipts from the retail sales by cannabis retailers, shall be
30 exempt from the tax imposed under the "Sales and Use Tax Act,"
31 P.L.1966, c.30 (C.54:32B-1 et seq.). The transfer tax or user tax
32 shall be collected or paid, and remitted to the municipality by the
33 cannabis establishment from the cannabis establishment purchasing
34 or receiving the cannabis item, or from the customer at the point of
35 sale, on behalf of the municipality by the cannabis establishment
36 selling or transferring the cannabis item. The transfer tax or user
37 tax shall be stated, charged, and shown separately on any sales slip,
38 invoice, receipt, or other statement or memorandum of the price
39 paid or payable for the cannabis item.

40 (2) Every cannabis establishment required to collect a transfer
41 tax or user tax imposed by ordinance pursuant to this section shall
42 be personally liable for the transfer tax or user tax imposed,
43 collected, or required to be collected under this section. Any
44 cannabis establishment shall have the same right with respect to
45 collecting the transfer tax or user tax from another cannabis
46 establishment or the customer as if the transfer tax or user tax was a
47 part of the sale and payable at the same time, or with respect to non-
48 payment of the transfer tax or user tax by the cannabis

1 establishment or customer, as if the transfer tax or user tax was a
2 part of the purchase price of the cannabis item, and payable at the
3 same time; provided, however, that the chief fiscal officer of the
4 municipality which imposes the transfer tax or user tax shall be
5 joined as a party in any action or proceeding brought to collect the
6 transfer tax or user tax.

7 (3) No cannabis establishment required to collect a transfer tax or
8 user tax imposed by ordinance pursuant to this section shall advertise
9 or hold out to any person or to the public in general, in any manner,
10 directly or indirectly, that the transfer tax or user tax will not be
11 separately charged and stated to another cannabis establishment or the
12 customer or that the transfer tax or user tax will be refunded to the
13 cannabis establishment or the customer.

14 c. (1) All revenues collected from a transfer tax or user tax
15 imposed by ordinance pursuant to this section shall be remitted to
16 the chief financial officer of the municipality in a manner
17 prescribed by the municipality. The chief financial officer shall
18 collect and administer any transfer tax or user tax imposed by
19 ordinance pursuant to this section. The municipality shall enforce
20 the payment of delinquent taxes or transfer fees imposed by
21 ordinance pursuant to this section in the same manner as provided
22 for municipal real property taxes.

23 (2) (a) In the event that the transfer tax or user tax imposed by
24 ordinance pursuant to this section is not paid as and when due by a
25 cannabis establishment, the unpaid balance, and any interest
26 accruing thereon, shall be a lien on the parcel of real property
27 comprising the cannabis establishment in the same manner as all
28 other unpaid municipal taxes, fees, or other charges. The lien shall
29 be superior and paramount to the interest in the parcel of any
30 owner, lessee, tenant, mortgagee, or other person, except the lien of
31 municipal taxes, and shall be on a parity with and deemed equal to
32 the municipal lien on the parcel for unpaid property taxes due and
33 owing in the same year.

34 (b) A municipality shall file in the office of its tax collector a
35 statement showing the amount and due date of the unpaid balance
36 and identifying the lot and block number of the parcel of real
37 property that comprises the delinquent cannabis establishment. The
38 lien shall be enforced as a municipal lien in the same manner as all
39 other municipal liens are enforced.

40 d. As used in this section:

41 “Cannabis” means the same as that term is defined in section 3 of
42 P.L. , c. (C.) (pending before the Legislature as this bill).

43 “Cannabis establishment” means the same as that term is defined
44 in section 3 of P.L. , c. (C.) (pending before the Legislature
45 as this bill).

46 “Cannabis grower” means the same as that term is defined in
47 section 3 of P.L. , c. (C.) (pending before the Legislature as this
48 bill).

1 “Cannabis items” means the same as that term is defined in
2 section 3 of P.L. , c. (C.) (pending before the Legislature
3 as this bill).

4 Cannabis processor” means the same as that term is defined in
5 section 3 of P.L. , c. (C.) (pending before the Legislature as this
6 bill).

7 “Cannabis retailer” means the same as that term is defined in
8 section 3 of P.L. , c. (C.) (pending before the Legislature
9 as this bill).

10 Cannabis wholesaler” means the same as that term is defined in
11 section 3 of P.L. , c. (C.) (pending before the Legislature as this
12 bill).

13

14 40. (New section) Cannabis Regulatory, Enforcement Assistance,
15 and Marketplace Modernization Fund.

16 a. All fees and penalties collected by the commission, and all
17 tax revenues on retail sales, if any, and all tax revenues collected
18 pursuant to the provisions of the “Jake Honig Compassionate Use
19 Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), except
20 for amounts credited to the Property Tax Reform Account in the
21 Property Tax Relief Fund pursuant to paragraph 1 of Section I of
22 Article VIII of the New Jersey Constitution, shall be deposited in a
23 special nonlapsing fund which shall be known as the “Cannabis
24 Regulatory, Enforcement Assistance, and Marketplace Modernization
25 Fund.”

26 b. Monies in the fund shall be used by the commission to:

27 (1) oversee the development, regulation, and enforcement of
28 activities associated with the personal use of cannabis pursuant to
29 P.L. , c. (C.), and assist with assuming responsibility from
30 the Department of Health for the further development and
31 expansion, regulation, and enforcement of activities associated with
32 the medical use of cannabis pursuant to the “Jake Honig
33 Compassionate Use Medical Cannabis Act,” P.L.2009, c.307
34 (C.24:6I-1 et al.) and P.L.2015, c.158 (C.18A:40-12.22 et al.); and

35 (2) reimburse the expenses incurred by any county or municipality
36 for the training costs associated with the attendance and participation
37 of a police officer from its law enforcement unit, as those terms are
38 defined in section 2 of P.L.1961, c.56 (C.52:17B-67), in a program
39 provided by an approved school, also defined in that section, which
40 trains and certifies the police officer, including a police officer with a
41 working dog as that term is defined in section 1 of P.L.2006, c.88
42 (C.10:5-29.7), as a Drug Recognition Expert for detecting, identifying,
43 and apprehending drug-impaired motor vehicle operators, and pay for
44 costs incurred by the State Police in furnishing additional program
45 instructors to provide Drug Recognition Expert training to police
46 officers and working dogs. A municipality or county seeking
47 reimbursement shall apply to the commission, itemizing the costs, with
48 appropriate proofs, for which reimbursement is requested and provide

1 a copy of the certificate issued to the police officer to indicate the
2 successful completion of the program by the police officer, and that
3 officer's working dog, if applicable.

4 c. Any remaining monies, after the commission uses the
5 monies in the fund in accordance with subsection b. of this section,
6 shall be deposited in the State's General Fund

7
8 41. Section 2 of P.L.1970, c.226 (C.24:21-2) is amended to read as
9 follows:

10 2. As used in P.L.1970, c.226 (C.24:21-1 et seq.):

11 "Administer" means the direct application of a controlled
12 dangerous substance, whether by injection, inhalation, ingestion, or
13 any other means, to the body of a patient or research subject by: (1) a
14 practitioner (or, in the practitioner's presence, by the practitioner's
15 lawfully authorized agent), or (2) the patient or research subject at the
16 lawful direction and in the presence of the practitioner.

17 "Agent" means an authorized person who acts on behalf of or at
18 the direction of a manufacturer, distributor, or dispenser but does not
19 include a common or contract carrier, public warehouseman, or
20 employee thereof.

21 "Commissioner" means the Commissioner of Health.

22 "Controlled dangerous substance" means a drug, substance, or
23 immediate precursor in Schedules I through V of article 2 of P.L.1970,
24 c.226 (C.24:21-1 et seq.). The term shall not include distilled spirits,
25 wine, malt beverages, as those terms are defined or used in R.S.33:1-1
26 et seq., or tobacco and tobacco products.

27 "Counterfeit substance" means a controlled dangerous substance
28 which, or the container or labeling of which, without authorization,
29 bears the trademark, trade name, or other identifying mark, imprint,
30 number or device, or any likeness thereof, of a manufacturer,
31 distributor, or dispenser other than the person or persons who in fact
32 manufactured, distributed, or dispensed such substance and which
33 thereby falsely purports or is represented to be the product of, or to
34 have been distributed by, such other manufacturer, distributor, or
35 dispenser.

36 "Deliver" or "delivery" means the actual, constructive, or
37 attempted transfer from one person to another of a controlled
38 dangerous substance, whether or not there is an agency relationship.

39 "Director" means the Director of the Division of Consumer Affairs
40 in the Department of Law and Public Safety.

41 "Dispense" means to deliver a controlled dangerous substance to
42 an ultimate user or research subject by or pursuant to the lawful order
43 of a practitioner, including the prescribing, administering, packaging,
44 labeling, or compounding necessary to prepare the substance for that
45 delivery.

46 "Dispenser" means a practitioner who dispenses.

47 "Distribute" means to deliver other than by administering or
48 dispensing a controlled dangerous substance.

1 "Distributor" means a person who distributes.

2 "Division" means the Division of Consumer Affairs in the
3 Department of Law and Public Safety.

4 "Drug Enforcement Administration" means the Drug Enforcement
5 Administration in the United States Department of Justice.

6 "Drugs" means (a) substances recognized in the official United
7 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
8 United States, or official National Formulary, or any supplement to
9 any of them; and (b) substances intended for use in the diagnosis, cure,
10 mitigation, treatment, or prevention of disease in man or other animals;
11 and (c) substances (other than food) intended to affect the structure or
12 any function of the body of man or other animals; and (d) substances
13 intended for use as a component of any article specified in subsections
14 (a), (b), and (c) of this section; but does not include devices or their
15 components, parts or accessories. "Drugs" shall not mean hemp or a
16 hemp product cultivated, handled, processed, transported, or sold
17 pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
18 (C.4:28-6 et al.).

19 "Hashish" means the resin extracted from any part of the plant
20 **【genus】 Cannabis sativa L.** and any compound, manufacture, salt,
21 derivative, mixture, or preparation of such resin. "Hashish" shall not
22 mean; hemp or a hemp product cultivated, handled, processed,
23 transported, or sold pursuant to the "New Jersey Hemp Farming Act,"
24 P.L.2019, c.238 (C.4:28-6 et al.); or cannabis resin as defined in
25 section 3 of P.L. , c. (C.) (pending before the Legislature as
26 this bill) which is extracted for use in a cannabis item, as defined in
27 that section, in accordance with the "New Jersey Cannabis
28 Regulatory, Enforcement Assistance, and Marketplace
29 Modernization Act," P.L. , c. (C.) (pending before the
30 Legislature as this bill).

31 "Marihuana" means all parts of the plant **【genus】 Cannabis sativa**
32 **L.**, whether growing or not; the seeds thereof; and every compound,
33 manufacture, salt, derivative, mixture, or preparation of the plant or its
34 seeds, except those containing resin extracted from the plant **【**; but
35 shall not include the mature stalks of the plant, fiber produced from the
36 stalks, oil or cake made from the seeds of the plant, any other
37 compound, manufacture, salt, derivative, mixture, or preparation of
38 such mature stalks, fiber, oil, or cake, or the sterilized seed of the plant
39 which is incapable of germination**】**. "Marihuana" shall not mean;
40 hemp or a hemp product cultivated, handled, processed, transported, or
41 sold pursuant to the "New Jersey Hemp Farming Act," P.L.2019, c.238
42 (C.4:28-6 et al.); or cannabis as defined in section 3 of P.L. ,
43 c. (C.) (pending before the Legislature as this bill) which is
44 cultivated and processed for use in a cannabis item, as defined in that
45 section, in accordance with the "New Jersey Cannabis Regulatory,
46 Enforcement Assistance, and Marketplace Modernization Act,"
47 P.L. , c. (C.) (pending before the Legislature as this bill).

1 "Manufacture" means the production, preparation, propagation,
2 compounding, conversion, or processing of a controlled dangerous
3 substance, either directly or by extraction from substances of natural
4 origin, or independently by means of chemical synthesis, or by a
5 combination of extraction and chemical synthesis, and includes any
6 packaging or repackaging of the substance or labeling or relabeling of
7 its container, except that this term does not include the preparation or
8 compounding of a controlled dangerous substance by an individual for
9 the individual's own use or the preparation, compounding, packaging,
10 or labeling of a controlled dangerous substance: (1) by a practitioner as
11 an incident to the practitioner's administering or dispensing of a
12 controlled dangerous substance in the course of the practitioner's
13 professional practice, or (2) by a practitioner (or under the
14 practitioner's supervision) for the purpose of, or as an incident to,
15 research, teaching, or chemical analysis and not for sale.

16 "Narcotic drug" means any of the following, whether produced
17 directly or indirectly by extraction from substances of vegetable origin,
18 or independently by means of chemical synthesis, or by a combination
19 of extraction and chemical synthesis:

20 (a) Opium, coca leaves, and opiates;

21 (b) A compound, manufacture, salt, derivative, or preparation of
22 opium, coca leaves, or opiates;

23 (c) A substance (and any compound, manufacture, salt, derivative,
24 or preparation thereof) which is chemically identical with any of the
25 substances referred to in subsections (a) and (b), except that the words
26 "narcotic drug" as used in P.L.1970, c.226 (C.24:21-1 et seq.) shall not
27 include decocainized coca leaves or extracts of coca leaves, which
28 extracts do not contain cocaine or ecgonine.

29 "Official written order" means an order written on a form provided
30 for that purpose by the Attorney General of the United States or his
31 delegate, under any laws of the United States making provisions
32 therefor, if such order forms are authorized and required by the federal
33 law, and if no such form is provided, then on an official form provided
34 for that purpose by the division. If authorized by the Attorney General
35 of the United States or the division, the term shall also include an order
36 transmitted by electronic means.

37 "Opiate" means any dangerous substance having an addiction-
38 forming or addiction-sustaining liability similar to morphine or being
39 capable of conversion into a drug having such addiction-forming or
40 addiction-sustaining liability. It does not include, unless specifically
41 designated as controlled under section 3 of P.L.1970, c.226 (C.24:21-1
42 et seq.), the dextrorotatory isomer of 3-methoxy-n-methylmorphinan
43 and its salts (dextromethorphan). It does include its racemic and
44 levorotatory forms.

45 "Opium poppy" means the plant of the species *Papaver*
46 *somniferum* L., except the seeds thereof.

47 "Person" means any corporation, association, partnership, trust,
48 other institution or entity, or one or more individuals.

1 "Pharmacist" means a registered pharmacist of this State.

2 "Pharmacy owner" means the owner of a store or other place of
3 business where controlled dangerous substances are compounded or
4 dispensed by a registered pharmacist; but nothing in this chapter
5 contained shall be construed as conferring on a person who is not
6 registered or licensed as a pharmacist any authority, right, or privilege
7 that is not granted to the person by the pharmacy laws of this State.

8 "Poppy straw" means all parts, except the seeds, of the opium
9 poppy, after mowing.

10 "Practitioner" means a physician, dentist, veterinarian, scientific
11 investigator, laboratory, pharmacy, hospital, or other person licensed,
12 registered, or otherwise permitted to distribute, dispense, conduct
13 research with respect to, or administer a controlled dangerous
14 substance in the course of professional practice or research in this
15 State.

16 (a) "Physician" means a physician authorized by law to practice
17 medicine in this or any other state.

18 (b) "Veterinarian" means a veterinarian authorized by law to
19 practice veterinary medicine in this State.

20 (c) "Dentist" means a dentist authorized by law to practice
21 dentistry in this State.

22 (d) "Hospital" means any federal institution, or any institution for
23 the care and treatment of the sick and injured, operated or approved by
24 the appropriate State department as proper to be entrusted with the
25 custody and professional use of controlled dangerous substances.

26 (e) "Laboratory" means a laboratory to be entrusted with the
27 custody of narcotic drugs and the use of controlled dangerous
28 substances for scientific, experimental, and medical purposes and for
29 purposes of instruction approved by the Department of Health.

30 "Production" includes the manufacture, planting, cultivation,
31 growing, or harvesting of a controlled dangerous substance.

32 "Immediate precursor" means a substance which the division has
33 found to be and by regulation designates as being the principal
34 compound commonly used or produced primarily for use, and which is
35 an immediate chemical intermediary used or likely to be used in the
36 manufacture of a controlled dangerous substance, the control of which
37 is necessary to prevent, curtail, or limit such manufacture.

38 "Substance use disorder involving drugs" means taking or using a
39 drug or controlled dangerous substance, as defined in this chapter, in
40 association with a state of psychic or physical dependence, or both,
41 arising from the use of that drug or controlled dangerous substance on
42 a continuous basis. A substance use disorder is characterized by
43 behavioral and other responses, including, but not limited to, a strong
44 compulsion to take the substance on a recurring basis in order to
45 experience its psychic effects, or to avoid the discomfort of its
46 absence.

47 "Ultimate user" means a person who lawfully possesses a
48 controlled dangerous substance for the person's own use or for the use

1 of a member of the person's household or for administration to an
2 animal owned by the person or by a member of the person's household.
3 (cf: P.L.2019, c.238, s.11)

4

5 42. Section 5 of P.L.1970, c.226 (C.24:21-5) is amended to read as
6 follows:

7 5. Schedule I.

8 a. Tests. The director shall place a substance in Schedule I if he
9 finds that the substance: (1) has high potential for abuse; and (2) has
10 no accepted medical use in treatment in the United States; or lacks
11 accepted safety for use in treatment under medical supervision.

12 b. The controlled dangerous substances listed in this section are
13 included in Schedule I, subject to any revision and republishing by the
14 director pursuant to subsection d. of section 3 of P.L.1970, c.226
15 (C.24:21-3), and except to the extent provided in any other schedule.

16 c. Any of the following opiates, including their isomers, esters,
17 and ethers, unless specifically excepted, whenever the existence of
18 such isomers, esters, ethers and salts is possible within the specific
19 chemical designation:

- 20 (1) Acetylmethadol
- 21 (2) Allylprodine
- 22 (3) Alphacetylmethadol
- 23 (4) Alphameprodine
- 24 (5) Alphamethadol
- 25 (6) Benzethidine
- 26 (7) Betacetylmethadol
- 27 (8) Betameprodine
- 28 (9) Betamethadol
- 29 (10) Betaprodine
- 30 (11) Clonitazene
- 31 (12) Dextromoramide
- 32 (13) Dextrorphan
- 33 (14) Diampromide
- 34 (15) Diethylthiambutene
- 35 (16) Dimenoxadol
- 36 (17) Dimepheptanol
- 37 (18) Dimethylthiambutene
- 38 (19) Dioxaphetyl butyrate
- 39 (20) Dipipanone
- 40 (21) Ethylmethylthiambutene
- 41 (22) Etonitazene
- 42 (23) Etoxeridine
- 43 (24) Furethidine
- 44 (25) Hydroxypethidine
- 45 (26) Ketobemidone
- 46 (27) Levomoramide
- 47 (28) Levophenacymorphan
- 48 (29) Morpheridine

- 1 (30) Noracymethadol
- 2 (31) Norlevorphanol
- 3 (32) Normethadone
- 4 (33) Norpipanone
- 5 (34) Phenadoxone
- 6 (35) Phenampromide
- 7 (36) Phenomorphan
- 8 (37) Phenoperidine
- 9 (38) Piritramide
- 10 (39) Proheptazine
- 11 (40) Properidine
- 12 (41) Racemoramide
- 13 (42) Trimeperidine.

14 d. Any of the following narcotic substances, their salts, isomers
15 and salts of isomers, unless specifically excepted, whenever the
16 existence of such salts, isomers and salts of isomers is possible within
17 the specific chemical designation:

- 18 (1) Acetorphine
- 19 (2) Acetylcodone
- 20 (3) Acetyldihydrocodeine
- 21 (4) Benzylmorphine
- 22 (5) Codeine methylbromide
- 23 (6) Codeine-N-Oxide
- 24 (7) Cyprenorphine
- 25 (8) Desomorphine
- 26 (9) Dihydromorphine
- 27 (10) Etorphine
- 28 (11) Heroin
- 29 (12) Hydromorphenol
- 30 (13) Methyldesorphine
- 31 (14) Methylhydromorphine
- 32 (15) Morphine methylbromide
- 33 (16) Morphine methylsulfonate
- 34 (17) Morphine-N-Oxide
- 35 (18) Myrophine
- 36 (19) Nicocodeine
- 37 (20) Nicomorphine
- 38 (21) Normorphine
- 39 (22) Phoclodine
- 40 (23) Thebacon.

41 e. Any material, compound, mixture or preparation which
42 contains any quantity of the following hallucinogenic substances, their
43 salts, isomers and salts of isomers, unless specifically excepted,
44 whenever the existence of such salts, isomers, and salts of isomers is
45 possible within the specific chemical designation:

- 46 (1) 3,4-methylenedioxy amphetamine
- 47 (2) 5-methoxy-3,4-methylenedioxy amphetamine
- 48 (3) 3,4,5-trimethoxy amphetamine

- 1 (4) Bufotenine
- 2 (5) Diethyltryptamine
- 3 (6) Dimethyltryptamine
- 4 (7) 4-methyl-2,5-dimethoxylamphetamine
- 5 (8) Ibogaine
- 6 (9) Lysergic acid diethylamide
- 7 (10) Marihuana; except that on and after the effective date of the
- 8 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
- 9 Marketplace Modernization Act,” P.L. , c. (C.) (pending
- 10 before the Legislature as this bill), marihuana shall no longer be
- 11 included in Schedule I, and shall not be designated or rescheduled and
- 12 included in any other schedule by the director pursuant to the
- 13 director’s designation and rescheduling authority set forth in section 3
- 14 of P.L.1970, c.226 (C.24:21-3).
- 15 (11) Mescaline
- 16 (12) Peyote
- 17 (13) N-ethyl-3-piperidyl benzilate
- 18 (14) N-methyl-3-piperidyl benzilate
- 19 (15) Psilocybin
- 20 (16) Psilocyn
- 21 (17) Tetrahydrocannabinols, except when found in hemp or a hemp
- 22 product cultivated, handled, processed, transported, or sold pursuant to
- 23 the “New Jersey Hemp Farming Act,” P.L.2019, c.238 (C.4:28-6 et
- 24 al.), or a cannabis item as defined in section 3 of P.L. , c. (C.)
- 25 (pending before the Legislature as this bill) that is grown, cultivated,
- 26 produced, or processed in accordance with the “New Jersey Cannabis
- 27 Regulatory, Enforcement Assistance, and Marketplace Modernization
- 28 Act,” P.L. , c. (C.) (pending before the Legislature as this bill).
- 29 (cf: P.L.2019, c.238, s.12)
- 30
- 31 43. R.S.24:5-18 is amended to read as follows:
- 32 24:5-18. For the purposes of this subtitle a drug or device shall
- 33 also be deemed to be misbranded:
- 34 a. If its labeling is false or misleading in any particular.
- 35 b. If in package form unless it bears a label containing the
- 36 name and place of business of the manufacturer, packer, or
- 37 distributor.
- 38 c. If any word, statement or other information required by or
- 39 under authority of this subtitle to appear on the label or labeling is
- 40 not prominently placed thereon with such conspicuousness (as
- 41 compared with other words, statements or designs in the labeling)
- 42 and in such terms as to render it likely to be read and understood by
- 43 the ordinary individual under customary conditions of purchase and
- 44 use.
- 45 d. If it is for use by man and contains any quantity of the
- 46 narcotic or hypnotic substance alpha-eucaine, barbituric acid, beta-
- 47 eucaine, bromal, cannabis other than as defined in section 3 of
- 48 P.L. , c. (C.) (pending before the Legislature as this bill),

1 carbromal, chloral, coca, cocaine, codeine, heroin, marihuana,
2 morphine, opium, paraldehyde, peyote, or sulphonmethane; or any
3 chemical derivative of such substance, which derivative has been by
4 the Department of Health of the State of New Jersey after
5 investigation found to be, and by regulations under this subtitle
6 designated as, habit forming; unless its label bears the name and
7 quantity or proportion of such substance, or derivative and in
8 juxtaposition therewith, the statement "Warning--May be habit
9 forming."

10 e. If it is a drug and is not designated solely by a name
11 recognized in an official compendium, unless its label bears (1) the
12 common or usual name of the drug, if such there be; and (2) in case
13 it is fabricated from 2 or more ingredients, the common or usual
14 name of each active ingredient, including the kind and quantity or
15 proportion of any alcohol, and also including, whether active or not,
16 the name and quantity or proportion of any bromides, ether,
17 chloroform, acetanilid, acetphanetidin, amidopyrine, antipyrine,
18 atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis
19 glusocides, mercury, ouabain, strophanthin, strychnine, thyroid, or
20 any derivative or preparation of any such substances, contained
21 therein; provided, that to the extent that compliance with the
22 requirements of clause (2) of this paragraph is impracticable,
23 exemptions may be established by regulations promulgated by the
24 State department.

25 f. Unless its labeling bears (1) adequate directions for use; and
26 (2) such adequate warnings against use in those pathological
27 conditions or by children where its use may be dangerous to health,
28 or against unsafe dosage or methods or duration of administration
29 or application, in such manner and form, as are necessary for the
30 protection of users; provided, that where any requirement of clause
31 (1) of this paragraph, as applied to any drug or device, is not
32 necessary for the protection of the public health, the Department of
33 Health of the State of New Jersey may promulgate regulations
34 exempting such drug or device from such requirement.

35 g. If it purports to be a drug the name of which is recognized in
36 an official compendium, unless it is packaged and labeled as
37 prescribed therein; provided, that the method of packing may be
38 modified with the consent of the State department. Whenever a
39 drug is recognized in both the United States Pharmacopoeia and the
40 Homeopathic Pharmacopoeia of the United States it shall be subject
41 to the requirements of the United States Pharmacopoeia unless it is
42 labeled and offered for sale as a homeopathic drug, in which case it
43 shall be subject to the provisions of the Homeopathic
44 Pharmacopoeia of the United States and not to those of the United
45 States Pharmacopoeia.

46 h. If it has been found by the Department of Health of the State
47 of New Jersey to be a drug liable to deterioration, unless it is
48 packaged in such form and manner, and its label bears a statement

1 of such precautions, as the Department of Health of the State of
2 New Jersey may by regulations require as necessary for the
3 protection of the public health. No such regulation shall be
4 established for any drug recognized in an official compendium until
5 the State department shall have informed the appropriate body
6 charged with the revision of such compendium of the need for such
7 packaging or labeling requirements and such body shall have failed
8 within a reasonable time to prescribe such requirements.

9 i. (1) If it is a drug and its container is so made, formed or
10 filled as to be misleading; or (2) if it is an imitation of another drug;
11 or (3) if it is offered for sale under the name of another drug.

12 j. If it is dangerous to health when used in the dosage, or with
13 the frequency or duration prescribed, recommended, or suggested in
14 the labeling thereof.

15 k. If it is a depressant or stimulant drug as defined pursuant to
16 law and not in the possession or control of a person specified by
17 law as entitled to possession or control of such depressant or
18 stimulant drug. Any depressant or stimulant drug misbranded under
19 the preceding sentence shall be deemed dangerous or fraudulent for
20 purposes of marking and detaining under the provisions of section
21 24:4-12 of this Title.

22 (cf: P.L.1966, c.314, s.8)

23
24 44. (New section) Personal Use of Cannabis or Cannabis Resin.

25 Notwithstanding any other provision of law, the following acts
26 are not unlawful and shall not be an offense or a basis for seizure or
27 forfeiture of assets under N.J.S.2C:64-1 et seq. or other applicable
28 law for persons 21 years of age or older, provided the acts are
29 consistent with the relevant definitions set forth in section 3 of
30 P.L. , c. (C.) (pending before the Legislature as this bill),
31 and when an act involves cannabis or a cannabis item, it was first
32 obtained from a licensed cannabis retailer, evidenced by it being in
33 its original packaging or by a sales slip, invoice, receipt, or other
34 statement or memorandum:

35 a. Possessing, displaying, purchasing, or transporting: cannabis
36 paraphernalia; one ounce (28.35 grams) or less of cannabis; the
37 equivalent of one ounce (28.35 grams) or less of cannabis infused
38 product in solid, liquid, or concentrate form, based upon an
39 equivalency calculation for different product forms set by the
40 Cannabis Regulatory Commission, established pursuant to section
41 31 of P.L.2019, c.153 (C.24:6I-24), in its regulations, and for which
42 the commission may utilize research conducted in other states on
43 the issue of product equivalency calculations when setting this
44 equivalency; or 5 grams (0.176 ounce) or less of cannabis resin.
45 Possessing, displaying, purchasing, or transporting at any one time
46 any amount of cannabis or cannabis resin in an amount greater than
47 as permitted pursuant to this subsection, or an infused product in
48 solid, liquid, or concentrate form with more than the equivalency

1 permitted pursuant to this subsection shall be considered a violation
2 of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106
3 (N.J.S.2C:35-1 et al.), and subject the person to a civil penalty or
4 prosecution as if the person possessed, displayed, purchased, or
5 transported marijuana or hashish in violation of that act;

6 b. Transferring without remuneration: one ounce (28.35 grams)
7 or less of cannabis; the equivalent of one ounce (28.35 grams) or
8 less of cannabis infused product in solid, liquid, or concentrate
9 form, based upon the equivalency calculation for different product
10 forms set by the commission pursuant to subsection a. of this
11 section; or five grams (0.176 ounce) or less of cannabis resin to a
12 person who is of legal age for purchasing cannabis items, provided
13 that such transfer is for non-promotional, non-business purposes.
14 Transferring at any one time any amount of cannabis or cannabis
15 resin in an amount greater than as permitted pursuant to this
16 subsection, or an infused product in solid, liquid, or concentrate
17 form with more than the equivalency permitted pursuant to this
18 subsection, or to a person who is not of legal age to purchase
19 cannabis items, shall be considered a violation of the
20 “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106
21 (N.J.S.2C:35-1 et al.), and subject the person to prosecution as if
22 the person distributed marijuana or hashish in violation of that act,
23 unless the transfer to a person who is not of legal age was done by a
24 cannabis establishment licensed pursuant to P.L. , c. (C.)
25 (pending before the Legislature as this bill), or an employee or
26 agent thereof, in which case it is a civil violation and the civil
27 penalty set forth in subsection b. of section 57 of P.L. ,
28 c. (C.) (pending before the Legislature as this bill) shall
29 apply;

30 c. Taking delivery of or consuming a lawfully possessed
31 cannabis item, provided that nothing in this section shall permit a
32 person to smoke, vape, or aerosolize any cannabis item in a public
33 place. This prohibition includes the smoking, vaping, or
34 aerosolizing of a cannabis item in any public place pursuant to law
35 that prohibits the smoking of tobacco, including N.J.S.2C:33-13 and
36 the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-
37 55 et seq.), and any indoor public place, as that term is defined in
38 section 3 of P.L.2005, c.383 (C.26:3D-57), or portion thereof, even
39 if the smoking of tobacco is otherwise permitted in that place or
40 portion thereof pursuant to the “New Jersey Smoke-Free Air Act”;
41 except that the smoking, vaping, or aerosolizing of a cannabis item
42 shall be permitted in a cannabis consumption area as set forth in
43 section 28 of P.L.2019, c.153 (C.24:6I-21), and may be permitted by
44 the person or entity that owns or controls a hotel, motel, or other
45 lodging establishment as defined in section 1 of P.L.1967, c.95
46 (C.29:4-5) in up to 20 percent of its guest rooms. The smoking,
47 vaping, or aerosolizing of a cannabis item may also be prohibited or
48 otherwise regulated in multifamily housing that is a multiple

1 dwelling as defined in section 3 of P.L.1967, c.76 (C.55:13A-3), as
2 decided by the person or entity that owns or controls the
3 multifamily housing, or prohibited or otherwise regulated in the
4 units of a condominium, as those terms are defined by section 3 of
5 P.L.1969, c.257 (C.46:8B-3), if approved by the association for the
6 condominium and a majority of all of the condominium's unit
7 owners, as those terms are defined in that section. Except as
8 otherwise provided by P.L. , c. (C.) (pending before the
9 Legislature as this bill), any penalties that may be assessed for the
10 smoking of tobacco where prohibited under the "New Jersey
11 Smoke-Free Air Act" shall be applicable to the smoking, vaping, or
12 aerosolizing of cannabis where prohibited. Concerning the
13 consumption of any cannabis item, other than by smoking, vaping,
14 or aerosolizing: a person or entity that owns or controls a property,
15 other than multifamily housing that is a multiple dwelling as
16 defined in section 3 of P.L.1967, c.76 (C.55:13A-3), a unit of a
17 condominium, as those terms are defined by section 3 of P.L.1969,
18 c.257 (C.46:8B-3), or a site in a mobile home park as defined in
19 section 3 of P.L.1983, c.386 (C.40:55D-102), which site is leased to
20 the owner of a manufactured home, as defined in that section, that is
21 installed thereon, may prohibit or otherwise regulate the
22 consumption of cannabis items on or in that property, including a
23 casino hotel facility as defined in section 19 of P.L.1977, c.110
24 (C.5:12-19) with respect to a hotel property, a casino as defined in
25 section 6 of P.L.1977, c.110 (C.5:12-6), or casino simulcasting
26 facility authorized pursuant to the "Casino Simulcasting Act,"
27 P.L.1992, c.19 (C.5:12-191 et al.); and a municipality may enact an
28 ordinance making it an unlawful act for any person 21 years of age
29 or older to consume, other than by smoking, vaping, or
30 aerosolizing, any cannabis item in a public place, including any
31 indoor public place as that term is defined in section 3 of P.L.2005,
32 c.383 (C.26:3D-57), or portion thereof, and providing a civil
33 penalty for a violation in accordance with section 70 of P.L. ,
34 c. (C.) (pending before the Legislature as this bill); and
35 d. Assisting another person to engage in any of the acts
36 described in subsections a. through c. of this section, provided that
37 the person being assisted is of legal age to purchase cannabis items and
38 the assistance being provided is without remuneration.

39

40 45. (New section) Licensee and Consumer Protections.

41 a. Individuals and licensed cannabis establishments,
42 distributors, and delivery services shall not be subject to arrest,
43 prosecution, or penalty in any manner, or denied any right or
44 privilege, including but not limited to civil liability or disciplinary
45 action by a business, occupational, or professional licensing board
46 or bureau, solely for conduct permitted under P.L. , c. (C.)
47 (pending before the Legislature as this bill).

1 b. The presence of cannabinoid metabolites in the bodily fluids
2 of a person engaged in conduct permitted under P.L. , c. (C.)
3 (pending before the Legislature as this bill):

4 (1) with respect to a student, employee, or tenant, shall not form
5 the basis for refusal to enroll or employ or lease to or otherwise
6 penalize that person, unless failing to do so would put the school,
7 employer, or landlord in violation of a federal contract or cause it to
8 lose federal funding;

9 (2) with respect to a patient shall not constitute the use of an
10 illicit substance resulting in denial of medical care, including organ
11 transplant, and a patient's use of cannabis items may only be
12 considered with respect to evidence-based clinical criteria; and

13 (3) with respect to a parent or legal guardian of a child or
14 newborn infant, or a pregnant woman shall not form the sole or
15 primary basis for any action or proceeding by the Division of Child
16 Protection and Permanency, or any successor agencies; provided,
17 however, that nothing in this paragraph shall preclude any action or
18 proceeding by the division based on harm or risk of harm to a child or
19 the use of information on the presence of cannabinoid metabolites in
20 the bodily fluids of any person in any action or proceeding.

21

22 46. (New section) Employers, Driving, Minors and Control of
23 Property.

24 a. No employer shall refuse to hire or employ any person or
25 shall discharge from employment or take any adverse action against
26 any employee with respect to compensation, terms, conditions, or
27 other privileges of employment because that person does or does
28 not smoke, vape, aerosolize or otherwise use cannabis items, unless
29 the employer has a rational basis for doing so which is reasonably
30 related to the employment, including the responsibilities of the
31 employee or prospective employee.

32 b. Nothing in P.L. , c. (C.) (pending before the
33 Legislature as this bill):

34 (1) Requires an employer to amend or repeal, or affect, restrict
35 or preempt the rights and obligations of employers to maintain a
36 drug and alcohol free workplace or require an employer to permit or
37 accommodate the use, consumption, being under the influence,
38 possession, transfer, display, transportation, sale, or growth of
39 cannabis or cannabis items in the workplace, or to affect the ability
40 of employers to have policies prohibiting cannabis use or
41 intoxication by employees during work hours.

42 (2) Is intended to allow driving under the influence of cannabis
43 items or driving while impaired by cannabis items or to supersede
44 laws related to driving under the influence of marijuana or cannabis
45 items or driving while impaired by marijuana or cannabis items.

46 (3) Is intended to permit the transfer of cannabis items, with or
47 without remuneration, to a person under the age of 21 or to allow a
48 person under the age of 21 to purchase, possess, use, transport,

1 grow, or consume cannabis items, unless the person is under the age
2 of 21, but at least 18 years of age, and an employee of a cannabis
3 establishment, distributor, or delivery service acting in the person's
4 employment capacity.

5 (4) Shall, consistent with subsection c. of section 44 of P.L. ,
6 c. (C.) (pending before the Legislature as this bill), prohibit
7 a person or entity that owns or controls a property from prohibiting
8 or otherwise regulating the consumption, use, display, transfer,
9 distribution, sale, or transportation of cannabis items on or in that
10 property, or portion thereof, including a hotel property that is a
11 casino hotel facility as defined in section 19 of P.L.1977, c.110
12 (C.5:12-19), a casino as defined in section 6 of P.L.1977, c.110
13 (C.5:12-6), or casino simulcasting facility authorized pursuant to
14 the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.),
15 provided that a person or entity that owns or controls multifamily
16 housing that is a multiple dwelling as defined in section 3 of
17 P.L.1967, c.76 (C.55:13A-3), a unit of a condominium as defined in
18 section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a mobile home
19 park as defined in section 3 of P.L.1983, c.386 (C.40:55D-102), which
20 site is leased to the owner of a manufactured home, as defined in that
21 section, that is installed thereon, may only prohibit or otherwise
22 regulate the smoking, vaping, or aerosolizing, but not other
23 consumption, of cannabis items, and further provided that
24 municipalities may not prohibit delivery, possession, or
25 consumption of cannabis items by a person 21 years of age or older
26 as permitted by section 44 of P.L. , c. (C.) (pending
27 before the Legislature as this bill).

28 (5) Is intended to permit any person to possess, consume, use,
29 display, transfer, distribute, sell, transport, or grow cannabis items
30 in a school, hospital, detention facility, adult correctional facility, or
31 youth correction facility.

32 (6) Is intended to permit the smoking, vaping, or aerosolizing of
33 cannabis items in any place that any other law prohibits the
34 smoking of tobacco, including N.J.S.2C:33-13 and the "New Jersey
35 Smoke-Free Air Act," P.L.2005, c.383 (C.26:3D-55 et seq.). Except
36 as otherwise provided by P.L. , c. (C.) (pending before the
37 Legislature as this bill), any fines or civil penalties that may be
38 assessed for the smoking of tobacco in designated places shall be
39 applicable to the smoking, vaping, or aerosolizing of cannabis
40 items.

41

42 47. (New section) Consuming, including by smoking, vaping, or
43 aerosolizing, any cannabis item available for lawful consumption
44 pursuant to the "New Jersey Cannabis Regulatory, Enforcement
45 Assistance, and Marketplace Modernization Act," P.L. ,
46 c. (C.) (pending before the Legislature as this bill), is
47 prohibited in any area of any building of, on the grounds of, or in
48 any facility owned, leased, or controlled by, any public or private

1 institution of higher education or a related entity thereof, regardless
2 of whether the area or facility is an indoor place or is outdoors. As
3 used in this section “related entity” includes, but is not limited to,
4 the foundation, auxiliary services corporation, or alumni
5 association, or any subsidiary thereof, of an institution of higher
6 learning. Any penalties that may be assessed for the smoking of
7 tobacco where prohibited under the “New Jersey Smoke-Free Air
8 Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), shall be applicable to
9 the consumption of cannabis items where prohibited by this section.

10

11 48. (New section) Lawful Operation of Cannabis Establishments,
12 Distributors, and Delivery Services.

13 Notwithstanding any other provision of law, the following acts
14 are not unlawful and shall not be a criminal offense or a basis for
15 seizure or forfeiture of assets under N.J.S.2C:64-1 et seq. or other
16 applicable law, provided the acts are undertaken by a person 21 years
17 of age or older while acting within the scope of authority provided by
18 a license, or are undertaken by a person 18 years of age or older while
19 acting within the scope of authority as an employee of a licensed
20 cannabis establishment, distributor, or delivery service, or provided by
21 a cannabis handler certification issued pursuant to P.L. , c. (C.)
22 (pending before the Legislature as this bill) and are consistent with
23 the relevant definitions set forth in section 3 of P.L. , c. (C.)
24 (pending before the Legislature as this bill):

25 a. manufacturing, possessing, or purchasing cannabis
26 paraphernalia or the sale of cannabis paraphernalia to a person who
27 is 21 years of age or older;

28 b. possessing, displaying, transporting, or delivering cannabis
29 items; purchasing cannabis from a cannabis cultivation facility;
30 purchasing cannabis items from a cannabis product manufacturing
31 facility; or selling cannabis items to consumers, if the person
32 conducting the activities described in this subsection has obtained a
33 current, valid license to operate as a cannabis retailer or is acting in
34 his capacity as an owner, employee, or agent of a licensed cannabis
35 retailer;

36 c. cultivating, harvesting, processing, packaging, transporting,
37 displaying, or possessing cannabis; delivering or transferring
38 cannabis to a cannabis testing facility; selling cannabis to a cannabis
39 cultivation facility, a cannabis product manufacturing facility, or a
40 cannabis retailer; or purchasing cannabis from a cannabis cultivation
41 facility, if the person conducting the activities described in this
42 subsection has obtained a current, valid license to operate a cannabis
43 cultivation facility or is acting in his capacity as an owner,
44 employee, or agent of a licensed cannabis cultivation facility;

45 d. packaging, processing, transporting, manufacturing,
46 displaying, or possessing cannabis items; delivering or transferring
47 cannabis items to a cannabis testing facility; selling cannabis items
48 to a cannabis retailer or a cannabis product manufacturing facility;

1 purchasing cannabis from a cannabis cultivation facility; or
2 purchasing cannabis items from a cannabis product manufacturing
3 facility, if the person conducting the activities described in this
4 subsection has obtained a current, valid license to operate a cannabis
5 product manufacturing facility or is acting in his capacity as an
6 owner, employee, or agent of a licensed cannabis product
7 manufacturing facility;

8 e. possessing, cultivating, processing, repackaging, storing,
9 transporting, displaying, transferring, or delivering cannabis items if
10 the person has obtained a current, valid license to operate a cannabis
11 testing facility or is acting in his capacity as an owner, employee, or
12 agent of a licensed cannabis testing facility; and

13 f. leasing or otherwise allowing the use of property owned,
14 occupied, or controlled by any person, corporation, or other entity
15 for any of the activities conducted lawfully in accordance with
16 subsections a. through e. of this section.

17

18 49. (New section) Contract Enforceability.

19 No contract shall be unenforceable on the basis that
20 manufacturing, distributing, dispensing, possessing, or using any
21 cannabis item or marijuana is prohibited by federal law. No contract
22 entered into by a licensee, its employees, or its agents as permitted
23 pursuant to a valid license issued by the commission, or by those
24 who allow property to be used by a licensee, its employees, or its
25 agents as permitted pursuant to a valid license issued by the
26 commission, shall be deemed unenforceable on the basis that the
27 actions or conduct permitted pursuant to the license are prohibited
28 by federal law.

29

30 50. (New section) Federal and Interstate Relations.

31 a. Law enforcement agencies in this State shall not cooperate
32 with or provide assistance to the government of the United States or
33 any agency thereof in enforcing the "Controlled Substances Act,"
34 21 U.S.C. 801 et seq., solely for actions consistent with P.L. ,

35 c. (C.) (pending before the Legislature as this bill), except
36 pursuant to a valid court order.

37 b. No agency or subdivision of an agency of this State may
38 refuse to perform any duty under P.L. , c. (C.) (pending
39 before the Legislature as this bill) on the basis that manufacturing,
40 transporting, distributing, dispensing, delivering, possessing, or
41 using any cannabis item or marijuana is prohibited by federal law.

42 c. The commission may not revoke or refuse to issue or renew
43 a license or certification pursuant to section 20, 22, 23, 24, 25, or 26
44 of P.L. , c. (C.) (pending before the Legislature as this bill) on
45 the basis that manufacturing, transporting, distributing, dispensing,
46 delivering, possessing, or using any cannabis item or marijuana is
47 prohibited by federal law.

1 d. Nothing in this section shall be construed to limit the authority
2 of an agency or subdivision of any agency of this State to cooperate
3 with or assist the government of the United States or any agency
4 thereof, or the government of another state or agency thereof, in
5 matters pertaining to illegal interstate trafficking of marijuana, hashish,
6 or cannabis items.

7
8 51. (New section) Limitations.

9 The provisions of P.L. , c. (C.) (pending before the
10 Legislature as this bill) concerning the development, regulation, and
11 enforcement of activities associated with personal use cannabis, as
12 well as acts involving personal use cannabis or cannabis resin, shall
13 not be construed:

14 a. To amend or affect in any way any State or federal law
15 pertaining to employment matters;

16 b. To amend or affect in any way any State or federal law
17 pertaining to landlord-tenant matters;

18 c. To prohibit a recipient of a federal grant or an applicant for a
19 federal grant from prohibiting the manufacture, transportation,
20 delivery, possession, or use of cannabis items to the extent
21 necessary to satisfy federal requirements for the grant;

22 d. To prohibit a party to a federal contract or a person applying
23 to be a party to a federal contract from prohibiting the manufacture,
24 transport, distribution, delivery, possession, or use of cannabis
25 items to the extent necessary to comply with the terms and
26 conditions of the contract or to satisfy federal requirements for the
27 contract;

28 e. To require a person to violate a federal law; or

29 f. To exempt a person from a federal law or obstruct the
30 enforcement of a federal law.

31

32 52. N.J.S.2C:35-2 is amended to read as follows:

33 2C:35-2. As used in this chapter:

34 "Administer" means the direct application of a controlled
35 dangerous substance or controlled substance analog, whether by
36 injection, inhalation, ingestion, or any other means, to the body of a
37 patient or research subject by: (1) a practitioner (or, in his
38 presence, by his lawfully authorized agent), or (2) the patient or
39 research subject at the lawful direction and in the presence of the
40 practitioner.

41 "Agent" means an authorized person who acts on behalf of or at
42 the direction of a manufacturer, distributor, or dispenser but does
43 not include a common or contract carrier, public warehouseman, or
44 employee thereof.

45 "Controlled dangerous substance" means a drug, substance, or
46 immediate precursor in Schedules I through V, marijuana and
47 hashish as defined in this section, any substance the distribution of
48 which is specifically prohibited in N.J.S.2C:35-3, in section 3 of

1 P.L.1997, c.194 (C.2C:35-5.2), in section 5 of P.L.1997, c.194
2 (C.2C:35-5.3), in section 2 of P.L.2011, c.120 (C.2C:35-5.3a), or in
3 section 2 of P.L.2013, c.35 (C.2C:35-5.3b), and any drug or
4 substance which, when ingested, is metabolized or otherwise
5 becomes a controlled dangerous substance in the human body.
6 When any statute refers to controlled dangerous substances, or to a
7 specific controlled dangerous substance, it shall also be deemed to
8 refer to any drug or substance which, when ingested, is metabolized
9 or otherwise becomes a controlled dangerous substance or the
10 specific controlled dangerous substance, and to any substance that
11 is an immediate precursor of a controlled dangerous substance or
12 the specific controlled dangerous substance. The term shall not
13 include distilled spirits, wine, malt beverages, as those terms are
14 defined or used in R.S.33:1-1 et seq., **[or]** tobacco and tobacco
15 products, or cannabis or cannabis resin as defined in section 3 of
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17 The term, wherever it appears in any law or administrative
18 regulation of this State, shall include controlled substance analogs.

19 "Controlled substance analog" means a substance that has a
20 chemical structure substantially similar to that of a controlled
21 dangerous substance and that was specifically designed to produce
22 an effect substantially similar to that of a controlled dangerous
23 substance. The term shall not include a substance manufactured or
24 distributed in conformance with the provisions of an approved new
25 drug application or an exemption for investigational use within the
26 meaning of section 505 of the "Federal Food, Drug and Cosmetic
27 Act," 52 Stat. 1052 (21 U.S.C. s.355).

28 "Counterfeit substance" means a controlled dangerous substance
29 or controlled substance analog which, or the container or labeling of
30 which, without authorization, bears the trademark, trade name, or
31 other identifying mark, imprint, number, or device, or any likeness
32 thereof, of a manufacturer, distributor, or dispenser other than the
33 person or persons who in fact manufactured, distributed, or
34 dispensed the substance and which thereby falsely purports or is
35 represented to be the product of, or to have been distributed by,
36 such other manufacturer, distributor, or dispenser.

37 "Deliver" or "delivery" means the actual, constructive, or
38 attempted transfer from one person to another of a controlled
39 dangerous substance or controlled substance analog, whether or not
40 there is an agency relationship.

41 "Dispense" means to deliver a controlled dangerous substance or
42 controlled substance analog to an ultimate user or research subject
43 by or pursuant to the lawful order of a practitioner, including the
44 prescribing, administering, packaging, labeling, or compounding
45 necessary to prepare the substance for that delivery. "Dispenser"
46 means a practitioner who dispenses.

1 "Distribute" means to deliver other than by administering or
2 dispensing a controlled dangerous substance or controlled substance
3 analog. "Distributor" means a person who distributes.

4 "Drugs" means (a) substances recognized in the official United
5 States Pharmacopoeia, official Homeopathic Pharmacopoeia of the
6 United States, or official National Formulary, or any supplement to
7 any of them; and (b) substances intended for use in the diagnosis,
8 cure, mitigation, treatment, or prevention of disease in man or other
9 animals; and (c) substances (other than food) intended to affect the
10 structure or any function of the body of man or other animals; and
11 (d) substances intended for use as a component of any article
12 specified in subsections (a), (b), and (c) of this section; but does not
13 include devices or their components, parts, or accessories.

14 "Drug or alcohol dependent person" means a person who as a
15 result of using a controlled dangerous substance or controlled
16 substance analog or alcohol has been in a state of psychic or
17 physical dependence, or both, arising from the use of that controlled
18 dangerous substance or controlled substance analog or alcohol on a
19 continuous or repetitive basis. Drug or alcohol dependence is
20 characterized by behavioral and other responses, including but not
21 limited to a strong compulsion to take the substance on a recurring
22 basis in order to experience its psychic effects, or to avoid the
23 discomfort of its absence.

24 "Hashish" means the resin extracted from any part of the plant
25 **【Genus】** *Cannabis sativa* L. and any compound, manufacture, salt,
26 derivative, mixture, or preparation of such resin. "Hashish" shall
27 not mean: hemp or a hemp product cultivated, handled, processed,
28 transported, or sold pursuant to the "New Jersey Hemp Farming
29 Act," P.L.2019, c.238 (C.4:28-6 et al.); or cannabis resin as defined
30 in section 3 of P.L. , c. (C.) (pending before the Legislature as
31 this bill) which is extracted for use in a cannabis item, as defined in
32 that section, in accordance with the "New Jersey Cannabis
33 Regulatory, Enforcement Assistance, and Marketplace Modernization
34 Act," P.L. , c. (C.) (pending before the Legislature as this
35 bill).

36 "Manufacture" means the production, preparation, propagation,
37 compounding, conversion, or processing of a controlled dangerous
38 substance or controlled substance analog, either directly or by
39 extraction from substances of natural origin, or independently by
40 means of chemical synthesis, or by a combination of extraction and
41 chemical synthesis, and includes any packaging or repackaging of
42 the substance or labeling or relabeling of its container, except that
43 this term does not include the preparation or compounding of a
44 controlled dangerous substance or controlled substance analog by
45 an individual for his own use or the preparation, compounding,
46 packaging, or labeling of a controlled dangerous substance: (1) by
47 a practitioner as an incident to his administering or dispensing of a
48 controlled dangerous substance or controlled substance analog in

1 the course of his professional practice, or (2) by a practitioner (or
2 under his supervision) for the purpose of, or as an incident to,
3 research, teaching, or chemical analysis and not for sale.

4 "Marijuana" means all parts of the plant **【Genus】** *Cannabis*
5 *sativa* L., whether growing or not; the seeds thereof, and every
6 compound, manufacture, salt, derivative, mixture, or preparation of
7 the plant or its seeds, except those containing resin extracted from
8 the plant **【**; but shall not include the mature stalks of the plant, fiber
9 produced from the stalks, oil, or cake made from the seeds of the
10 plant, any other compound, manufacture, salt, derivative, mixture,
11 or preparation of mature stalks, fiber, oil, or cake, or the sterilized
12 seed of the plant which is incapable of germination**】**. "Marijuana"
13 shall not mean: hemp or a hemp product cultivated, handled,
14 processed, transported, or sold pursuant to the "New Jersey Hemp
15 Farming Act," P.L.2019, c.238 (C.4:28-6 et al.); or cannabis as
16 defined in section 3 of P.L. , c. (C.) (pending before the
17 Legislature as this bill) which is cultivated and processed for use in
18 a cannabis item, as defined in that section, in accordance with the
19 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
20 Marketplace Modernization Act," P.L. , c. (C.) (pending
21 before the Legislature as this bill).

22 "Narcotic drug" means any of the following, whether produced
23 directly or indirectly by extraction from substances of vegetable
24 origin, or independently by means of chemical synthesis, or by a
25 combination of extraction and chemical synthesis:

26 (a) Opium, coca leaves, and opiates;

27 (b) A compound, manufacture, salt, derivative, or preparation of
28 opium, coca leaves, or opiates;

29 (c) A substance (and any compound, manufacture, salt,
30 derivative, or preparation thereof) which is chemically identical
31 with any of the substances referred to in subsections (a) and (b),
32 except that the words "narcotic drug" as used in this act shall not
33 include decocainized coca leaves or extracts of coca leaves, which
34 extracts do not contain cocaine or ecogine.

35 "Opiate" means any dangerous substance having an addiction-
36 forming or addiction-sustaining liability similar to morphine or
37 being capable of conversion into a drug having such addiction-
38 forming or addiction-sustaining liability. It does not include, unless
39 specifically designated as controlled pursuant to the provisions of
40 section 3 of P.L.1970, c.226 (C.24:21-3), the dextrorotatory isomer
41 of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan).
42 It does include its racemic and levorotatory forms.

43 "Opium poppy" means the plant of the species *Papaver*
44 *somniferum* L., except the seeds thereof.

45 "Person" means any corporation, association, partnership, trust,
46 other institution or entity, or one or more individuals.

1 "Plant" means an organism having leaves and a readily
2 observable root formation, including, but not limited to, a cutting
3 having roots, a rootball or root hairs.

4 "Poppy straw" means all parts, except the seeds, of the opium
5 poppy, after mowing.

6 "Practitioner" means a physician, dentist, veterinarian, scientific
7 investigator, laboratory, pharmacy, hospital, or other person
8 licensed, registered, or otherwise permitted to distribute, dispense,
9 conduct research with respect to, or administer a controlled
10 dangerous substance or controlled substance analog in the course of
11 professional practice or research in this State.

12 (a) "Physician" means a physician authorized by law to practice
13 medicine in this or any other state and any other person authorized
14 by law to treat sick and injured human beings in this or any other
15 state.

16 (b) "Veterinarian" means a veterinarian authorized by law to
17 practice veterinary medicine in this State.

18 (c) "Dentist" means a dentist authorized by law to practice
19 dentistry in this State.

20 (d) "Hospital" means any federal institution, or any institution
21 for the care and treatment of the sick and injured, operated or
22 approved by the appropriate State department as proper to be
23 entrusted with the custody and professional use of controlled
24 dangerous substances or controlled substance analogs.

25 (e) "Laboratory" means a laboratory to be entrusted with the
26 custody of narcotic drugs and the use of controlled dangerous
27 substances or controlled substance analogs for scientific,
28 experimental, and medical purposes and for purposes of instruction
29 approved by the Department of Health.

30 "Production" includes the manufacture, planting, cultivation,
31 growing, or harvesting of a controlled dangerous substance or
32 controlled substance analog.

33 "Immediate precursor" means a substance which the Division of
34 Consumer Affairs in the Department of Law and Public Safety has
35 found to be and by regulation designates as being the principal
36 compound commonly used or produced primarily for use, and
37 which is an immediate chemical intermediary used or likely to be
38 used in the manufacture of a controlled dangerous substance or
39 controlled substance analog, the control of which is necessary to
40 prevent, curtail, or limit such manufacture.

41 "Residential treatment facility" means any facility licensed and
42 approved by the Department of Human Services and which is
43 approved by any county probation department for the inpatient
44 treatment and rehabilitation of drug or alcohol dependent persons.

45 "Schedules I, II, III, IV, and V" are the schedules set forth in
46 sections 5 through 8 of P.L.1970, c.226 (C.24:21-5 through 24:21-
47 8) and in section 4 of P.L.1971, c.3 (C.24:21-8.1) and as modified
48 by any regulations issued by the Director of the Division of

1 Consumer Affairs in the Department of Law and Public Safety
2 pursuant to the director's authority as provided in section 3 of
3 P.L.1970, c.226 (C.24:21-3).

4 "State" means the State of New Jersey.

5 "Ultimate user" means a person who lawfully possesses a
6 controlled dangerous substance or controlled substance analog for
7 his own use or for the use of a member of his household or for
8 administration to an animal owned by him or by a member of his
9 household.

10 "Prescription legend drug" means any drug which under federal
11 or State law requires dispensing by prescription or order of a
12 licensed physician, veterinarian, or dentist and is required to bear
13 the statement "Rx only" or similar wording indicating that such
14 drug may be sold or dispensed only upon the prescription of a
15 licensed medical practitioner and is not a controlled dangerous
16 substance or stramonium preparation.

17 "Stramonium preparation" means a substance prepared from any
18 part of the stramonium plant in the form of a powder, pipe mixture,
19 cigarette, or any other form with or without other ingredients.

20 "Stramonium plant" means the plant *Datura Stramonium* Linne,
21 including *Datura Tatula* Linne.

22 (cf: P.L.2019, c.238, s.10)

23

24 53. (New section) Criminal Investigation.

25 None of the following shall, individually or collectively,
26 constitute reasonable articulable suspicion of a crime, unless on
27 property used for school purposes which is owned by a school or
28 school board, or at any detention facility, adult correctional facility, or
29 youth correction facility:

30 a. The odor of cannabis or burnt cannabis;

31 b. The possession of or the suspicion of possession of
32 marijuana or hashish without evidence of quantity in excess of any
33 amount that would exceed the amount of cannabis or cannabis resin
34 which may be lawfully possessed pursuant to section 44 of P.L. ,

35 c. (C.) (pending before the Legislature as this bill); or

36 c. The possession of marijuana or hashish without evidence of
37 quantity in excess of any amount that would exceed the amount of
38 cannabis or cannabis resin which may be lawfully possessed
39 pursuant to section 44 of P.L. , c. (C.) (pending before the
40 Legislature as this bill), in proximity to any amount of cash or
41 currency.

42

43 54. N.J.S 2C:36-1 is amended to read as follows:

44 2C:36-1. Drug paraphernalia, defined; determination.

45 a. As used in this act, "drug paraphernalia" means all
46 equipment, products and materials of any kind which are used or
47 intended for use in planting, propagating, cultivating, growing,
48 harvesting, manufacturing, compounding, converting, producing,

1 processing, preparing, testing, analyzing, packaging, repackaging,
2 storing, containing, concealing, ingesting, inhaling, or otherwise
3 introducing into the human body a controlled dangerous substance,
4 controlled substance analog or toxic chemical in violation of the
5 provisions of chapter 35 of this title. It shall include, but not be
6 limited to:

7 **【a.】** (1) kits used or intended for use in planting, propagating,
8 cultivating, growing or harvesting of any species of plant which is a
9 controlled dangerous substance or from which a controlled
10 dangerous substance can be derived;

11 **【b.】** (2) kits used or intended for use in manufacturing,
12 compounding, converting, producing, processing, or preparing
13 controlled dangerous substances or controlled substance analogs;

14 **【c.】** (3) isomerization devices used or intended for use in
15 increasing the potency of any species of plant which is a controlled
16 dangerous substance;

17 **【d.】** (4) testing equipment used or intended for use identifying,
18 or in analyzing the strength, effectiveness or purity of controlled
19 dangerous substances or controlled substance analogs;

20 **【e.】** (5) scales and balances used or intended for use in weighing
21 or measuring controlled dangerous substances or controlled
22 substance analogs;

23 **【f.】** (6) dilutants and adulterants, such as quinine hydrochloride,
24 mannitol, mannite, dextrose and lactose, used or intended for use in
25 cutting controlled dangerous substances or controlled substance
26 analogs;

27 **【g.】** (7) separation gins and sifters used or intended for use in
28 removing twigs and seeds from, or in otherwise cleaning or
29 refining, **【marihuana】** marijuana;

30 **【h.】** (8) blenders, bowls, containers, spoons and mixing devices
31 used or intended for use in compounding controlled dangerous
32 substances or controlled substance analogs;

33 **【i.】** (9) capsules, balloons, envelopes and other containers used
34 or intended for use in packaging small quantities of controlled
35 dangerous substances or controlled substance analogs;

36 **【j.】** (10) containers and other objects used or intended for use in
37 storing or concealing controlled dangerous substances, controlled
38 substance analogs or toxic chemicals;

39 **【k.】** (11) objects used or intended for use in ingesting, inhaling,
40 or otherwise introducing **【marihuana】** marijuana, cocaine, hashish,
41 hashish oil, nitrous oxide or the fumes of a toxic chemical into the
42 human body, such as **【(1)】** (a) metal, wooden, acrylic, glass, stone,
43 plastic, or ceramic pipes with or without screens, permanent
44 screens, hashish heads, or punctured metal bowls; **【(2)】** (b) water
45 pipes; **【(3)】** (c) carburetion tubes and devices; **【(4)】** (d) smoking
46 and carburetion masks; **【(5)】** (e) roach clips, meaning objects used

1 to hold burning material, such as a marihuana cigarette, that has
2 become too small or too short to be held in the hand; **[(6)]** (f)
3 miniature cocaine spoons, and cocaine vials; **[(7)]** (g) chamber
4 pipes; **[(8)]** (h) carburetor pipes; **[(9)]** (i) electric pipes; **[(10)]** (j)
5 air-driven pipes; **[(11)]** (k) chillums; **[(12)]** (l) bonges; **[(13)]** (m)
6 ice pipes or chillers; **[(14)]** (n) compressed gas containers, such as
7 tanks, cartridges or canisters, that contain food grade or
8 pharmaceutical grade nitrous oxide as a principal ingredient; **[(15)]**
9 (o) chargers or charging bottles, meaning metal, ceramic or plastic
10 devices that contain an interior pin that may be used to expel
11 compressed gas from a cartridge or canister; and **[(16)]** (p) tubes,
12 balloons, bags, fabrics, bottles or other containers used to
13 concentrate or hold in suspension a toxic chemical or the fumes of a
14 toxic chemical.

15 b. In determining whether or not an object is drug
16 paraphernalia, the trier of fact, in addition to or as part of the
17 proofs, may consider the following factors:

18 **[a.]** (1) (a) statements by an owner or by anyone in control of
19 the object concerning its use;

20 **[b.]** (b) the proximity of the object **[of]** to illegally possessed
21 controlled dangerous substances, controlled substance analogs or
22 toxic chemicals;

23 **[c.]** (c) the existence of any residue of illegally possessed
24 controlled dangerous substances, controlled substance analogs or
25 toxic chemicals on the object;

26 **[d.]** (d) direct or circumstantial evidence of the intent of an
27 owner, or of anyone in control of the object, to deliver it to persons
28 whom he knows intend to use the object to facilitate a violation of
29 this act; the innocence of an owner, or of anyone in control of the
30 object, as to a direct violation of this act shall not prevent a finding
31 that the object is intended for use as drug paraphernalia;

32 **[e.]** (e) instructions, oral or written, provided with the object
33 concerning its use;

34 **[f.]** (f) descriptive materials accompanying the object which
35 explain or depict its use;

36 **[g.]** (g) national or local advertising whose purpose the person
37 knows or should know is to promote the sale of objects intended for
38 use as drug paraphernalia;

39 **[h.]** (h) the manner in which the object is displayed for sale;

40 **[i.]** (i) the existence and scope of legitimate uses for the object
41 in the community; and

42 **[j.]** (j) expert testimony concerning its use.

43 (2) If an object appears to be for use, intended for use, or
44 designed for use with cannabis or cannabis items in accordance with
45 the “New Jersey Cannabis Regulatory, Enforcement Assistance, and
46 Marketplace Modernization Act,” P.L. , c. (C.) (pending

1 before the Legislature as this bill), the object is presumed to be a
2 lawful cannabis paraphernalia as defined in section 3 of that act
3 (C.), and does not alone constitute reasonable articulable
4 suspicion that the object is a drug paraphernalia, notwithstanding
5 that the object could also be used with marijuana, hashish, or
6 another illegal controlled substance or controlled substance analog,
7 unless the owner or any other person in proximity to or in control of
8 the object was in possession of marijuana, hashish, or another
9 illegal controlled dangerous substance or controlled substance
10 analog, or the object was in proximity of marijuana, hashish, or
11 another illegally possessed controlled dangerous substance or
12 controlled substance analog to indicate its use, intended use, or
13 design for use with that controlled dangerous substance or
14 controlled substance analog.
15 (cf: P.L.2007, c.31, s.2)

16
17 55. N.J.S.2C:35-16 is amended to read as follows:

18 2C:35-16. a. In addition to any disposition authorized by this
19 title, the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43),
20 or any other statute indicating the dispositions that can be ordered
21 for an adjudication of delinquency, and notwithstanding the
22 provisions of subsection c. of N.J.S.2C:43-2, a person convicted of
23 or adjudicated delinquent for a violation of any offense defined in
24 this chapter or chapter 36 of this title shall forthwith forfeit his right
25 to operate a motor vehicle over the highways of this State for a
26 period to be fixed by the court at not less than six months or more
27 than two years which shall commence on the day the sentence is
28 imposed unless the court finds compelling circumstances
29 warranting an exception or except as provided in subsection e. of
30 this section. For the purposes of this section, compelling
31 circumstances warranting an exception exist if the forfeiture of the
32 person's right to operate a motor vehicle over the highways of this
33 State will result in extreme hardship and alternative means of
34 transportation are not available. In the case of a person who at the
35 time of the imposition of sentence is less than 17 years of age, the
36 period of any suspension of driving privileges authorized herein,
37 including a suspension of the privilege of operating a motorized
38 bicycle, shall commence on the day the sentence is imposed and
39 shall run for a period as fixed by the court of not less than six
40 months or more than two years after the day the person reaches the
41 age of 17 years. If the driving privilege of any person is under
42 revocation, suspension, or postponement for a violation of any
43 provision of this title or Title 39 of the Revised Statutes at the time
44 of any conviction or adjudication of delinquency for a violation of
45 any offense defined in this chapter or chapter 36 of this title, any
46 revocation, suspension, or postponement period imposed herein
47 shall commence as of the date of termination of the existing
48 revocation, suspension, or postponement.

1 b. If forfeiture or postponement of driving privileges is ordered
2 by the court pursuant to subsection a. of this section, the court shall
3 collect forthwith the New Jersey driver's license or licenses of the
4 person and forward such license or licenses to the Chief
5 Administrator of the New Jersey Motor Vehicle Commission along
6 with a report indicating the first and last day of the suspension or
7 postponement period imposed by the court pursuant to this section.
8 If the court is for any reason unable to collect the license or licenses
9 of the person, the court shall cause a report of the conviction or
10 adjudication of delinquency to be filed with the Chief
11 Administrator. That report shall include the complete name,
12 address, date of birth, eye color, and sex of the person and shall
13 indicate the first and last day of the suspension or postponement
14 period imposed by the court pursuant to this section. The court shall
15 inform the person orally and in writing that if the person is
16 convicted of personally operating a motor vehicle during the period
17 of license suspension or postponement imposed pursuant to this
18 section, the person shall, upon conviction, be subject to the
19 penalties set forth in R.S.39:3-40. A person shall be required to
20 acknowledge receipt of the written notice in writing. Failure to
21 receive a written notice or failure to acknowledge in writing the
22 receipt of a written notice shall not be a defense to a subsequent
23 charge of a violation of R.S.39:3-40. If the person is the holder of a
24 driver's license from another jurisdiction, the court shall not collect
25 the license but shall notify forthwith the Chief Administrator who
26 shall notify the appropriate officials in the licensing jurisdiction.
27 The court shall, however, in accordance with the provisions of this
28 section, revoke the person's non-resident driving privilege in this
29 State.

30 c. In addition to any other condition imposed, a court may in
31 its discretion suspend, revoke or postpone in accordance with the
32 provisions of this section the driving privileges of a person admitted
33 to supervisory treatment under N.J.S.2C:36A-1 or N.J.S.2C:43-12
34 without a plea of guilty or finding of guilt.

35 d. After sentencing and upon notice to the prosecutor, a person
36 subject to suspension or postponement of driving privileges under
37 this section may seek revocation of the remaining portion of any
38 suspension or postponement based on compelling circumstances
39 warranting an exception that were not raised at the time of
40 sentencing. The court may revoke the suspension or postponement
41 if it finds compelling circumstances.

42 e. Provided that the person was not convicted of or adjudicated
43 delinquent for a violation of any offense defined in this chapter or
44 chapter 36 of this title other than those enumerated in this
45 subsection, the forfeiture or postponement of driving privileges set
46 forth in subsection a. of this section shall not apply to any person
47 convicted of or adjudicated delinquent for an offense which if
48 committed by an adult would constitute:

1 (1) distribution of, or possessing or having under control with
2 intent to distribute, marijuana or hashish in violation of paragraph
3 (11) of subsection b. of N.J.S.2C:35-5, or a lesser amount of
4 marijuana or hashish in violation of paragraph (12) of subsection b.
5 that section, or a violation of either of those paragraphs based on an
6 amount of marijuana or hashish described herein and a violation of
7 subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection
8 a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1) for distributing, or
9 possessing or having under control with intent to distribute, on or
10 within 1,000 feet of any school property, or on or within 500 feet of
11 the real property comprising a public housing facility, public park, or
12 public building;

13 (2) using, being under the influence of, or failing to make lawful
14 disposition of marijuana or hashish in violation of paragraph (3) of
15 subsection a., or subsection b. or subsection c. of N.J.S.2C:35-10; or

16 (3) a violation involving marijuana or hashish as described in
17 paragraph (1) or (2) of this subsection and using or possessing with
18 intent to use drug paraphernalia with that marijuana or hashish in
19 violation of N.J.S.2C:36-2.

20 (cf: P.L.2008, c.84, s.2)

21

22 56. N.J.S.2B:12-31 is amended to read as follows:

23 2B:12-31. Suspension of driving privileges.

24 a. (1) If a defendant charged with a disorderly persons offense,
25 a petty disorderly persons offense, a violation of a municipal
26 ordinance, or a violation of any other law of this State for which a
27 penalty may be imposed fails to appear at any scheduled court
28 proceeding after written notice has been given to said defendant
29 pursuant to the Rules of Court, a municipal court may order the
30 suspension of the person's driving privileges or nonresident
31 reciprocity privilege or prohibit the person from receiving or
32 obtaining driving privileges until the pending matter is adjudicated
33 or otherwise disposed of, except by dismissal for failure of
34 defendant to appear.

35 (2) If a defendant sentenced to pay a fine or costs, make
36 restitution, perform community service, serve a term of probation,
37 or do any other act as a condition of that sentence fails to do so, a
38 municipal court may order the suspension of the person's driving
39 privileges or nonresident reciprocity privilege or prohibit the person
40 from receiving or obtaining driving privileges until the terms and
41 conditions of the sentence have been performed or modified.

42 b. Prior to any action being taken pursuant to the provisions of
43 this section, the defendant shall be given notice of the proposed
44 action and afforded an opportunity to appear before the court to
45 contest the validity of the proposed action.

46 c. The municipal court shall notify the **【Division of】** New
47 Jersey Motor 【Vehicles】 Vehicle Commission of any action taken
48 pursuant to the provisions of this section.

1 d. Any action taken by a municipal court pursuant to this
2 section shall be in addition to any other remedies which are
3 available to the court and in addition to any other penalties which
4 may be imposed by the court.

5 e. (1) When a defendant whose license has been suspended
6 pursuant to subsection a. of this section satisfies the requirements of
7 that subsection, the municipal court shall forward to the **[Division**
8 **of] New Jersey Motor [Vehicles] Vehicle Commission** a notice to
9 restore the defendant's driving privileges.

10 (2) There shall be included in the fines and penalties imposed by
11 a court on a defendant whose license has been suspended pursuant
12 to subsection a. of this section, the following:

13 (a) A fee of \$3.00 which shall be transferred to the **[Division**
14 **of] New Jersey Motor [Vehicles] Vehicle Commission**;

15 (b) A penalty of \$10.00 for the issuance of the failure to appear
16 notice; and

17 (c) A penalty of \$15.00 for the order of suspension of
18 defendant's driving privileges.

19 (cf: N.J.S.2B:12-31)

20
21 57. (New section) Prohibition of Persons Under the Legal Age
22 Purchasing Cannabis or Cannabis Resin.

23 Consistent with the relevant definitions set forth in section 3 of
24 P.L. , c. (C.) (pending before the Legislature as this bill):

25 a. A cannabis establishment licensee, cannabis distributor
26 licensee, or cannabis delivery service licensee, either directly or
27 indirectly by an agent or employee, shall not sell, offer for sale,
28 distribute for commercial purpose at no cost or minimal cost, or
29 give or furnish for consumption, any cannabis items to a person
30 under 21 years of age.

31 b. Any licensee or employee or agent of a licensee who allows
32 a person under the age of 21 to procure cannabis items which,
33 pursuant to section 44 of P.L. , c. (C.) (pending before the
34 Legislature as this bill) are not unlawful for persons 21 years of age
35 or older to procure for personal use, shall be subject to a civil
36 penalty of not less than \$250 for the first violation; \$500 for the
37 second violation; and \$1,000 for the third and each subsequent
38 violation; in addition, subject to a hearing, a licensee's license may
39 be revoked, suspended, or otherwise limited. The penalties provided
40 for in this subsection shall be recovered by a summary proceeding
41 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274
42 (C.2A:58-10 et seq.).

43 c. The establishment of all of the following facts by a licensee,
44 employee, or agent, allowing any such person under the age of 21 to
45 procure cannabis items shall constitute a defense to any violation of
46 the provisions of subsection a. or b. of this section:

47 (1) That the purchaser of the cannabis item falsely represented
48 that the person was of legal age to make the purchase, by producing

1 either a United States passport; driver's license or non-driver
2 identification card issued by the New Jersey Motor Vehicle
3 Commission; a driver's license issued pursuant to the laws of
4 another state; or any other identification card issued by a state or the
5 United States that bears a picture of the person, the name of the
6 person, the person's date of birth, and a physical description of the
7 person; and

8 (2) That the sale or distribution was made in good faith, relying
9 upon the production of the identification in paragraph (1) of this
10 subsection and in the reasonable belief that the purchaser or
11 recipient was actually of legal age to make the purchase.

12 d. It shall be unlawful for a person under the age of 21 to
13 purchase, acquire, or attempt to purchase or acquire a cannabis item,
14 even if the cannabis item may be legally purchased by persons at or
15 above the legal age for purchasing cannabis items.

16 For purposes of this subsection, purchasing a cannabis item
17 includes accepting a cannabis item, and acquiring a cannabis item
18 includes consuming a cannabis item.

19 e. It shall be unlawful for a person under the age of 21 to
20 present or offer to a cannabis establishment, distributor, or delivery
21 service, or the cannabis establishment's, distributor's, or delivery
22 service's agent or employee, any written or oral evidence of age or
23 other personal identifying information that is false, fraudulent, or not
24 actually the person's own, including the use of a driver's license or
25 other government-issued form of identification in violation of section
26 1 of P.L.1983, c.565 (C.2C:21-2.1), N.J.S.2C:21-17, section 5 of
27 P.L.2003, c.184 (C.2C:21-17.2), or section 6 of P.L.1968, c.313
28 (C.33:1-81.7), for the purpose of:

29 (1) Purchasing, attempting to purchase, or otherwise procuring
30 or attempting to procure cannabis items; or

31 (2) Gaining access to a cannabis establishment's, distributor's,
32 or delivery service's premises.

33 f. Except as permitted by the commission by rule or regulation,
34 or as necessary on an emergency basis, a person under legal age for
35 purchasing cannabis items may not enter or attempt to enter any
36 portion of a licensed premises that is posted or otherwise identified
37 as being prohibited to the use of persons under legal age for
38 purchasing cannabis items, unless accompanied by and supervised
39 by a parent or legal guardian.

40 g. Any person under the legal age to purchase cannabis, who
41 knowingly possesses without legal authority or who knowingly
42 consumes any cannabis item, in any school, public conveyance,
43 public place, place of public assembly, or motor vehicle, shall be
44 guilty of an offense as set forth in section 1 of P.L.1979, c.264
45 (C.2C:33-15). Any person under the legal age to purchase
46 cannabis, who knowingly possesses without legal authority or who
47 knowingly consumes, any cannabis item on private property shall

1 be guilty of a municipal violation as set forth in section 1 of
2 P.L.2000, c.33 (C.40:48-1.2).

3 h. The prohibitions of this section do not apply to a person
4 under the legal age for purchasing cannabis items who is acting
5 under the direction of the commission or under the direction of
6 State or local law enforcement agencies for the purpose of
7 investigating possible violations of the laws prohibiting the sale of
8 cannabis items to persons who are under the legal age for
9 purchasing cannabis items.

10 i. The prohibitions of this section do not apply to a person
11 under the legal age for purchasing cannabis items who is acting
12 under the direction of a licensee for the purpose of investigating
13 possible violations by employees of the licensee of laws prohibiting
14 sales of cannabis items to persons who are under the legal age for
15 purchasing cannabis items.

16

17 58. Section 1 of P.L.1983, c.565 (C.2C:21-2.1) is amended to
18 read as follows:

19 1. a. A person who knowingly sells, offers or exposes for sale,
20 or otherwise transfers, or possesses with the intent to sell, offer or
21 expose for sale, or otherwise transfer, a document, printed form or
22 other writing which falsely purports to be a driver's license, birth
23 certificate or other document issued by a governmental agency and
24 which could be used as a means of verifying a person's identity or
25 age or any other personal identifying information is guilty of a
26 crime of the second degree.

27 b. A person who knowingly makes, or possesses devices or
28 materials to make, a document or other writing which falsely
29 purports to be a driver's license, birth certificate or other document
30 issued by a governmental agency and which could be used as a
31 means of verifying a person's identity or age or any other personal
32 identifying information is guilty of a crime of the second degree.

33 c. A person who knowingly exhibits, displays or utters a
34 document or other writing which falsely purports to be a driver's
35 license, birth certificate or other document issued by a
36 governmental agency and which could be used as a means of
37 verifying a person's identity or age or any other personal identifying
38 information is guilty of a crime of the third degree. A violation of
39 N.J.S.2C:28-7, constituting a disorderly persons offense, section 1
40 of P.L.1979, c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of
41 P.L.1968, c.313 (C.33:1-81.7) in a case where the person uses the
42 personal identifying information of another to illegally purchase an
43 alcoholic beverage or for using the personal identifying information
44 of another to misrepresent **【his】** the person's age for the purpose of
45 obtaining tobacco or other consumer product denied to persons
46 under **【18】** 21 years of age shall not, except as otherwise set forth
47 in this subsection, constitute an offense under this subsection if the
48 actor received only that benefit or service and did not perpetrate or

1 attempt to perpetrate any additional injury or fraud on another. If a
2 person used the personal identifying information of another to
3 misrepresent the person's age for the purpose of illegally obtaining
4 any cannabis item available for lawful consumption pursuant to the
5 "New Jersey Cannabis Regulatory, Enforcement Assistance, and
6 Marketplace Modernization Act," P.L. , c. (C.) (pending
7 before the Legislature as this bill), the person shall be subject to a
8 civil penalty of \$50. The civil penalty provided for in this
9 subjection shall be collected pursuant to the "Penalty Enforcement
10 Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary
11 proceeding before the municipal court having jurisdiction. A civil
12 penalty recovered under the provisions of this subsection shall be
13 recovered by and in the name of the State by the local municipality.
14 The penalty shall be paid into the treasury of the municipality in
15 which the violation occurred for the general use of the municipality.

16 d. A person who knowingly possesses a document or other
17 writing which falsely purports to be a driver's license, birth
18 certificate or other document issued by a governmental agency and
19 which could be used as a means of verifying a person's identity or
20 age or any other personal identifying information is guilty of a
21 crime of the fourth degree. A violation of N.J.S.2C:28-7,
22 constituting a disorderly persons offense, section 1 of P.L.1979,
23 c.264 (C.2C:33-15), R.S.33:1-81 or section 6 of P.L.1968, c.313
24 (C.33:1-81.7) in a case where the person uses the personal
25 identifying information of another to illegally purchase an alcoholic
26 beverage or for using the personal identifying information of
27 another to misrepresent his age for the purpose of obtaining tobacco
28 or other consumer product denied to persons under **[18]** 21 years of
29 age shall not, except as otherwise set forth in this subsection,
30 constitute an offense under this subsection if the actor received only
31 that benefit or service and did not perpetrate or attempt to perpetrate
32 any additional injury or fraud on another. If the personal
33 identifying information of another is used to obtain any cannabis
34 item available for lawful consumption pursuant to the "New Jersey
35 Cannabis Regulatory, Enforcement Assistance, and Marketplace
36 Modernization Act," P.L. , c. (C.) (pending before the
37 Legislature as this bill), the person shall be subject to a civil penalty
38 of \$50. The penalty provided for in this subjection shall be
39 collected pursuant to the "Penalty Enforcement Law of 1999,"
40 P.L.1999, c.274 (C.2A:58-10 et seq.), in a summary proceeding
41 before the municipal court having jurisdiction. A penalty recovered
42 under the provisions of this subsection shall be recovered by and in
43 the name of the State by the local municipality. The penalty shall
44 be paid into the treasury of the municipality in which the violation
45 occurred for the general use of the municipality.

46 e. In addition to any other disposition authorized by this Title,
47 the provisions of section 24 of P.L.1982, c.77 (C.2A:4A-43), or any
48 other statute indicating the dispositions that may be ordered for an

1 adjudication of delinquency, and, notwithstanding the provisions of
2 subsection c. of N.J.S.2C:43-2, every person convicted of, or
3 adjudicated delinquent or penalized for a violation of any offense
4 defined in this section shall forthwith forfeit his right to operate a
5 motor vehicle over the highways of this State for a period to be
6 fixed by the court at not less than six months or more than two
7 years which shall commence on the day the sentence is imposed. In
8 the case of any person who at the time of the imposition of the
9 sentence is less than 17 years of age, the period of the suspension of
10 driving privileges authorized herein, including a suspension of the
11 privilege of operating a motorized bicycle, shall commence on the
12 day the sentence is imposed and shall run for a period as fixed by
13 the court of not less than six months or more than two years after
14 the day the person reaches the age of 17 years. If the driving
15 privilege of any person is under revocation, suspension, or
16 postponement for a violation of any provision of this Title or Title
17 39 of the Revised Statutes at the time of any conviction or
18 adjudication of delinquency for a violation of any offense defined in
19 this chapter or chapter 36 of this Title, the revocation, suspension,
20 or postponement period imposed herein shall commence as of the
21 date of termination of the existing revocation, suspension or
22 postponement.

23 The court before whom any person is convicted of, or
24 adjudicated delinquent or penalized for a violation of any offense
25 defined in this section shall collect forthwith the New Jersey
26 driver's license or licenses of that person and forward the license or
27 licenses to the Chief Administrator of the New Jersey Motor
28 Vehicle Commission along with a report indicating the first and last
29 day of the suspension or postponement period imposed by the court
30 pursuant to this section. If the court is for any reason unable to
31 collect the license or licenses of the person, the court shall cause a
32 report of the conviction or adjudication of delinquency to be filed
33 with the director. The report shall include the complete name,
34 address, date of birth, eye color and sex of the person and shall
35 indicate the first and last day of the suspension or postponement
36 period imposed by the court pursuant to this section. The court
37 shall inform the person orally and in writing that if the person is
38 convicted of personally operating a motor vehicle during the period
39 of license suspension or postponement imposed pursuant to this
40 section, the person shall, upon conviction, be subject to the
41 penalties set forth in R.S.39:3-40. A person shall be required to
42 acknowledge receipt of the written notice in writing. Failure to
43 receive a written notice or failure to acknowledge in writing the
44 receipt of a written notice shall not be a defense to a subsequent
45 charge of a violation of R.S.39:3-40. If the person is the holder of a
46 driver's license from another jurisdiction, the court shall not collect
47 the license, but shall notify forthwith the director who shall notify
48 the appropriate officials in that licensing jurisdiction. The court

1 shall, however, in accordance with the provisions of this section,
2 revoke the person's non-resident driving privileges in this State.

3 In addition to any other condition imposed, a court, in its
4 discretion, may suspend, revoke or postpone the driving privileges
5 of a person admitted to supervisory treatment under N.J.S.2C:36A-1
6 or N.J.S.2C:43-12 without a plea of guilty or finding of guilt.
7 (cf: P.L.2005, c.224, s.1)

8

9 59. N.J.S.2C:21-17 is amended to read as follows:

10 2C:21-17. Impersonation; Theft of identity; crime.

11 a. A person is guilty of a crime if the person engages in one or
12 more of the following actions by any means including, but not
13 limited to, the use of electronic communications or an Internet
14 website:

15 (1) Impersonates another or assumes a false identity and does an
16 act in such assumed character or false identity for the purpose of
17 obtaining a benefit for himself or another or to injure or defraud
18 another;

19 (2) Pretends to be a representative of some person or
20 organization and does an act in such pretended capacity for the
21 purpose of obtaining a benefit for himself or another or to injure or
22 defraud another;

23 (3) Impersonates another, assumes a false identity or makes a
24 false or misleading statement regarding the identity of any person,
25 in an oral or written application for services, for the purpose of
26 obtaining services;

27 (4) Obtains any personal identifying information pertaining to
28 another person and uses that information, or assists another person
29 in using the information, in order to assume the identity of or
30 represent himself as another person, without that person's
31 authorization and with the purpose to fraudulently obtain or attempt
32 to obtain a benefit or services, or avoid the payment of debt or other
33 legal obligation or avoid prosecution for a crime by using the name
34 of the other person; or

35 (5) Impersonates another, assumes a false identity or makes a
36 false or misleading statement, in the course of making an oral or
37 written application for services, with the purpose of avoiding
38 payment for prior services. Purpose to avoid payment for prior
39 services may be presumed upon proof that the person has not made
40 full payment for prior services and has impersonated another,
41 assumed a false identity or made a false or misleading statement
42 regarding the identity of any person in the course of making oral or
43 written application for services.

44 As used in this section:

45 "Benefit" means, but is not limited to, any property, any
46 pecuniary amount, any services, any pecuniary amount sought to be
47 avoided or any injury or harm perpetrated on another where there is
48 no pecuniary value.

1 b. (Deleted by amendment, P.L.2005, c.224).

2 c. A person who violates subsection a. of this section is guilty
3 of a crime as follows:

4 (1) If the actor obtains a benefit or deprives another of a benefit
5 in an amount less than \$500 and the offense involves the identity of
6 one victim, the actor shall be guilty of a crime of the fourth degree
7 except that a second or subsequent conviction for such an offense
8 constitutes a crime of the third degree; or

9 (2) If the actor obtains a benefit or deprives another of a benefit
10 in an amount of at least \$500 but less than \$75,000, or the offense
11 involves the identity of at least two but less than five victims, the
12 actor shall be guilty of a crime of the third degree; or

13 (3) If the actor obtains a benefit or deprives another of a benefit
14 in the amount of \$75,000 or more, or the offense involves the
15 identity of five or more victims, the actor shall be guilty of a crime
16 of the second degree.

17 d. A violation of N.J.S.2C:28-7, constituting a disorderly
18 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
19 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
20 where the person uses the personal identifying information of
21 another to illegally purchase an alcoholic beverage or for using the
22 personal identifying information of another to misrepresent **[his]**
23 the person's age for the purpose of obtaining tobacco or other
24 consumer product denied to persons under **[19]** 21 years of age
25 shall not, except as otherwise set forth in this subsection, constitute
26 an offense under this section if the actor received only that benefit
27 or service and did not perpetrate or attempt to perpetrate any
28 additional injury or fraud on another. If a person used the personal
29 identifying information of another to misrepresent the person's age
30 for the purpose of illegally obtaining any cannabis item available for
31 lawful consumption pursuant to the "New Jersey Cannabis
32 Regulatory, Enforcement Assistance, and Marketplace Modernization
33 Act," P.L. , c. (C.) (pending before the Legislature as this
34 bill), the person shall be subject to a civil penalty of \$50. The civil
35 penalty provided for in this subsection shall be collected pursuant to
36 the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-
37 10 et seq.), in a summary proceeding before the municipal court
38 having jurisdiction. A civil penalty recovered under the provisions
39 of this subsection shall be recovered by and in the name of the State
40 by the local municipality. The penalty shall be paid into the
41 treasury of the municipality in which the violation occurred for the
42 general use of the municipality.

43 e. The sentencing court shall issue such orders as are necessary
44 to correct any public record or government document that contains
45 false information as a result of a theft of identity. The sentencing
46 court may provide restitution to the victim in accordance with the
47 provisions of section 4 of P.L.2002, c.85 (C.2C:21-17.1).

48 (cf: P.L.2013, c.241, s.1)

1 60. Section 5 of P.L.2003, c.184 (C.2C:21-17.2) is amended to
2 read as follows:

3 5. a. A person is guilty of a crime of the second degree if, in
4 obtaining or attempting to obtain a driver's license, birth certificate
5 or other document issued by a governmental agency which could be
6 used as a means of verifying a person's identity, age or any other
7 personal identifying information, that person knowingly exhibits,
8 displays or utters a document or other writing which falsely
9 purports to be a driver's license, birth certificate or other document
10 issued by a governmental agency or which belongs or pertains to a
11 person other than the person who possesses the document.

12 b. Notwithstanding the provisions of N.J.S.2C:1-8 or any other
13 law, a conviction under this section shall not merge with a
14 conviction of any other criminal offense, nor shall such other
15 conviction merge with a conviction under this section, and the court
16 shall impose separate sentences upon each violation of this section
17 and any other criminal offense.

18 c. A violation of N.J.S.2C:28-7, constituting a disorderly
19 persons offense, section 1 of P.L.1979, c.264 (C.2C:33-15),
20 R.S.33:1-81 or section 6 of P.L.1968, c.313 (C.33:1-81.7) in a case
21 where the person uses the personal identifying information of
22 another to illegally purchase an alcoholic beverage or for using the
23 personal identifying information of another to misrepresent his age
24 for the purpose of obtaining tobacco or other consumer product
25 denied to persons under **18** 21 years of age shall not, except as
26 otherwise set forth in this subsection, constitute an offense under
27 this section if the actor received only that benefit or service and did
28 not perpetrate or attempt to perpetrate any additional injury or fraud
29 on another. If the personal identifying information of another is
30 used to obtain any cannabis item available for lawful consumption
31 pursuant to the "New Jersey Cannabis Regulatory, Enforcement
32 Assistance, and Marketplace Modernization Act," P.L. , c. (C.
33) (pending before the Legislature as this bill), the person shall be
34 subject to a civil penalty of \$50. The civil penalty provided for in
35 this subsection shall be collected pursuant to the "Penalty
36 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.),
37 in a summary proceeding before the municipal court having
38 jurisdiction. A civil penalty recovered under the provisions of this
39 subsection shall be recovered by and in the name of the State by the
40 local municipality. The penalty shall be paid into the treasury of
41 the municipality in which the violation occurred for the general use
42 of the municipality.

43 (cf: P.L.2005, c.224, s.4)

44

45 61. The title of P.L.1968, c.313 is amended to read as follows:
46 **AN ACT** relating to the establishing of proof of age for purposes of

1 purchasing alcoholic beverages or cannabis items in certain
2 cases.

3 (cf: P.L.1968, c.313, title)

4

5 62. Section 6 of P.L.1968, c.313 (C.33:1-81.7) is amended to
6 read as follows:

7 6. It shall be unlawful for the owner of an identification card,
8 as defined by this act, to transfer said card to any other person for
9 the purpose of aiding such person to secure alcoholic beverages or
10 cannabis items available for lawful consumption pursuant to the
11 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
12 Marketplace Modernization Act,” P.L. , c. (C.) (pending
13 before the Legislature as this bill). Any person who shall transfer
14 such identification card for the purpose of aiding such transferee to
15 obtain alcoholic beverages shall be guilty of a **[misdemeanor]**
16 disorderly persons offense and, upon conviction thereof, shall be
17 sentenced to pay a fine of not more than \$300.00, or undergo
18 imprisonment for not more than 60 days. Any person not entitled
19 thereto who shall have unlawfully procured or have issued or
20 transferred to him, as aforesaid, identification card or any person
21 who shall make any false statement on any card required by
22 subsection (c) hereof to be signed by him shall be guilty of a
23 **[misdemeanor]** disorderly persons offense and, upon conviction
24 thereof, shall be sentenced to pay a fine of not more than \$300.00,
25 or undergo imprisonment for not more than 60 days.

26 (cf: P.L.1968, c.313, s.6)

27

28 63. The title of P.L.1991, c.169 is amended to read as follows:

29 **AN ACT** concerning the retail sale of alcoholic beverages or
30 cannabis items, amending R.S.33:1-81 and P.L.1979, c.264 and
31 supplementing chapter 1 of Title 33 of the Revised Statutes.

32 (cf: P.L.1991, c.169, title)

33

34 64. Section 3 of P.L.1991, c.169 (C.33:1-81.1a) is amended to
35 read as follows:

36 3. A parent, guardian or other person having legal custody of a
37 person under 18 years of age found in violation of R.S.33:1-81 or
38 section 1 of P.L.1979, c.264 (C.2C:33-15) with respect to
39 purchasing, possessing, or consuming any alcoholic beverage or
40 cannabis item available for lawful consumption pursuant to the
41 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
42 Marketplace Modernization Act,” P.L. , c. (C.) (pending
43 before the Legislature as this bill) shall be notified of the violation
44 in writing. The parent, guardian or other person having legal
45 custody of a person under 18 years of age shall be subject to a fine
46 in the amount of \$500.00 upon any subsequent violation of
47 R.S.33:1-81 or section 1 of P.L.1979, c.264 (C.2C:33-15) on the
48 part of such person if it is shown that the parent, guardian or other

1 person having legal custody failed or neglected to exercise
2 reasonable supervision or control over the conduct of the person
3 under 18 years of age.
4 (cf: P.L.1991, c.169, s.3)

5
6 65. The title of P.L.1979, c.264 is amended to read as follows:
7 **AN ACT** concerning certain alcoholic beverage and cannabis item
8 offenses by persons under the legal age to purchase alcoholic
9 beverages and cannabis items, and supplementing chapter 33 of
10 Title 2C of the New Jersey Statutes.
11 (cf: P.L.1979, c.264, title)

12
13 66. Section 1 of P.L.1979, c.264 (C.2C:33-15) is amended to
14 read as follows:

15 1. a. (1) Any person under the legal age to purchase alcoholic
16 beverages who knowingly possesses without legal authority or who
17 knowingly consumes any alcoholic beverage in any school, public
18 conveyance, public place, or place of public assembly, or motor
19 vehicle, is guilty of a petty disorderly persons offense, and shall be
20 fined not less than **[\$500]** \$250.

21 (2) (a) Any person under the legal age to purchase cannabis
22 items who knowingly possesses without legal authority any
23 cannabis item, the amount of which may be lawfully possessed by a
24 person of the legal age to purchase cannabis items pursuant to
25 section 44 of P.L. , c. (C.) (pending before the Legislature
26 as this bill), in any school, public conveyance, public place, or
27 place of public assembly, or motor vehicle, is guilty of a petty
28 disorderly persons offense, and shall be fined not less than \$250.

29 (b) Any person under the legal age to purchase cannabis items
30 who knowingly possesses without legal authority any cannabis
31 item, the amount of which exceeds what may be lawfully possessed
32 by a person of the legal age to purchase cannabis items pursuant to
33 section 44 of P.L. , c. (C.) (pending before the Legislature
34 as this bill), or who knowingly consumes any cannabis item in any
35 school, public conveyance, public place, or place of public
36 assembly, or motor vehicle, is guilty of a disorderly persons
37 offense, and shall be fined not less than \$500.

38 b. Whenever this offense is committed in a motor vehicle, the
39 court shall, in addition to the sentence authorized for the offense,
40 suspend or postpone for six months the driving privilege of the
41 defendant. Upon the conviction of any person under this section,
42 the court shall forward a report to the New Jersey Motor Vehicle
43 Commission stating the first and last day of the suspension or
44 postponement period imposed by the court pursuant to this section.
45 If a person at the time of the imposition of a sentence is less than 17
46 years of age, the period of license postponement, including a
47 suspension or postponement of the privilege of operating a
48 motorized bicycle, shall commence on the day the sentence is

1 imposed and shall run for a period of six months after the person
2 reaches the age of 17 years.

3 If a person at the time of the imposition of a sentence has a valid
4 driver's license issued by this State, the court shall immediately
5 collect the license and forward it to the commission along with the
6 report. If for any reason the license cannot be collected, the court
7 shall include in the report the complete name, address, date of birth,
8 eye color, and sex of the person as well as the first and last date of
9 the license suspension period imposed by the court.

10 The court shall inform the person orally and in writing that if the
11 person is convicted of operating a motor vehicle during the period
12 of license suspension or postponement, the person shall be subject
13 to the penalties set forth in R.S.39:3-40. A person shall be required
14 to acknowledge receipt of the written notice in writing. Failure to
15 receive a written notice or failure to acknowledge in writing the
16 receipt of a written notice shall not be a defense to a subsequent
17 charge of a violation of R.S.39:3-40.

18 If the person convicted under this section is not a New Jersey
19 resident, the court shall suspend or postpone, as appropriate, the
20 non-resident driving privilege of the person based on the age of the
21 person and submit to the commission the required report. The court
22 shall not collect the license of a non-resident convicted under this
23 section. Upon receipt of a report by the court, the commission shall
24 notify the appropriate officials in the licensing jurisdiction of the
25 suspension or postponement.

26 c. In addition to the general penalty prescribed for a disorderly
27 persons offense, the court may require any person who violates this
28 act to participate in an alcohol or drug abuse education or treatment
29 program, authorized by the Division of Mental Health and
30 Addiction Services in the Department of Human Services, for a
31 period not to exceed the maximum period of confinement
32 prescribed by law for the offense for which the individual has been
33 convicted.

34 d. Nothing in this act shall apply to possession of alcoholic
35 beverages by any such person while actually engaged in the
36 performance of employment pursuant to an employment permit
37 issued by the Director of the Division of Alcoholic Beverage
38 Control, or for a bona fide hotel or restaurant, in accordance with
39 the provisions of R.S.33:1-26, or while actively engaged in the
40 preparation of food while enrolled in a culinary arts or hotel
41 management program at a county vocational school or **post**
42 **secondary** post-secondary educational institution; and nothing in
43 this section shall apply to possession of cannabis items by any such
44 person while actually engaged in the performance of employment
45 by a cannabis establishment, distributor, or delivery service as
46 permitted pursuant to the "New Jersey Cannabis Regulatory,
47 Enforcement Assistance, and Marketplace Modernization Act,"
48 P.L. , c. (C.) (pending before the Legislature as this bill).

1 e. The provisions of section 3 of P.L.1991, c.169 (C.33:1-
2 81.1a) shall apply to a parent, guardian or other person with legal
3 custody of a person under 18 years of age who is found to be in
4 violation of this section.

5 f. An underage person and one or two other persons shall be
6 immune from prosecution under this section if:

7 (1) one of the underage persons called 9-1-1 and reported that
8 another underage person was in need of medical assistance due to
9 alcohol consumption or the consumption of a cannabis item;

10 (2) the underage person who called 9-1-1 and, if applicable, one
11 or two other persons acting in concert with the underage person
12 who called 9-1-1 provided each of their names to the 9-1-1
13 operator;

14 (3) the underage person was the first person to make the 9-1-1
15 report; and

16 (4) the underage person and, if applicable, one or two other
17 persons acting in concert with the underage person who made the 9-
18 1-1 call remained on the scene with the person under the legal age
19 in need of medical assistance until assistance arrived and
20 cooperated with medical assistance and law enforcement personnel
21 on the scene.

22 The underage person who received medical assistance also shall
23 be immune from prosecution under this section.

24 g. For purposes of this section, an alcoholic beverage includes
25 powdered alcohol as defined by R.S.33:1-1, and a cannabis item
26 includes any item available for lawful consumption pursuant to the
27 “New Jersey Cannabis Regulatory, Enforcement Assistance, and
28 Marketplace Modernization Act,” P.L. , c. (C.) (pending
29 before the Legislature as this bill).

30 (cf: P.L.2015, c.137, s.3)

31

32 67. The title of P.L.1981, c.197 is amended to read as follows:

33 **AN ACT** concerning the unauthorized bringing of alcoholic
34 beverages or cannabis items onto school premises, and
35 supplementing chapter 33 of Title 2C of the New Jersey Statutes.

36 (cf: P.L.1981, c.197, title)

37

38 68. Section 1 of P.L.1981, c.197 (C.2C:33-16) is amended to
39 read as follows:

40 1. Any person of legal age to purchase alcoholic beverages or
41 cannabis items, who, in the case of alcoholic beverages, knowingly
42 and without the express written permission of the school board, its
43 delegated authority, or any school principal, brings or possesses any
44 alcoholic beverages, or in the case of cannabis items, brings,
45 possesses, or consumes, including by smoking, vaping, or
46 aerosolizing, any cannabis items, on any property used for school
47 purposes which is owned by any school or school board, is guilty
48 of a disorderly persons offense. For purposes of this section, an

1 alcoholic beverage includes powdered alcohol as defined by
2 R.S.33:1-1, and a cannabis item includes any item available for
3 lawful consumption pursuant to the “New Jersey Cannabis
4 Regulatory, Enforcement Assistance, and Marketplace Modernization
5 Act,” P.L. , c. (C.) (pending before the Legislature as this
6 bill).
7 (cf: P.L.1981, c.197, s.1)

8
9 69. R.S.40:48-1 is amended to read as follows:

10 40:48-1. Ordinances; general purpose. The governing body of
11 every municipality may make, amend, repeal and enforce
12 ordinances to:

13 Finances and property. 1. Manage, regulate and control the
14 finances and property, real and personal, of the municipality;

15 Contracts and contractor's bonds. 2. Prescribe the form and
16 manner of execution and approval of all contracts to be executed by
17 the municipality and of all bonds to be given to it;

18 Officers and employees; duties, terms and salaries. 3. Prescribe
19 and define, except as otherwise provided by law, the duties and
20 terms of office or employment, of all officers and employees; and to
21 provide for the employment and compensation of such officials and
22 employees, in addition to those provided for by statute, as may be
23 deemed necessary for the efficient conduct of the affairs of the
24 municipality;

25 Fees. 4. Fix the fees of any officer or employee of the
26 municipality for any service rendered in connection with his office
27 or position, for which no specific fee or compensation is provided.
28 In the case of salaried officers or employees, such fee shall be paid
29 into the municipal treasury;

30 Salaries instead of fees; disposition of fees. 5. Provide that any
31 officer or employee receiving compensation for his services, in
32 whole or in part by fees, whether paid by the municipality or
33 otherwise, shall be paid a salary to be fixed in the ordinance, and
34 thereafter all fees received by such officer or employee shall be
35 paid into the municipal treasury;

36 Maintain order. 6. Prevent vice, drunkenness and immorality; to
37 preserve the public peace and order; to prevent and quell riots,
38 disturbances and disorderly assemblages; to prohibit the
39 consumption of alcoholic beverages or cannabis items by underage
40 persons on private property pursuant to section 1 of P.L.2000, c.33
41 (C.40:48-1.2);

42 Punish beggars; prevention of loitering. 7. Restrain and punish
43 drunkards, vagrants, mendicants and street beggars; to prevent
44 loitering, lounging or sleeping in the streets, parks or public places;

45 Auctions and noises. 8. Regulate the ringing of bells and the
46 crying of goods and other commodities for sale at auction or
47 otherwise, and to prevent disturbing noises;

1 Swimming; bathing costume; prohibition of public nudity. 9.
2 Regulate or prohibit swimming or bathing in the waters of, in, or
3 bounding the municipality, and to regulate or prohibit persons from
4 appearing upon the public streets, parks and places clad in bathing
5 costumes or robes, or costumes of a similar character; regulate or
6 prohibit persons from appearing in a state of nudity upon all lands
7 within its borders which are under the jurisdiction of the State
8 including, without limitation, all lands owned by, controlled by,
9 managed by or leased by the State;

10 Prohibit annoyance of persons or animals. 10. Regulate or
11 prohibit any practice tending to frighten animals, or to annoy or
12 injure persons in the public streets;

13 Animals; pounds; establishment and regulation. 11. Establish
14 and regulate one or more pounds, and to prohibit or regulate the
15 running at large of horses, cattle, dogs, swine, goats and other
16 animals, and to authorize their impounding and sale for the penalty
17 incurred, and the costs of impounding, keeping and sale; to regulate
18 or prohibit the keeping of cattle, goats or swine in any part of the
19 municipality; to authorize the destruction of dogs running at large
20 therein;

21 Hucksters. 12. Prescribe and regulate the place of vending or
22 exposing for sale articles of merchandise from vehicles;

23 Building regulations; wooden structures. 13. Regulate and
24 control the construction, erection, alteration and repair of buildings
25 and structures of every kind within the municipality; and to
26 prohibit, within certain limits, the construction, erection or
27 alteration of buildings or structures of wood or other combustible
28 material;

29 Inflammable materials; inspect docks and buildings. 14.
30 Regulate the use, storage, sale and disposal of inflammable or
31 combustible materials, and to provide for the protection of life and
32 property from fire, explosions and other dangers; to provide for
33 inspections of buildings, docks, wharves, warehouses and other
34 places, and of goods and materials contained therein, to secure the
35 proper enforcement of such ordinance;

36 Dangerous structures; removal or destruction; procedure. 15.
37 Provide for the removal or destruction of any building, wall or
38 structure which is or may become dangerous to life or health, or
39 might tend to extend a conflagration; and to assess the cost thereof
40 as a municipal lien against the premises;

41 Chimneys and boilers. 16. Regulate the construction and setting
42 up of chimneys, furnaces, stoves, boilers, ovens and other
43 contrivances in which fire is used;

44 Explosives. 17. Regulate, in conformity with the statutes of this
45 State, the manufacture, storage, sale, keeping or conveying of
46 gunpowder, nitroglycerine, dynamite and other explosives;

47 Firearms and fireworks. 18. Regulate and prohibit the sale and
48 use of guns, pistols, firearms, and fireworks of all descriptions;

1 Soft coal. 19. Regulate the use of soft coal in locomotives,
2 factories, power houses and other places;

3 Theaters, schools, churches and public places. 20. Regulate the
4 use of theaters, cinema houses, public halls, schools, churches, and
5 other places where numbers of people assemble, and the exits
6 therefrom, so that escape therefrom may be easily and safely made
7 in case of fire or panic; and to regulate any machinery, scenery,
8 lights, wires and other apparatus, equipment or appliances used in
9 all places of public amusement;

10 Excavations. 21. Regulate excavations below the established
11 grade or curb line of any street, not greater than eight feet, which
12 the owner of any land may make, in the erection of any building
13 upon his own property; and to provide for the giving of notice, in
14 writing, of such intended excavation to any adjoining owner or
15 owners, and that they will be required to protect and care for their
16 several foundation walls that may be endangered by such
17 excavation; and to provide that in case of the neglect or refusal, for
18 10 days, of such adjoining owner or owners to take proper action to
19 secure and protect the foundations of any adjacent building or other
20 structure, that the party or parties giving such notice, or their
21 agents, contractors or employees, may enter into and upon such
22 adjoining property and do all necessary work to make such
23 foundations secure, and may recover the cost of such work and
24 labor in so protecting such adjacent property; and to make such
25 further and other provisions in relation to the proper conduct and
26 performance of said work as the governing body or board of the
27 municipality may deem necessary and proper;

28 Sample medicines. 22. Regulate and prohibit the distribution,
29 depositing or leaving on the public streets or highways, public
30 places or private property, or at any private place or places within
31 any such municipality, any medicine, medicinal preparation or
32 preparations represented to cure ailments or diseases of the body or
33 mind, or any samples thereof, or any advertisements or circulars
34 relating thereto, but no ordinance shall prohibit a delivery of any
35 such article to any person above the age of 12 years willing to
36 receive the same;

37 Boating. 23. Regulate the use of motor and other boats upon
38 waters within or bounding the municipality;

39 Fire escapes. 24. Provide for the erection of fire escapes on
40 buildings in the municipality, and to provide rules and regulations
41 concerning the construction and maintenance of the same, and for
42 the prevention of any obstruction thereof or thereon;

43 Care of injured employees. 25. Provide for the payment of
44 compensation and for medical attendance to any officer or
45 employee of the municipality injured in the performance of his
46 duty;

47 Bulkheads and other structures. 26. Fix and determine the lines
48 of bulkheads or other works or structures to be erected, constructed

1 or maintained by the owners of lands facing upon any navigable
2 water in front of their lands, and in front of or along any highway or
3 public lands of said municipality, and to designate the materials to
4 be used, and the type, height and dimensions thereof;

5 Lifeguard. 27. Establish, maintain, regulate and control a
6 lifeguard upon any beach within or bordering on the municipality;

7 Appropriation for life-saving apparatus. 28. Appropriate
8 moneys to safeguard people from drowning within its borders, by
9 location of apparatus or conduct of educational work in harmony
10 with the plans of the United States volunteer life-saving corps in
11 this State;

12 Fences. 29. Regulate the size, height and dimensions of any
13 fences between the lands of adjoining owners, whether built or
14 erected as division or partition fences between such lands, and
15 whether the same exist or be erected entirely or only partly upon the
16 lands of any such adjoining owners, or along or immediately
17 adjacent to any division or partition line of such lands. To provide,
18 in such ordinance, the manner of securing, fastening or shoring such
19 fences, and for surveying the land when required by statute, and to
20 prohibit in any such ordinance the use at a height of under 10 feet
21 from the ground, of any device, such as wire or cable, that would be
22 dangerous to pedestrians, equestrians, bicyclists, or drivers of off-
23 the-road vehicles, unless that device is clearly visible to pedestrians,
24 equestrians, bicyclists or drivers of off-the-road vehicles. In the
25 case of fences thereafter erected contrary to the provisions thereof,
26 the governing body may provide for a penalty for the violation of
27 such ordinance, and in the case of such fence or fences erected or
28 existing at the time of the passage of any such ordinance, may
29 provide therein for the removal, change or alteration thereof, so as
30 to make such fence or fences comply with the provisions of any
31 such ordinance;

32 Advertise municipality. 30. Appropriate funds for advertising
33 the advantages of the municipality;

34 Government Energy Aggregation Programs. 31. Establish
35 programs and procedures pursuant to which the municipality may
36 act as a government aggregator pursuant to sections 40 through 43
37 of P.L.1999, c.23 (C.48:3-89 through C.48:3-92), section 45 of
38 P.L.1999, c.23 (C.48:3-94), and sections 1, 2 and 6 of P.L.2003,
39 c.24 (C.48:3-93.1 through C.48:3-93.3). Notwithstanding the
40 provisions of any other law, rule or regulation to the contrary, a
41 municipality acting as a government aggregator pursuant to
42 P.L.1999, c.23 (C.48:3-49 et al.) shall not be deemed to be a public
43 utility pursuant to R.S.40:62-24 or R.S.48:1-1 et seq. or be deemed
44 to be operating any form of public utility service pursuant to
45 R.S.40:62-1 et seq., to the extent such municipality is solely
46 engaged in the provision of such aggregation service and not
47 otherwise owning or operating any plant or facility for the

1 production or distribution of gas, electricity, steam or other product
2 as provided in R.S.40:62-12;

3 Joint municipal action on consent for the provision of cable
4 television service. 32. Establish programs and procedures pursuant
5 to which a municipality may act together with one or more
6 municipalities in granting municipal consent for the provision of
7 cable television service pursuant to the provisions of the "Cable
8 Television Act," P.L.1972, c.186 (C.48:5A-1 et seq.) as amended
9 and supplemented. Notwithstanding the provisions of any other
10 law, rule or regulation to the contrary, two or more municipalities
11 acting jointly pursuant to the provisions of P.L.1972, c.186
12 (C.48:5A-1 et seq.) shall not be deemed a public utility pursuant to
13 R.S.48:1-1 et seq., to the extent those municipalities are solely
14 engaged in granting municipal consent jointly and are not otherwise
15 owning or operating any facility for the provision of cable
16 television service as provided in P.L.1972, c.186 (C.48:5A-1 et
17 seq.);

18 Private cable television service aggregation programs. 33.
19 Establish programs and procedures pursuant to which a
20 municipality may employ the services of a private aggregator for
21 the purpose of facilitating the joint action of two or more
22 municipalities in granting municipal consent for the provision of
23 cable television service provided that any such municipality shall
24 adhere to the provisions of the "Cable Television Act," P.L.1972,
25 c.186 (C.48:5A-1 et seq.) as amended and supplemented, and to the
26 provisions of the "Local Public Contracts Law," P.L.1971, c.198
27 (C.40A:11-1 et seq.) as amended and supplemented.
28 Notwithstanding the provisions of any other law, rule or regulation
29 to the contrary, a municipality that employs the services of a private
30 aggregator pursuant to the provisions of P.L.1972, c.186 (C.48:5A-
31 1 et seq.) shall not be deemed a public utility pursuant to R.S.48:1-
32 1 et seq., to the extent that the municipality is solely engaged in
33 employing the services of a private aggregator for the purpose of
34 facilitating the joint action of two or more municipalities in
35 granting municipal consent and is not otherwise owning or
36 operating any facility for the provision of cable television service as
37 provided in P.L.1972, c.186 (C.48:5A-1 et seq.);

38 Protective Custody. 34. Provide protective custody to persons
39 arrested for operating a motor vehicle under the influence of
40 alcoholic beverages, cannabis items as defined in section 3 of
41 P.L. , c. (C.) (pending before the Legislature as this bill),
42 any chemical substance, or any controlled dangerous substance in
43 violation of R.S.39:4-50 as provided in section 1 of P.L.2003, c.164
44 (C.40:48-1.3);

45 Private Outdoor Video Surveillance Camera Registry. 35.
46 Establish a private outdoor video surveillance camera registry and

1 allow voluntary registration of private outdoor video surveillance
2 cameras as provided in P.L.2015, c.142 (C.40:48-1.6 et al.).
3 (cf: P.L.2015, c.142, s.3)

4
5 70. (New section) A municipality may enact an ordinance
6 making it unlawful for any person who is of legal age to consume,
7 other than by smoking, vaping, or aerosolizing, a cannabis item
8 available for lawful consumption pursuant to the "New Jersey
9 Cannabis Regulatory, Enforcement Assistance, and Marketplace
10 Modernization Act," P.L. , c. (C.) (pending before the
11 Legislature as this bill), in any public place as defined in section 3
12 of that act (C.), other than school property described in section 1
13 of P.L.1981, c.197 (C.2C:33-16) for which unlawful consumption is
14 a disorderly persons offense, or when not prohibited by the owner or
15 person responsible for the operation of that public place. A person
16 may be subject to a civil penalty of up to \$200, which shall be
17 recovered in a civil action by a summary proceeding in the name of
18 the municipality pursuant to the "Penalty Enforcement Law of
19 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). The municipal court
20 and the Superior Court shall have jurisdiction of proceedings for the
21 enforcement of the penalty provided by this section.

22
23 71. The title of P.L.2000, c.33 is amended to read as follows:
24 **AN ACT** concerning possession and consumption of alcoholic
25 beverages or cannabis items by underaged persons,
26 supplementing Title 40 of the Revised Statutes and amending
27 R.S.40:48-1.
28 (cf: P.L.2000, c.33, title)

29
30 72. Section 1 of P.L.2000, c.33 (C.40:48-1.2) is amended to read
31 as follows:

32 1. a. A municipality may enact an ordinance making it
33 unlawful for any person under the legal age who, without legal
34 authority, knowingly possesses or knowingly consumes an alcoholic
35 beverage or a cannabis item, other than by smoking, vaping, or
36 aerosolizing, on private property.

37 (1) The ordinance shall provide that a violation involving
38 alcoholic beverage activity shall be punished by a fine of \$250 for a
39 first offense and \$350 for any subsequent offense.

40 (2) The ordinance shall provide that a violation involving
41 cannabis activity shall be punished as follows:

42 (a) If the cannabis item possessed is an amount which may be
43 lawfully possessed by a person of the legal age to purchase cannabis
44 items pursuant to section 44 of P.L. , c. (C.) (pending
45 before the Legislature as this bill): for a first offense, a civil
46 penalty of \$100; for a second offense, a civil penalty of \$200; and
47 for a third or subsequent offense, a fine of \$350. The civil penalties
48 provided for in this subparagraph shall be collected pursuant to the

1 “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10
2 et seq.), in a summary proceeding before the municipal court having
3 jurisdiction. A penalty recovered under the provisions of this
4 subparagraph shall be recovered by and in the name of the
5 municipality.

6 (b) If the cannabis item possessed is an amount that exceeds
7 what may be lawfully possessed by a person of the legal age to
8 purchase cannabis items pursuant to section 44 of P.L. _____,
9 c. (C. _____) (pending before the Legislature as this bill), or if any
10 cannabis item is consumed: for a first offense, a fine of \$250; and
11 for a second or subsequent offense, a fine of \$350.

12 b. The ordinance shall provide that the court may, in addition
13 to the fine authorized for this offense, suspend or postpone for six
14 months the driving privilege of the defendant. Upon the conviction
15 of any person and the suspension or postponement of that person's
16 driver's license, the court shall forward a report to the **【Division of】**
17 **New Jersey Motor 【Vehicles】 Vehicle Commission** stating the first
18 and last day of the suspension or postponement period imposed by
19 the court pursuant to this section. If a person at the time of the
20 imposition of a sentence is less than 17 years of age, the period of
21 license postponement, including a suspension or postponement of
22 the privilege of operating a motorized bicycle, shall commence on
23 the day the sentence is imposed and shall run for a period of six
24 months after the person reaches the age of 17 years.

25 If a person at the time of the imposition of a sentence has a valid
26 driver's license issued by this State, the court shall immediately
27 collect the license and forward it to the **【division】 commission**
28 along with the report. If for any reason the license cannot be
29 collected, the court shall include in the report the complete name,
30 address, date of birth, eye color, and sex of the person, as well as
31 the first and last date of the license suspension period imposed by
32 the court.

33 The court shall inform the person orally and in writing that if the
34 person is convicted of operating a motor vehicle during the period
35 of license suspension or postponement, the person shall be subject
36 to the penalties set forth in R.S.39:3-40. A person shall be required
37 to acknowledge receipt of the written notice in writing. Failure to
38 receive a written notice or failure to acknowledge in writing the
39 receipt of a written notice shall not be a defense to a subsequent
40 charge of a violation of R.S.39:3-40.

41 If the person convicted under such an ordinance is not a New
42 Jersey resident, the court shall suspend or postpone, as appropriate,
43 the non-resident driving privilege of the person based on the age of
44 the person and submit to the **【division】 commission** the required
45 report. The court shall not collect the license of a non-resident
46 convicted under this section. Upon receipt of a report by the court,

1 the **【division】** commission shall notify the appropriate officials in
2 the licensing jurisdiction of the suspension or postponement.

3 c. (1) No ordinance shall prohibit an underaged person from
4 consuming or possessing an alcoholic beverage in connection with a
5 religious observance, ceremony, or rite or consuming or possessing
6 an alcoholic beverage in the presence of and with the permission of
7 a parent, guardian or relative who has attained the legal age to
8 purchase and consume alcoholic beverages.

9 (2) As used in this section:

10 “Alcoholic beverage” includes powdered alcohol as defined by
11 R.S.33:1-1.

12 “Guardian” means a person who has qualified as a guardian of
13 the underaged person pursuant to testamentary or court
14 appointment.

15 “Cannabis items” includes any item available for lawful
16 consumption pursuant to the “New Jersey Cannabis Regulatory,
17 Enforcement Assistance, and Marketplace Modernization Act,”
18 P.L. , c. (C.) (pending before the Legislature as this bill).

19 “Relative” means the underaged person's grandparent, aunt or
20 uncle, sibling, or any other person related by blood or affinity.

21 d. No ordinance shall prohibit possession of alcoholic
22 beverages by any such person while actually engaged in the
23 performance of employment by a person who is licensed under Title
24 33 of the Revised Statutes, or while actively engaged in the
25 preparation of food while enrolled in a culinary arts or hotel
26 management program at a county vocational school or **【post**
27 **secondary】** post-secondary educational institution, and no
28 ordinance shall prohibit possession of cannabis items by any such
29 person while actually engaged in the performance of employment
30 by a cannabis establishment, distributor, or delivery service as
31 permitted pursuant to the “New Jersey Cannabis Regulatory,
32 Enforcement Assistance, and Marketplace Modernization Act,”
33 P.L. , c. (C.) (pending before the Legislature as this bill);
34 however, no ordinance enacted pursuant to this section shall be
35 construed to preclude the imposition of a penalty under this section,
36 R.S.33:1-81, or any other section of law against a person who is
37 convicted of unlawful alcoholic beverage activity or unlawful
38 cannabis activity on or at premises licensed for the sale of alcoholic
39 beverages or cannabis items.

40 (cf: P.L.2000, c.33, s.1)

41

42 73. The title of P.L.2009, c.133 is amended to read as follows:

43 **AN ACT** concerning persons under the legal age to possess and
44 consume alcoholic beverages or cannabis items, amending
45 P.L.1979, c.264, and supplementing P.L.2000, c.33 (C.40:48-1.2
46 et al.).

47 (cf: P.L.2009, c.133, title)

1 74. Section 2 of P.L.2009, c.133 (C.40:48-1.2a) is amended to
2 read as follows:

3 2. a. An underage person and one or two other persons shall be
4 immune from prosecution under an ordinance authorized by section
5 1 of P.L.2000, c.33 (C.40:48-1.2) prohibiting any person under the
6 legal age who, without legal authority, knowingly possesses or
7 knowingly consumes an alcoholic beverage or cannabis item on
8 private property if:

9 (1) one of the underage persons called 9-1-1 and reported that
10 another underage person was in need of medical assistance due to
11 alcohol consumption or the consumption of a cannabis item;

12 (2) the underage person who called 9-1-1 and, if applicable, one
13 or two other persons acting in concert with the underage person
14 who called 9-1-1 provided each of their names to the 9-1-1
15 operator;

16 (3) the underage person was the first person to make the 9-1-1
17 report; and

18 (4) the underage person and, if applicable, one or two other
19 persons acting in concert with the underage person who made the 9-
20 1-1 call remained on the scene with the person under the legal age
21 in need of medical assistance until assistance arrived and
22 cooperated with medical assistance and law enforcement personnel
23 on the scene.

24 b. The underage person who received medical assistance as
25 provided in subsection a. of this section also shall be immune from
26 prosecution under an ordinance authorized by section 1 of P.L.2000,
27 c.33 (C.40:48-1.2).

28 (cf: P.L.2009, c.133, s.2)

29

30 75. Section 2 of P.L.1981, c.512 (C.39:4-50.4a) is amended to
31 read as follows:

32 2. a. The municipal court shall order any person who, after
33 being arrested for a violation of R.S.39:4-50 or section 1 of
34 P.L.1992, c.189 (C.39:4-50.14), refuses to submit, upon request, to
35 a test provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2):

36 (1) if the refusal was in connection with a first offense under this
37 section, to forfeit the right to operate a motor vehicle over the
38 highways of this State until the person installs an ignition interlock
39 device in one motor vehicle owned, leased, or principally operated
40 by the person, whichever the person most often operates, for the
41 purpose of complying with the provisions of P.L.1999, c.417
42 (C.39:4-50.16 et al.);

43 (2) if the refusal was in connection with a second offense under
44 this section, to forfeit the right to operate a motor vehicle over the
45 highways of this State for a period of not less than one year or more
46 than two years following the installation of an ignition interlock
47 device in one motor vehicle owned, leased, or principally operated
48 by the person, whichever the person most often operates, for the

1 purpose of complying with the provisions of P.L.1999, c.417
2 (C.39:4-50.16 et al.);

3 (3) if the refusal was in connection with a third or subsequent
4 offense under this section, to forfeit the right to operate a motor
5 vehicle over the highways of this State for a period of eight years
6 following the installation of an ignition interlock device in one
7 motor vehicle owned, leased, or principally operated by the person,
8 whichever the person most often operates, for the purpose of
9 complying with the provisions of P.L.1999, c.417 (C.39:4-50.16 et
10 al.). A conviction or administrative determination of a violation of
11 a law of a substantially similar nature in another jurisdiction,
12 regardless of whether that jurisdiction is a signatory to the Interstate
13 Driver License Compact pursuant to P.L.1966, c.73 (C.39:5D-1 et
14 seq.), shall constitute a prior conviction under this section.

15 The municipal court shall determine by a preponderance of the
16 evidence whether the arresting officer had probable cause to believe
17 that the person had been driving or was in actual physical control of
18 a motor vehicle on the public highways or quasi-public areas of this
19 State while the person was under the influence of intoxicating
20 liquor or a narcotic, hallucinogenic, or habit-producing drug, or
21 marijuana or cannabis item as defined in section 3 of P.L. _____,
22 c. (C. _____) (pending before the Legislature as this bill); whether
23 the person was placed under arrest, if appropriate, and whether he
24 refused to submit to the test upon request of the officer; and if these
25 elements of the violation are not established, no conviction shall
26 issue. In addition to any other requirements provided by law, a
27 person whose operator's license is revoked for refusing to submit to
28 a test shall be referred to an Intoxicated Driver Resource Center
29 established by subsection (f) of R.S.39:4-50 and shall satisfy the
30 same requirements of the center for refusal to submit to a test as
31 provided for in section 2 of P.L.1966, c.142 (C.39:4-50.2) in
32 connection with a first, second, third or subsequent offense under
33 this section that must be satisfied by a person convicted of a
34 commensurate violation of this section, or be subject to the same
35 penalties as such a person for failure to do so. For a first offense,
36 the revocation may be concurrent with or consecutive to any
37 revocation imposed for a conviction under the provisions of
38 R.S.39:4-50 arising out of the same incident. For a second or
39 subsequent offense, the revocation shall be consecutive to any
40 revocation imposed for a conviction under the provisions of
41 R.S.39:4-50. In addition to issuing a revocation, the municipal
42 court shall fine a person convicted under this section, a fine of not
43 less than \$300 or more than \$500 for a first offense; a fine of not
44 less than \$500 or more than \$1,000 for a second offense; and a fine
45 of \$1,000 for a third or subsequent offense.

46 b. (Deleted by amendment, P.L.2019, c.248)
47 (cf: P.L.2019, c.248, s.3)

1 76. Section 1 of P.L.1983, c.307 (C.39:4-51a) is amended to
2 read as follows:
3 1. a. A person shall not consume an alcoholic beverage or
4 cannabis item as defined in section 3 of P.L. , c. (C.)
5 (pending before the Legislature as this bill) while operating a motor
6 vehicle. A passenger in a motor vehicle shall not consume an
7 alcoholic beverage, and shall not consume by means of smoking,
8 vaping, or aerosolizing a cannabis item, while the motor vehicle is
9 being operated. This subsection shall not apply, with respect to the
10 consumption of an alcoholic beverage, to a passenger of a charter or
11 special bus operated as defined under R.S.48:4-1 or a limousine
12 service.
13 b. A person shall be presumed to have consumed an alcoholic
14 beverage in violation of this section if an unsealed container of an
15 alcoholic beverage is located in the passenger compartment of the
16 motor vehicle, the contents of the alcoholic beverage have been
17 partially consumed and the physical appearance or conduct of the
18 operator of the motor vehicle or a passenger may be associated with
19 the consumption of an alcoholic beverage. For the purposes of this
20 section, the term "unsealed" shall mean a container with its original
21 seal broken, or a container such as a glass or cup.
22 c. For the first offense, a person convicted of violating this
23 section shall be fined **[\$200.00]** \$200 and shall be informed by the
24 court of the penalties for a second or subsequent violation of this
25 section. For a second or subsequent offense, a person convicted of
26 violating this section shall be fined **[\$250.00]** \$250 or shall be
27 ordered by the court to perform community service for a period of
28 10 days in such form and on such terms as the court shall deem
29 appropriate under the circumstances.

30 (cf: P.L.1999, c.356, s.20)

31

32 77. Section 6 of P.L.2000, c.83 (C.39:4-51b) is amended to read
33 as follows:

34 6. a. All occupants of a motor vehicle located on a public
35 highway, or the right-of-way of a public highway, shall be
36 prohibited from possessing any open or unsealed alcoholic beverage
37 container or unsealed cannabis item as defined in section 3 of
38 P.L. , c. (C.) (pending before the Legislature as this bill)
39 that is intended to be consumed by means of smoking, vaping, or
40 aerosolizing. This subsection shall not apply, with respect to the
41 possession of an alcoholic beverage, to a passenger of a charter or
42 special bus operated as defined under R.S.48:4-1 or a limousine
43 service.

44 b. A person shall not be deemed to be in possession of an
45 opened or unsealed alcoholic beverage container or unsealed
46 cannabis item pursuant to this section if such container or unsealed
47 cannabis item is located in the trunk of a motor vehicle, behind the
48 last upright seat in a trunkless vehicle, or in the living quarters of a

1 motor home or house trailer. For the purposes of this section, the
2 term "open or unsealed" shall mean **[a]** an alcoholic beverage
3 container with its original seal broken, or a container or package
4 that is not the original container or package such as a glass **[or]** ,
5 cup, box, bag, or wrapping.

6 c. For a first offense, a person convicted of violating this
7 section shall be fined \$200 and shall be informed by the court of the
8 penalties for a second or subsequent violation of this section. For a
9 second or subsequent offense, a person convicted of violating this
10 section shall be fined \$250 or shall be ordered by the court to
11 perform community service for a period of 10 days in such form
12 and on such terms as the court shall deem appropriate under the
13 circumstances.

14 (cf: P.L.2000, c.83, s.6)

15

16 78. This act shall take effect as follows:

17 a. (1) Sections 1 through 18, 31 and 32, 38 through 43, 51
18 through 56, and 69 through 74 shall take effect immediately; and

19 (2) Sections 19 through 30, 33 through 37, 44 through 50, 57
20 through 68, and 75 through 77 shall take effect immediately, but
21 shall only become operative upon adoption of the commission's
22 initial rules and regulations pursuant to subparagraph (a) of
23 paragraph (1) of subsection d. of section 6 of P.L. , c. (C.)
24 (pending before the Legislature as this bill).

25 b. The Attorney General, State Treasurer, Commissioner of
26 Health, Commissioner of Banking and Insurance, and the
27 Administrative Director of the Courts, and once constituted and
28 organized, the Cannabis Regulatory Commission, may take such
29 anticipatory administrative action as may be necessary to effectuate
30 the provisions of P.L. , c. (C.) (pending before the
31 Legislature as this bill).

32

33

34

STATEMENT

35

36 This bill, titled the "New Jersey Cannabis Regulatory, Enforcement
37 Assistance, and Marketplace Modernization Act," primarily concerns
38 the development, regulation, and enforcement of activities associated
39 with the personal use, by persons 21 years of age or older, of legal
40 cannabis or cannabis resin (the terms provided to distinguish the
41 legalized products from unlawful marijuana or hashish). This would
42 be accomplished through the expansion of the scope and duties of the
43 Cannabis Regulatory Commission, created by P.L.2019, c.153
44 (C.24:6I-5.1 et al.) to oversee the State's medical cannabis program,
45 which is primarily set forth in the "Jake Honig Compassionate Use
46 Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-1 et al.).

47 Cannabis Regulatory Commission

1 With respect to the personal use of cannabis, the general duties,
2 functions, and powers of the commission would include:

3 (1) Regulating the purchase, sale, production, processing,
4 packaging, transportation, and delivery of cannabis items – a broadly
5 defined term which incorporates all cannabis, cannabis resin, cannabis
6 products, and cannabis extracts;

7 (2) Granting, refusing, suspending, revoking, cancelling, or
8 otherwise limiting licenses or conditional licenses for the production,
9 processing, warehousing, transportation, sale, and delivery of cannabis
10 items. As further detailed below with respect to licensing activities, a
11 “conditional license” is a type of license that would be issued by the
12 commission pursuant to an abbreviated application process, after
13 which the conditional license holder has a limited period of time in
14 which to become fully licensed by satisfying all of the remaining
15 conditions for full licensure which were not required for the issuance
16 of the conditional license;

17 (3) Investigating and aiding in the prosecution of violations of law
18 relating to cannabis items;

19 (4) Taking regulatory actions to prohibit advertising of cannabis
20 items in a manner that is appealing to minors, that promotes excessive
21 use, or that promotes illegal activity; and

22 (5) Regulating the use of cannabis items for scientific,
23 pharmaceutical, manufacturing, mechanical, industrial, and other
24 purposes.

25 The commission’s Office of Minority, Disabled Veterans, and
26 Women Medical Cannabis Business Development would be re-titled
27 by removing the reference to “medical,” and this office would
28 establish and administer, under the direction of the commission,
29 unified practices and procedures for promoting participation in the
30 lawful operation of personal use cannabis businesses by persons from
31 socially and economically disadvantaged communities, including by
32 prospective and existing minority owned and women’s owned
33 businesses, as these terms are defined in section 2 of P.L.1986, c.195
34 (C.52:27H-21.18), and disabled veterans’ businesses as defined in
35 section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed
36 as personal use cannabis growers, processors, wholesalers,
37 distributors, retailers, delivery services, or testing facilities under the
38 bill. These unified practices and procedures would include a business’
39 certification and subsequent recertification at regular intervals as a
40 minority owned or women’s owned business, or a disabled veterans’
41 business, in accordance with eligibility criteria and a certification
42 application process established by the commission in consultation with
43 the office.

44 The effectiveness of the office’s methods would be measured by
45 whether the office’s actions resulted in not less than 30 percent of the
46 total number of cannabis licenses issued by the commission being
47 issued to businesses certified by the office; their effectiveness would
48 be further assessed by considering whether the actions resulted in not

1 less than 15 percent of licenses being issued to certified minority
2 owned businesses, and not less than 15 percent of licenses being issued
3 to certified women's owned and disabled veterans' businesses. The
4 office, in support of these efforts, would conduct advertising and
5 promotional campaigns, as well as sponsor seminars and informational
6 programs, directed toward those persons and prospective and existing
7 certified businesses, which would address personal use cannabis
8 business management, marketing, and other practical business matters.

9 Ethical and Conflicts-of-Interest Considerations for the
10 Commission, its Employees, and Other Parties

11 The members of the five-person commission and all commission
12 employees would be subject to ethical and conflicts-of-interest
13 restrictions concerning the regulation of personal use cannabis,
14 addressing activities engaged in prior to, during, and following service
15 with the commission. For instance, a person generally could not be an
16 appointed member or employee of the commission if, during the
17 period commencing three years prior to appointment or employment,
18 the person held any direct or indirect interest in, or any employment
19 by, a holder of or applicant for a personal use cannabis license, unless
20 the person's prior interest would not, in the opinion of the commission,
21 interfere with the person's obligations of appointment or employment;
22 and generally, for a period of two years commencing from the date
23 that a member's or employee's service terminates, that former member
24 or employee would not be permitted to hold any direct or indirect
25 interest in, or any employment by, a holder of or applicant for a
26 cannabis license (this two-year post-service restriction would not apply
27 to secretarial or clerical employees).

28 The bill also expands the "New Jersey Conflicts of Interest Law,"
29 P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the
30 Code of Ethics promulgated by the commission, which applies to all
31 commission members and employees with respect to medical cannabis
32 licensing and other activities, and incorporates similar provisions to
33 address personal use cannabis licensing and other activities. Per the
34 existing law, all members and employees would be prohibited from
35 using any official authority to interfere with or affect the result of an
36 election or nomination for office, coerce or advise any person to
37 contribute anything of value to another person or organization for
38 political purposes, or take active part in any political campaign. For
39 the commission members, the executive director of the commission,
40 and any other employee holding a supervisory or policy-making
41 management position, the law also provides a prohibition on making
42 any political contributions to candidates or campaigns, as that term is
43 defined in "The New Jersey Campaign Contributions and Expenditures
44 Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

45 The "New Jersey Conflicts of Interest Law," P.L.1971, c.182
46 (C.52:13D-12 et seq.), is also amended to establish restrictions on
47 various State officers or employees, the Governor and full-time
48 professionals employed in the Governor's Office, full-time members

1 of the Judiciary, and various municipal officers in which licensed or
2 permitted personal use cannabis entities are located. These restrictions
3 concern not only their own activities, but the activities of their
4 associated partnerships, firms, or corporations, and their family
5 members in connection with either employment or another interest in,
6 or representation of, current license holders or applicants. The
7 restrictions are similar to the restrictions on these people and
8 businesses under the current law concerning casino and medical
9 cannabis licensees and applicants, and casino-related and medical
10 cannabis activities, and include a general prohibition on employment,
11 representation, appearance for, or negotiation on behalf of, any license
12 holder or applicant in connection with any cause, application, or
13 matter, and these restrictions can carry over into the post-employment
14 or post-service period following the departure of a person from State
15 or local employment or office.

16 As per existing law, the ethical and conflicts-of-interest restrictions
17 would be enforced by the State Ethics Commission, and any person
18 found to have committed a violation would be subject to a civil penalty
19 of not less than \$500 or more than \$10,000. Additionally, any willful
20 violation of the restrictions similar to the restrictions concerning
21 casino and medical cannabis licensees and applicants that are
22 applicable to the above State or municipal elected, appointed, or
23 employed persons, their associated partnerships, firms, or
24 corporations, and their family members, would be considered a
25 disorderly persons offense, punishable by a term of imprisonment of
26 up to six months, a fine of up to \$1,000, or both.

27 If a license holder or applicant for a license commits a violation
28 involving a commission member or employee with respect to the
29 above described pre-service activities, activities during service, or
30 post-service activities, that license holder or applicant could have their
31 license revoked or suspended, or application denied by the
32 commission.

33 Licensing of Cannabis Businesses; Updating Certain Medical
34 Cannabis Alternative Treatment Centers' Permitted Operations

35 The bill would establish six "marketplace" classes of licensed
36 businesses: a Class 1 Cannabis Grower license, for facilities involved
37 in growing and cultivating cannabis; a Class 2 Cannabis Processor
38 license, for facilities involved in the manufacturing, preparation, and
39 packaging of cannabis items; a Class 3 Cannabis Wholesaler license,
40 for facilities involved in obtaining and selling cannabis items for later
41 resale by other licensees; a Class 4 Cannabis Distributor license, for
42 businesses involved in transporting cannabis items in bulk intrastate,
43 from one licensed cannabis establishment to another; a Class 5
44 Cannabis Retailer license, for locations at which cannabis items and
45 paraphernalia are sold to consumers; and a Class 6 Cannabis Delivery
46 license, for business providing courier services for a licensed
47 cannabis retailer in order to make deliveries of cannabis items and
48 related supplies to a consumer.

1 Except with respect to an initial period in which the number of
2 cannabis grower licenses would be capped, as further explained below,
3 the commission would determine the maximum number of licenses for
4 each class based upon market demands, and would be authorized to
5 make requests for new license applications as it deemed necessary to
6 meet those demands.

7 The commission would be responsible for reviewing each
8 application for a full, annual license, or application for a conditional
9 license, intended to be issued and then subsequently replaced with a
10 full license. Applications would be scored and reviewed based upon a
11 point scale with the commission determining the amount of points, the
12 point categories, and system of point distribution by regulation, subject
13 to some required criteria for consideration in the point scale, such as
14 an analysis of an applicant's: operating plan; environmental plan; and
15 safety and security plans. This point system could be adjusted, or a
16 separate point system used for any application for which a conditional
17 license is sought. Further, in ranking applications, in addition to the
18 awarding of points, the commission would prioritize applications for
19 licensure using two other factors.

20 One prioritizing factor would be based on "impact zones," which
21 are identified under the bill as any municipality that: (1) has a
22 population of 120,000 or more according to the most recently
23 compiled federal decennial census as of the bill taking effect; or (2)
24 ranks in the top 40 percent of municipalities in the State for small
25 amount marijuana possession arrests in the calendar year next
26 preceding the bill taking effect; has a crime index total of 825 or
27 higher based upon the indexes listed in the most recently issued annual
28 Uniform Crime Report by the Division of State Police, as of the bill
29 taking effect; and has an annual average unemployment rate that ranks
30 in the top 15 percent of all municipalities in the State in the calendar
31 year next preceding the bill taking effect. Concerning applications
32 involving impact zones, the commission would not only prioritize
33 applications for at least two licensed businesses in such zones, but
34 would also prioritize applications: that included a person who is a
35 current resident of an impact zone and had resided therein for three or
36 more consecutive years at the time of making the application (to the
37 extent possible the commission would grant at least 25 percent of the
38 total licenses issued, regardless of license class and location of the
39 business, to such applicants); or that included a plan to employ 25
40 percent of employees who reside in an impact zone.

41 The second prioritization would be based upon a point system used
42 to rank applications, which gave higher rankings to an applicant which
43 included an in-State resident of at least five years who was a
44 "significantly involved person," being someone who holds at least a
45 five percent investment interest or is a member of a group who holds
46 at least a 20 percent investment interest and would have authority to
47 make controlling decisions about the cannabis business, or an
48 applicant that met one of the following conditions for its labor

1 environment: being a party to a collective bargaining agreement with a
2 labor organization that currently represents, or is actively seeking to
3 represent, cannabis workers in New Jersey; being a party to a
4 collective bargaining agreement with a labor organization that
5 currently represents cannabis workers in another state; submitting an
6 attestation affirming that the applicant will use best efforts to utilize
7 building trades labor organizations in the construction or retrofit of
8 the facilities associated with the cannabis establishment or distributor;
9 or submitting an attestation affirming that they have a project labor
10 agreement, or will utilize a project labor agreement, which is a form
11 of pre-hire collective bargaining agreement covering terms and
12 conditions, including labor issues and worker grievances, associated
13 with any applicable project.

14 When processing applications, the commission would also
15 incorporate the licensing efforts developed by the Office of Minority,
16 Disabled Veterans, and Women Cannabis Business Development
17 designed to promote the formulation and participation in the lawful
18 operation of cannabis businesses by persons from socially and
19 economically disadvantaged communities.

20 In accordance with the bill, at least 35 percent of the total licenses
21 issued for each class would be conditional licenses. Either a full
22 license or conditional license would only be issued for applications
23 which presented an ownership structure that included an in-State
24 resident of at least two years who was a “significantly involved
25 person.” Another requirement, applicable only to a conditional
26 license, would be that the significantly involved person and any other
27 person with a financial interest who also has decision making authority
28 for a proposed cannabis business could only have, for the immediately
29 preceding taxable year, an adjusted gross income of no more than
30 \$200,000 or no more than \$400,000 if filing jointly with another. For
31 purposes of calculating the 35 percent figure for conditional licenses,
32 the figure would include any conditional license issued to an applicant
33 that was subsequently replaced with a full, annual license (which
34 process is further detailed below).

35 Additionally, at least 10 percent of the total licenses issued for
36 each license class, and at least 25 percent of the overall total number of
37 licenses issued would be designated for and only issued to
38 “microbusinesses.” A microbusiness is described in the bill as
39 employing no more than 10 employees, and: possessing no more than
40 1,000 cannabis plants each month, except that a cannabis distributor’s
41 possession of cannabis plants for transportation would not be subject
42 to this limit; operating an establishment occupying an area of no more
43 than 2,500 square feet, and in the case of a cannabis grower, growing
44 on an area no more than 2,500 square feet measured on a horizontal
45 plane and growing above that plane not higher than 24 feet; in the case
46 of a cannabis processor, acquiring and processing no more than 1,000
47 pounds of cannabis in dried form each month; in the case of a cannabis
48 wholesaler, acquiring for resale no more than 1,000 pounds of

1 cannabis in dried form, or the equivalent amount in any other form, or
2 any combination thereof, each month; and in the case of a cannabis
3 retailer, acquiring for retail sale no more than 1,000 pounds of
4 cannabis in dried form, or the equivalent amount in any other form, or
5 any combination thereof, each month. For this subset of the five
6 classes of cannabis businesses, 100 percent of the ownership would
7 have to involve New Jersey residents who have resided in the State for
8 at least two years.

9 The minimum 10 percent per class, and 25 percent overall, of
10 microbusiness-designated licenses issued would include the number of
11 conditional licenses issued for each class, as these two categories are
12 not considered mutually exclusive of one another.

13 The commission would require that an applicant for licensure,
14 other than an applicant seeking to operate a microbusiness of any class
15 or seeking a conditional license, submit an attestation signed by a bona
16 fide labor organization stating that the applicant entered into a labor
17 peace agreement with such bona fide organization. The maintenance
18 of an agreement would be an ongoing material condition of a full,
19 annual license, unless the business was a microbusiness. Submission
20 of proof of an agreement from an applicant originally issued a
21 conditional license would be a requirement for final approval granting
22 full licensure. As an additional labor requirement, failure to enter, or
23 to make a good faith effort to enter, into a collective bargaining
24 agreement within 200 days of the opening of a cannabis business
25 would result in the suspension or revocation of a license.

26 Any applicant for a license or conditional license would have to
27 provide proof for each person with any investment interest as being 21
28 years of age or older, and each of the following persons associated
29 with the cannabis business for which licensure is sought would be
30 subject to a criminal history record background check: any owner,
31 other than an owner who holds less than a five percent investment
32 interest or who is a member of a group that holds less than a 20
33 percent investment interest, and who has no authority for making
34 controlling business decisions; any director; any officer; and any
35 employee. With respect to qualification or disqualification for
36 licensure based on the background check, the commission would be
37 prohibited from considering any convictions for an offense that
38 occurred prior to the bill's effective date involving the manufacturing,
39 distribution or possession with intent to distribute, less than five
40 pounds of marijuana or less than one pound of hashish, or simple
41 possession of any amount of marijuana or hashish, whether convicted
42 under the laws of this or another state, or under federal law, or any
43 other prior conviction, unless less than five years have passed since
44 convicted, or since completing probation, parole, or a term of
45 imprisonment, and the conviction involved fraud, deceit,
46 embezzlement, employing a minor in a drug distribution scheme, or
47 some other conviction "substantially related to the qualifications,
48 functions, or duties for which the license is required," as determined

1 by the commission. Such a conviction would not be an automatic
2 disqualifier, as the commission would still have the authority to issue a
3 license or conditional license to an applicant which included a person
4 with a “substantially related” conviction, after examining the nature of
5 the offense associated with the conviction, the circumstances at the
6 time of committing the offense, and evidence of rehabilitation since
7 conviction.

8 With respect to the application for a full license, the commission
9 would complete its review for license approval or denial within 90
10 days of the submission of the application, unless the commission
11 determined that more time is required. If approved, a license would be
12 issued by the commission not later than 30 days after it gave notice of
13 the approval, unless the applicant was subsequently found to not be in
14 compliance with relevant regulations or local regulating ordinances
15 applicable to the applicant’s business operations. An issued license
16 would expire after one year, but could be renewed following
17 submission of a new application, in which the applicant would detail
18 aspects of the cannabis licensee’s operations and on-going compliance
19 measures as part of the renewal process.

20 With respect to the application for a conditional license, the
21 commission would complete an expedited review for approval or
22 denial within 30 days, unless the commission determined that more
23 time is required. If approved, a conditional license would be issued by
24 the commission not later than 30 days after it gave notice of the
25 approval, unless the applicant was subsequently found to not be in
26 compliance with relevant regulations or local regulating ordinances
27 applicable to conditionally licensed operations. The applicant would
28 not need to be in compliance with every aspect of the regulatory
29 requirements expected for full licensure in order to obtain a
30 conditional license, but would need to provide sufficient plans for
31 actions to be taken to eventually achieve compliance for full licensure.
32 During a 120-day period following issuance of the conditional license,
33 which period could be extended for an additional period of up to 45
34 days at the discretion of the commission, if it determined that the
35 conditional licensee was in compliance with all plans and other
36 measures necessary to achieve full licensure, it would replace the
37 conditional license with a full, annual license, dated to expire one year
38 from its date of issuance and which could be subsequently renewed; if
39 the conditional licensee was not in compliance as needed for full
40 licensure, the conditional license would automatically expire at the end
41 of the 120-day (or extended) review period.

42 Additionally, the bill would create a license for cannabis testing
43 facilities, which could test samples of both personal use cannabis and
44 medical cannabis products for compliance with health, safety, and
45 potency standards. The above described licensing efforts developed
46 by the Office of Minority, Disabled Veterans, and Women Cannabis
47 Business Development designed to promote the formulation and
48 participation in the lawful operation of cannabis businesses by persons

1 from socially and economically disadvantaged communities would
2 apply to the licensing of testing facilities. The bill would also permit
3 laboratories newly licensed to test batches of medical cannabis
4 products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to
5 also test personal use cannabis products. Any existing laboratory
6 licensed only to test batches of medical cannabis products would be
7 authorized to test personal use cannabis products under an existing
8 license, if the laboratory certifies to the commission that its facility,
9 and the condition and calibration of any equipment used for testing
10 meet the commission's new accreditation requirements for licensure
11 as a personal use cannabis testing facility.

12 Finally, concerning any alternative treatment center that was
13 issued a permit prior to the effective date of P.L.2019, c.153
14 (C.24:6I-5.1 et al.), any such center would be permitted to cultivate
15 from up to two physical locations, provided that the alternative
16 treatment center's combined mature cannabis plant grow canopy
17 between both locations shall not exceed 150,000 square feet of
18 bloom space or the square footage of canopy permitted under the
19 largest tier in the tiered system adopted by the commission pursuant
20 to paragraph (2) of subsection b. of section 21 of P.L. ,
21 c. (C.) (pending before the Legislature as this bill).

22 Certification of Cannabis Handlers

23 In addition to the above described licensing requirements, any
24 individual who performed work for or on behalf of any class of
25 licensee (or conditional licensee) would need to have a valid
26 certification issued by the commission, in order to participate in: the
27 possession, securing, or selling of cannabis items at the licensed
28 premises; the recording of the possession, securing, or selling of
29 cannabis items at that premises; or the transportation of cannabis items
30 to and from licensed establishments, or home delivery of cannabis
31 items and related supplies to a retail consumer. The commission could
32 require that anyone applying for a handler certification successfully
33 complete a one-time course which provides training on checking
34 identification, detecting intoxication, the proper handling of cannabis
35 items, and statutory and regulatory provisions relating to cannabis. A
36 person seeking a certification would also be subject to a criminal
37 history record background check, and subject to the same potential
38 disqualifying standards as applicable to applicants for licenses.

39 Transition to Full Legal Market for Cannabis Items

40 Within 180 days after the bill is signed into law, or within 45 days
41 of all five members of the commission being duly appointed in
42 accordance with the appointment process set forth in paragraph (2) of
43 subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24),
44 whichever date is later (at present the initial appoint process is not
45 complete), and after consultation with the Attorney General, State
46 Treasurer, Commissioner of Health, and Commissioner of Banking
47 and Insurance, the commission would, upon filing proper notice with
48 the Office of Administrative Law, and notwithstanding the provisions

1 of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1
2 et seq.), immediately adopt rules and regulations it prepared that are
3 necessary and proper to enable it to carry out the commission’s duties,
4 functions, and powers with respect to activities associated with the
5 personal use of cannabis or cannabis resin. These initial rules and
6 regulations would be in effect for a period not to exceed one year after
7 the date of filing, and thereafter be adopted, amended, or readopted,
8 and any subsequent rules and regulations adopted, amended, or
9 readopted, in accordance with the “Administrative Procedure Act.”

10 The commission would begin accepting and processing
11 applications for licenses and conditional licenses within 30 days after
12 the commission’s initial rules and regulations have been adopted.
13 Also, at the time of initial adoption, provisions of the bill concerning
14 the lawful operations of licensed cannabis growers, processors,
15 wholesalers, distributors, retailers, and delivery services would
16 become operative to permit those cannabis businesses issued licenses
17 by the commission to commence work in growing, cultivating,
18 processing, packaging, and transporting cannabis and cannabis items
19 for future retail sales, which would not yet be authorized by licensed
20 cannabis retailers.

21 Also becoming operative at this time would be provisions which
22 would deem the following medical cannabis alternative treatment
23 centers to either concurrently hold a Class 1 Cannabis Grower license,
24 a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer
25 license (and any of their satellite dispensaries would also be deemed to
26 hold a Class 5 retailer license), or alternatively to hold only a Class 3
27 Cannabis Wholesaler license:

28 - any alternative treatment center that was issued a permit prior
29 to the effective date of the 2019 medical cannabis reform and
30 expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative
31 treatment center that was issued a permit subsequent to that act’s
32 effective date pursuant to an application submitted prior to that
33 effective date;

34 - the one alternative treatment center, out of four, issued a permit
35 pursuant to an application submitted after the effective date of
36 P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications
37 published in the New Jersey Register prior to that effective date, that is
38 expressly exempt, pursuant to subsection a. of section 11 of
39 P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting
40 the holding of concurrent medical cannabis permits, and this
41 alternative treatment center was deemed pursuant to section 7 of
42 P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such
43 permit; and

44 - the one other alternative treatment center, out of three, issued a
45 permit pursuant to an application submitted on or after the effective
46 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly
47 exempt, pursuant to subsection a. of section 11 of P.L.2019,
48 c.153 (C.24:6I-7.1), from statutory provisions prohibiting the

1 holding of concurrent medical cannabis permits, and this other
2 alternative treatment center was deemed pursuant to section 7 of
3 P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such
4 permit.

5 However, any such alternative treatment center deemed to have
6 cannabis licenses, directly or through a satellite dispensary, could not
7 engage in any preparatory work to incorporate personal use cannabis
8 items into its operations, and thus simultaneously function as personal
9 use cannabis businesses, until it submitted written approval to the
10 commission to operate as one or more classes of a cannabis business,
11 received from the municipality in which the business is to be located,
12 and the commission in turn issues an actual license or licenses.

13 Notwithstanding the date determined by the commission to be the
14 first date on which cannabis retailers issued licenses and conditional
15 licenses begin retail sales of personal use cannabis items, discussed
16 below, an alternate treatment center with a locally approved Class 5
17 Retailer license could begin to engage in the retail sale of cannabis
18 items on any date after the date that the commission adopts its initial
19 rules and regulations, and could be legally consumed by persons 21
20 years of age or older, so long as it has certified to the commission, and
21 to the municipality in which it is located and intends to engage in retail
22 sales, that it has sufficient quantities of medical cannabis and medical
23 cannabis products available to meet the reasonably anticipated need of
24 registered qualifying patients.

25 Prior to and during this transition phase leading up to eventual
26 retail sales of cannabis items, every municipality would have the
27 option to authorize and regulate the times of operation, place, manner,
28 and number of licensed cannabis businesses operating within its
29 jurisdiction, in a manner consistent with the bill's regulation of such
30 businesses. Alternatively, but only during a 180-day period following
31 the bill's enactment, a municipality could enact an ordinance to
32 prohibit such operations by any one or more classes of business, other
33 than business operations by a cannabis delivery service making
34 deliveries to consumers. Only an ordinance to prohibit operations by
35 one or more license classes enacted pursuant to the specific authority
36 to do so by the bill would be valid and enforceable; any ordinance
37 enacted prior to the bill's effective date addressing the issue of
38 prohibition within the jurisdiction of a municipality would be null and
39 void, and that municipality could only prohibit the operation of one or
40 more classes of cannabis business by enactment of a new ordinance in
41 accordance with the bill's provisions.

42 The failure of a municipality to timely enact an ordinance
43 prohibiting such operations would result in any class of cannabis
44 business that is not prohibited from operating within the local
45 jurisdiction as being permitted to operate therein for a period of five
46 years as follows: the growing, cultivating, processing, and selling and
47 reselling, and transporting of cannabis and cannabis items by a
48 cannabis grower, cannabis processor, cannabis wholesaler, or cannabis

1 distributor would be permitted uses in all industrial zones of the
2 municipality; and the selling of cannabis items to consumers from a
3 retail store by a cannabis retailer would be a conditional use in all
4 commercial zones or retail zones, subject to meeting the conditions set
5 forth in any applicable zoning ordinance or receiving a variance from
6 one or more of those conditions in accordance with the “Municipal
7 Land Use Law,” P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of
8 any five-year period following a failure to enact a local ordinance, the
9 municipality could revisit the issue of prohibition, but any ordinance
10 would be prospective only and not apply to any cannabis business
11 already operating within the local jurisdiction subject to the ordinance.

12 If a municipality allowed the operation of cannabis businesses, a
13 copy of each license application submitted to the commission for a
14 business to be located within that local jurisdiction would be provided
15 to the municipality, which in turn would inform the commission
16 whether the application complies with its local regulatory scheme, and
17 the local review could be the basis for a denial of an application if it is
18 not in compliance.

19 Lastly, during the transition phrase when applications are being
20 processed and licensed cannabis businesses starting operations or
21 medical alternative treatment centers starting preparatory work or
22 actually incorporating personal use cannabis items into their
23 operations, the commission would determine the first date on which
24 cannabis retailers issued licenses and conditional licenses may begin
25 retail sales of personal use cannabis items. This date would be no
26 more than 180 days after the adoption of the commission’s initial rules
27 and regulations, and the commission would provide at least 30 days’
28 notice of the date to every licensed cannabis establishment and
29 alternative treatment center deemed to be a licensed cannabis
30 establishment, even if that center was already engaging in retail sales.
31 On that date and thereafter, legal retail sales and consumption of
32 personal use cannabis items sold by licensed cannabis retailers would
33 begin.

34 Once retail sales by licensed cannabis retailers have begun, there
35 would be a limitation, for a period of 18 months, on the number and
36 classes of licenses any one licensee could hold. During this time, the
37 bill would not permit a licensed grower, processor, wholesaler,
38 distributor, or delivery service to also be a licensed retailer, and vice
39 versa, plus a grower or processor could only concurrently hold two
40 licenses (either another grower or processor license), and a wholesaler
41 would be limited to just the one wholesaler license; these restrictions
42 would not apply to a medical alternative treatment center deemed to
43 concurrently possess one of each type of cannabis license class as
44 described above. Additionally, throughout this 18-month period, the
45 commission would not allow more than 28 cannabis growers to be
46 simultaneously licensed and engaging in personal use cannabis
47 activities, which number would include any alternative treatment

1 centers deemed to be licensed as cannabis growers who are issued
2 licenses by the commission.

3 Following the 18-month period, a license holder could hold:

4 - a Class 1 Cannabis Grower license, a Class 2 Cannabis
5 Processor license, and a Class 5 Cannabis Retailer license
6 concurrently, provided that no license holder would be authorized
7 to concurrently hold more than one license of each class, except for
8 an alternative treatment center that was deemed, during the 18-
9 month period, to have an additional Class 5 Cannabis Retailer
10 license for each satellite dispensary as described above; or

11 - a Class 3 Cannabis Wholesaler license; in no case could a
12 holder of a Class 3 Cannabis Wholesaler license concurrently hold a
13 license of any other class of listed above.

14 Concerning the above described alternative treatment centers
15 deemed from the onset to hold cannabis licenses and actually issued
16 licenses based upon local approval, after a period no greater than one
17 year from the date that retail sales by licensed cannabis retailers have
18 begun, all such centers, in order to continue their operations
19 concerning personal use cannabis, would be required to submit a
20 certification, prior to the date that a cannabis license was set to expire,
21 as to the continued material accuracy of their previously approved
22 medical permit application to either the Department of Health or the
23 commission, and their compliance with the provisions of this bill as
24 required by the commission. The certification would also need to be
25 supported by a new written approval from the municipality in order for
26 the commission to renew a license for continued personal use
27 operations.

28 Cannabis Consumption Areas

29 A licensed cannabis retailer, medical cannabis dispensary or
30 clinical registrant properly permitted, or an alternative treatment center
31 that has a permit to dispense medical cannabis pursuant to the “Jake
32 Honig Compassionate Use Medical Cannabis Act,” may apply to the
33 commission seeking an endorsement to operate a cannabis
34 consumption area at which the on-premises consumption of personal
35 use or medical cannabis could occur. Along with the commission’s
36 endorsement, the municipality in which the consumption area would
37 operate would also review the application and have to provide a local
38 endorsement.

39 An endorsed cannabis retailer could only allow the consumption of
40 personal use cannabis at its consumption area. Any other endorsed
41 party involved in the medical cannabis marketplace could only allow
42 the consumption of medical cannabis at its consumption area, unless it
43 was also deemed during the transition period to the legal cannabis
44 market (see above) to have one or more Class 5 Cannabis Retailer
45 licenses and was actually issued such a license or licenses, or had
46 otherwise been issued such a license by the commission, in which case
47 both personal use and medical cannabis could be consumed.

1 An on-premises consumption area could either be indoors or
2 outdoors. An indoor consumption area would be a structurally
3 enclosed area within a cannabis retailer, medical cannabis dispensary,
4 clinical registrant facility, or alternative treatment center that is
5 separated by solid walls or windows from the area in which retail sales
6 of cannabis, or retail sales along with the dispensing of medical
7 cannabis occurs, would only be accessible through an interior door
8 after first entering the facility, and, in the case of a personal use
9 consumption area, would need to comply with all ventilation
10 requirements applicable to cigar lounges under the “New Jersey
11 Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the
12 smoking of medical cannabis would not be permitted in an indoor
13 consumption area. An outdoor consumption area would be an exterior
14 structure on the same premises as the cannabis retailer, medical
15 cannabis dispensary, clinical registrant facility, or alternative treatment
16 center, that is either separate from or connected to the facility and that
17 is not required to be completely enclosed, but would need to have
18 enough walls, fences, or other barriers to prevent any view of persons
19 consuming personal use cannabis items or medical cannabis from any
20 sidewalk or other pedestrian or non-motorist right-of-way; and with
21 respect to any consumption by smoking, vaping, or aerosolizing at an
22 outdoor area, the facility would need to ensure that any such activity
23 does not result in migration, seepage, or recirculation of smoke or
24 other exhaled material to any indoor public place or workplace.

25 Business Treatment of Cannabis Licensees

26 Concerning the business treatment of any licensee:

27 A financial institution, as defined by section 2 of P.L.1983,
28 c.466 (C.17:16K-2), would not be permitted to engage in any
29 discriminatory activities with respect to the banking activities of a
30 cannabis business, or the banking activities of a person associated
31 with a cannabis business. Any such activities could result in the
32 suspension or revocation of a financial institution’s charter or other
33 available enforcement action by the Commissioner of Banking and
34 Insurance. Additionally,

35 (1) A cannabis grower would be prohibited from operating or
36 being located on any land that is valued, assessed, or taxed as an
37 agricultural or horticultural use pursuant to the “Farmland Assessment
38 Act of 1964,” P.L.1964, c.48 (C.54:4-23.1 et seq.);

39 (2) A person or entity issued any class of license to operate a
40 cannabis business would not be eligible for a State or local economic
41 incentive during the period of time that the economic incentive is in
42 effect;

43 (3) The issuance of a license to operate as any class of cannabis
44 business to a person or entity that has been awarded a State or local
45 economic incentive would invalidate the right of the person or entity to
46 benefit from the economic incentive as of the date of issuance of the
47 license;

1 (4) A property owner, developer, or operator of a project to be
2 used, in whole or in part, as a cannabis business would not be eligible
3 for a State or local economic incentive during the period of time that
4 the economic incentive is in effect; and

5 (5) The issuance of a license to operate as any class of cannabis
6 business at a location that is the subject of a State or local economic
7 incentive would invalidate the right of a property owner, developer, or
8 operator to benefit from the economic incentive as of the date of
9 issuance of the license.

10 New Jersey Cannabis Regulatory, Enforcement Assistance, and
11 Marketplace Modernization Fund

12 All license fees and licensee penalties would be deposited into a
13 new fund, referred to as the “Cannabis Regulatory, Enforcement
14 Assistance and Marketplace Modernization Fund.” This fund would
15 also receive deposits from the tax revenues collected on medical
16 cannabis transactions pursuant to the “Jake Honig Compassionate
17 Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as
18 well as tax revenues on personal use cannabis retail sales, which tax
19 is mandated by paragraph 13 of Section VII of Article IV of the
20 New Jersey Constitution legalizing and permitting the State’s
21 regulation of cannabis. Monies in this fund would be used for
22 several purposes, including: to pay for the operational costs of the
23 commission; and reimburse expenses incurred by any county or
24 municipality for the training costs associated with the attendance and
25 participation of a police officer in a Drug Recognition Expert program
26 for detecting, identifying, and apprehending drug-impaired motor
27 vehicle operators.

28 Optional Municipal-Level Taxation

29 The bill would also permit any municipality to adopt an ordinance
30 that authorized a local transfer tax. This transfer tax could be imposed
31 on sales that occur within the municipality: between a cannabis
32 business that holds a grower, processor, wholesaler, or retail cannabis
33 license and another such licensed cannabis business; between cannabis
34 retailers and customers; or any combination thereof. This local tax
35 would not be imposed on transfers involving distributors for purposes
36 of the bulk transportation of cannabis items, or delivery services for
37 purposes of delivering cannabis items to consumers. The municipality
38 would have discretion to set the rate or rates of the transfer tax, but a
39 rate could not exceed: two percent of the receipts from each sale by a
40 cannabis grower; two percent of the receipts from each sale by a
41 cannabis processor; one percent of the receipts from each sale by a
42 cannabis wholesaler; and two percent of the receipts from each sale by
43 a cannabis retailer. This tax would be applied in the form of an
44 equivalent user tax on non-sale transactions between cannabis
45 businesses operated by the same license holder. The local transfer tax
46 or user tax would be collected by cannabis businesses and forwarded
47 to the chief financial officer of the municipality for use by that
48 municipality.

1 Legalized and Prohibited Activities Concerning Personal Use
2 Cannabis Items

3 Once the provisions for the lawful personal use of cannabis items
4 become operative and retail sales of cannabis items have begun, the
5 following acts would not be an offense under the “New Jersey Code of
6 Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21
7 years of age or older:

8 (1) Possessing, purchasing, or transporting: cannabis
9 paraphernalia; one ounce or less of cannabis; the equivalent of one
10 ounces or less of cannabis infused product in solid, liquid, or
11 concentrate form, based upon an equivalency calculation for different
12 product forms set by the commission in its regulations; or five grams
13 or less of cannabis resin;

14 (2) Transferring any cannabis item in any amount described above
15 to another person 21 years of age or older, so long as the transfer is for
16 non-promotional, non-business purposes; and

17 (3) Taking delivery of or consuming any lawfully acquired
18 cannabis item, provided that nothing in the bill is intended to permit a
19 person to smoke, vape, aerosolize a cannabis item in a public place,
20 other than a designated consumption area as detailed above.

21 A person possessing, purchasing, transporting, or transferring to
22 another at any one time any cannabis or resin in an amount greater
23 than as permitted, or an infused product in solid, liquid, or concentrate
24 form with more than the equivalency permitted would generally be
25 considered a violation of the “Comprehensive Drug Reform Act of
26 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the
27 person to a civil penalty or prosecution as if the person possessed,
28 purchased, transported, or transferred illegal marijuana or hashish in
29 violation of that act.

30 With respect to consumption, the smoking, vaping, or aerosolizing
31 of a cannabis item would be prohibited in any place pursuant to law
32 that prohibits the smoking of tobacco, including the “New Jersey
33 Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as
34 any “indoor public place” as defined in that act (even if such a place is
35 otherwise permitted to allow the smoking of tobacco), except that
36 smoking, vaping, or aerosolizing would be permitted in a designated
37 consumption area or in up to 20 percent of the guest rooms of a hotel,
38 motel, or other lodging establishment as permitted by the person or
39 entity that owns or controls that establishment. The smoking, vaping,
40 or aerosolizing of cannabis items could also be prohibited in private
41 multifamily housing, as decided by the person or entity that owns or
42 controls the housing, and prohibited in the units of a condominium, if
43 approved by its association and a majority of all of the unit owners.
44 Any fines or civil penalties that could be assessed for the smoking of
45 tobacco where prohibited under the “New Jersey Smoke-Free Air Act”
46 would be applicable to the smoking, vaping, or aerosolizing of
47 cannabis where prohibited under this bill, other than smoking, vaping,
48 or aerosolizing on elementary or secondary school property, which

1 would be classified as a disorderly persons offense (punishable by
2 imprisonment for up to six months, a fine of up to \$1,000, or both).

3 As to consumption other than by smoking, vaping, or aerosolizing:
4 a person or entity that owns or controls a property, except for
5 multifamily housing, a unit of a condominium, or a site in a mobile
6 home park on which a manufactured home is located, could prohibit or
7 otherwise regulate consumption on or in that property; and a
8 municipality would be empowered to enact an ordinance making it
9 unlawful for any person 21 years of age or older to consume any
10 cannabis item in a public place, other than school property (which
11 would be punishable as a disorderly persons offense), and the
12 ordinance could provide for a civil penalty of up to \$200 per violation.
13 The bill would also prohibit consumption in any area of any building
14 of, on the grounds of, or in any facility owned, leased, or controlled
15 by, any public or private institution of higher education or a related
16 entity thereof, regardless of whether the area or facility is an indoor
17 place or outdoors, and the penalty provisions of the “New Jersey
18 Smoke-Free Air Act” would be applicable for a violation.

19 Mere possession of a cannabis item (in addition to consuming such
20 item) on elementary or secondary school property by a person of legal
21 age to purchase such item would be a disorderly persons offense, as is
22 the case currently with respect to the unauthorized possession of
23 alcohol on such property (punishable by imprisonment for up to six
24 months, a fine of up to \$1,000, or both). Additionally, similar to the
25 statutory law’s treatment of the possession of an “open container” of
26 alcohol, or consumption of alcohol, while operating a motor vehicle,
27 the bill would amend relevant laws in Title 39 of the Revised Statutes
28 to make it a motor vehicle offense for the motor vehicle operator to
29 possess an “open container” or “open package” of a cannabis item. A
30 first offense would be subject to a fine of \$200, and a subsequent
31 offense would be subject to a fine of \$250 or alternatively imposition
32 of a period of community service, the same penalties applied to
33 violations involving an alcoholic beverage. Passengers in motor
34 vehicles would be permitted to possess and consume cannabis items,
35 other than such items intended for smoking, vaping, or aerosolizing.

36 Regarding the possession or consumption of a cannabis item by a
37 person under the legal age to purchase cannabis, the bill expands the
38 current laws addressing underage possession or consumption of
39 alcoholic beverages to include cannabis items:

40 -for possession, in a public place, of an amount that may be
41 lawfully possessed by a person of legal age to purchase cannabis
42 items, a first offense would be a petty disorderly persons offense,
43 subject to a fine of not less than \$250;

44 -for possession, on private property, of an amount that may be
45 lawfully possessed by a person of legal age to purchase cannabis
46 items, a first offense would be a civil penalty of \$100, and a second
47 offense would be a civil penalty of \$200; a third or subsequent offense
48 would be a municipal fine of \$350, which is the same as a subsequent

1 offense for possession of an alcoholic beverage on private property;
2 for possession, on private property, of an amount of cannabis items
3 that exceeds what may be lawfully possessed, or consumption on
4 private property, a first offense would be a municipal fine of \$250, and
5 a second or subsequent offense would be a municipal fine of \$350 (the
6 same penalties as applicable to possession or consumption of an
7 alcoholic beverage).

8 Finally, it would also be unlawful, generally punishable as a \$50
9 civil penalty, for an underage person to present a false identification in
10 order to enter a cannabis establishment or obtain cannabis items; this
11 would differ than using a false identification with respect to alcoholic
12 beverages, which is expressly noted in State law as not constituting an
13 offense and therefore carries with it no statutory punishment.

14 De-scheduling Marijuana as a Schedule I Controlled Dangerous
15 Substance

16 On and after the effective date of the bill, marijuana would no
17 longer be included as a Schedule I controlled dangerous substance,
18 which are substances considered to have a high potential for abuse and
19 no accepted medical use, as described in the “New Jersey Controlled
20 Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.). The
21 bill also expressly states that marijuana may not be designated or
22 rescheduled and included in any other schedule by the Director of the
23 Division of Consumer Affairs in the Department of Law and Public
24 Safety pursuant to the director’s designation and rescheduling
25 authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

26 Sentencing Relief for Certain Marijuana and Hashish Offenses

27 As part of a court sentence or adjudication of delinquency imposed
28 after the bill’s effective date, a person would not be subject to a
29 forfeiture or postponement of the person’s driving privileges based on
30 a conviction or finding of delinquency for any of the following
31 offenses:

32 - unlawful distribution of, or possessing or having under control
33 with intent to distribute, less than five pounds of marijuana, or less
34 than one pound of hashish, in violation of paragraph (11) or (12) of
35 subsection b. of N.J.S.2C:35-5, or a violation of either of those
36 paragraphs and a violation of subsection a. of section 1 of P.L.1987,
37 c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327
38 (C.2C:35-7.1), for distributing, or possessing or having under control
39 with intent to distribute, on or within 1,000 feet of any school
40 property, or on or within 500 feet of the real property comprising a
41 public housing facility, public park, or public building;

42 - obtaining, possessing, using, being under the influence of, or
43 failing to make lawful disposition of any amount of marijuana or
44 hashish in violation of paragraph (3) or (4) of subsection a., subsection
45 b., or subsection c. of N.J.S.2C:35-10; or

46 - a violation involving any of the aforementioned offenses and
47 using or possessing with intent to use drug paraphernalia with that
48 marijuana or hashish in violation of N.J.S.2C:36-2.

1 Reporting Requirements by the Commission

2 Lastly, the commission would annually report to the Governor and
3 Legislature regarding the commission’s regulation and enforcement
4 activities associated with the personal use of cannabis pursuant to the
5 bill (and the medical use of cannabis pursuant to the “Jake Honig
6 Compassionate Use Medical Cannabis Act”). The annual report would
7 include information on: the number of criminal arrests or charges for
8 small amount marijuana or hashish possession or distribution,
9 cataloged by the jurisdictions in which the acts resulting in the
10 citations, arrests, or charges occurred, and the race, ethnicity, gender,
11 and age of the persons cited, arrested, or charged; the number of
12 motor vehicle stops by law enforcement, cataloged in the same
13 manner; the total number of personal use cannabis licenses issued
14 since the distribution of the previous report to the Governor and
15 Legislature, as well as the number for each class of license issued; the
16 total number and type of applicants that submitted applications for
17 licenses and whether they were approved, reapproved, or denied, plus
18 data compiled by the Office of Minority, Disabled Veterans, and
19 Women Cannabis Business Development about participation in the
20 lawful operation of cannabis businesses by persons from socially and
21 economically disadvantaged communities, as well as minority owned,
22 disabled veterans’ owned, and women’s owned business development
23 in the personal use cannabis marketplace.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

SENATE, No. 21

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Judiciary Committee reports favorably Senate Bill No. 21.

This bill, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use, by persons 21 years of age or older, of legal cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish). This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) Regulating the purchase, sale, production, processing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates all cannabis, cannabis resin, cannabis products, and cannabis extracts;

(2) Granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the production, processing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) Investigating and aiding in the prosecution of violations of law relating to cannabis items;

(4) Taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) Regulating the use of cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission's Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to "medical," and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women's owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans' businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis growers, processors, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business' certification and subsequent recertification at regular intervals as a minority owned or women's owned business, or a disabled veterans' business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office's methods would be measured by whether the office's actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women's owned and disabled veterans' businesses. The office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment, the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission,

interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed or permitted personal use cannabis entities are located. These restrictions concern not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful

violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating Certain Medical Cannabis Alternative Treatment Centers' Permitted Operations

The bill would establish six “marketplace” classes of licensed businesses: a Class 1 Cannabis Grower license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Processor license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis items in bulk intrastate, from one licensed cannabis establishment to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and paraphernalia are sold to consumers; and a Class 6 Cannabis Delivery license, for business providing courier services for a licensed cannabis retailer in order to make deliveries of cannabis items and related supplies to a consumer.

Except with respect to an initial period in which the number of cannabis grower licenses would be capped, as further explained below, the commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to make requests for new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought. Further, in ranking applications, in addition to the

awarding of points, the commission would prioritize applications for licensure using two other factors.

One prioritizing factor would be based on “impact zones,” which are identified under the bill as any municipality that: (1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect; or (2) ranks in the top 40 percent of municipalities in the State for small amount marijuana possession arrests in the calendar year next preceding the bill taking effect; has a crime index total of 825 or higher based upon the indexes listed in the most recently issued annual Uniform Crime Report by the Division of State Police, as of the bill taking effect; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State in the calendar year next preceding the bill taking effect. Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ 25 percent of employees who reside in an impact zone.

The second prioritization would be based upon a point system used to rank applications, which gave higher rankings to an applicant which included an in-State resident of at least five years who was a “significantly involved person,” being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment: being a party to a collective bargaining agreement with a labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey; being a party to a collective bargaining agreement with a labor organization that currently represents cannabis workers in another state; submitting an attestation affirming that the applicant will use best efforts to utilize building trades labor organizations in the construction or retrofit of the facilities associated with the cannabis establishment or distributor; or submitting an attestation affirming that they have a project labor agreement, or will utilize a project labor agreement, which is a form of pre-hire collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with any applicable project.

When processing applications, the commission would also incorporate the licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development

designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a “significantly involved person.” Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to “microbusinesses.” A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor’s possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis grower, growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis processor, acquiring and processing no more than 1,000 pounds of cannabis in dried form each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds of cannabis in dried form, or the equivalent amount in any other form, or any combination thereof, each month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of cannabis in dried form, or the equivalent amount in any other form, or any combination thereof, each month. For this subset of the five classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona

bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business would result in the suspension or revocation of a license.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the manufacturing, distribution or possession with intent to distribute, less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted under the laws of this or another state, or under federal law, or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or some other conviction "substantially related to the qualifications, functions, or duties for which the license is required," as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a "substantially related" conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances

applicable to the applicant's business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee's operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45 days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories newly licensed to test batches of medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed only to test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, concerning any alternative treatment center that was issued a permit prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et

al.), any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations shall not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system adopted by the commission pursuant to paragraph (2) of subsection b. of section 21 of P.L. , c. (C.) (pending before the Legislature as this bill).

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or home delivery of cannabis items and related supplies to a retail consumer. The commission could require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission's duties, functions, and powers with respect to activities associated with the personal use of cannabis or cannabis resin. These initial rules and regulations would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the "Administrative Procedure Act."

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission's initial rules and regulations have been adopted.

Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis growers, processors, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, processing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative at this time would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), or alternatively to hold only a Class 3 Cannabis Wholesaler license:

- any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act's effective date pursuant to an application submitted prior to that effective date;

- the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

- the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business, received from the municipality in which the business is to be located, and the commission in turn issues an actual license or licenses.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional

licenses begin retail sales of personal use cannabis items, discussed below, an alternate treatment center with a locally approved Class 5 Retailer license could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and regulations, and could be legally consumed by persons 21 years of age or older, so long as it has certified to the commission, and to the municipality in which it is located and intends to engage in retail sales, that it has sufficient quantities of medical cannabis and medical cannabis products available to meet the reasonably anticipated need of registered qualifying patients.

Prior to and during this transition phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate the times of operation, place, manner, and number of licensed cannabis businesses operating within its jurisdiction, in a manner consistent with the bill's regulation of such businesses. Alternatively, but only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, other than business operations by a cannabis delivery service making deliveries to consumers. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, processing, and selling and reselling, and transporting of cannabis and cannabis items by a cannabis grower, cannabis processor, cannabis wholesaler, or cannabis distributor would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition, but any ordinance would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a

business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phase when applications are being processed and licensed cannabis businesses starting operations or medical alternative treatment centers starting preparatory work or actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis establishment and alternative treatment center deemed to be a licensed cannabis establishment, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by licensed cannabis retailers would begin.

Once retail sales by licensed cannabis retailers have begun, there would be a limitation, for a period of 18 months, on the number and classes of licenses any one licensee could hold. During this time, the bill would not permit a licensed grower, processor, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a grower or processor could only concurrently hold two licenses (either another grower or processor license), and a wholesaler would be limited to just the one wholesaler license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as described above. Additionally, throughout this 18-month period, the commission would not allow more than 28 cannabis growers to be simultaneously licensed and engaging in personal use cannabis activities, which number would include any alternative treatment centers deemed to be licensed as cannabis growers who are issued licenses by the commission.

Following the 18-month period, a license holder could hold:

- a Class 1 Cannabis Grower license, a Class 2 Cannabis Processor license, and a Class 5 Cannabis Retailer license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 18-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described above; or

- a Class 3 Cannabis Wholesaler license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class of listed above.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application to either the Department of Health or the commission, and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a new written approval from the municipality in order for the commission to renew a license for continued personal use operations.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary or clinical registrant properly permitted, or an alternative treatment center that has a permit to dispense medical cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission’s endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any other endorsed party involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center that is separated by solid walls or windows from the area in which retail sales of cannabis, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use consumption area, would need to comply with all ventilation requirements applicable to cigar lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor consumption area. An outdoor consumption area would be an exterior

structure on the same premises as the cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution's charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) A cannabis grower would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) A person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect;

(3) The issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) A property owner, developer, or operator of a project to be used, in whole or in part, as a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) The issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and licensee penalties would be deposited into a new fund, referred to as the "Cannabis Regulatory, Enforcement

Assistance and Marketplace Modernization Fund.” This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on personal use cannabis retail sales, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State’s regulation of cannabis. Monies in this fund would be used for several purposes, including: to pay for the operational costs of the commission; and reimburse expenses incurred by any county or municipality for the training costs associated with the attendance and participation of a police officer in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis business that holds a grower, processor, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax would not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis grower; two percent of the receipts from each sale by a cannabis processor; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) Possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of cannabis; the equivalent of one ounces or less of cannabis infused product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) Transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) Taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a person to smoke, vape, aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis or resin in an amount greater than as permitted, or an infused product in solid, liquid, or concentrate form with more than the equivalency permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a civil penalty or prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited in private multifamily housing, as decided by the person or entity that owns or controls the housing, and prohibited in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act” would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for multifamily housing, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation.

The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both). Additionally, similar to the statutory law’s treatment of the possession of an “open container” of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an “open container” or “open package” of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items:

- for possession, in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a petty disorderly persons offense, subject to a fine of not less than \$250;

- for possession, on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession, on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption on private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

Finally, it would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to enter a cannabis establishment or obtain cannabis items; this would differ than using a false identification with respect to alcoholic

beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the “New Jersey Controlled Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director’s designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

Sentencing Relief for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill’s effective date, a person would not be subject to a forfeiture or postponement of the person’s driving privileges based on a conviction or finding of delinquency for any of the following offenses:

- unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

- obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

- a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission’s regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act”). The annual report would include information on: the number of criminal arrests or charges for small amount marijuana or hashish possession or distribution, cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender,

and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement, catalogued in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans' owned, and women's owned business development in the personal use cannabis marketplace.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 21

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2020

The Senate Judiciary Committee reports favorably and with committee amendments the First Reprint of Senate Bill No. 21.

This bill, as amended, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use of products that contain useable cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish) by persons 21 years of age or older. This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

It also provides for criminal justice reforms with respect to several offenses associated with manufacturing, distributing, or dispensing, or possessing or having under control with intent to manufacture, distribute, or dispense, smaller amounts of marijuana or hashish (hereafter shortened to just distributing, which includes possessing or having under control), as well as possession of smaller amounts of marijuana or hashish, through such means as decriminalizing such offenses, requiring dismissal of pending charges, vacating current entries of guilt or placement in diversionary programs, and vacating current convictions for such offenses, as well as expunging past charges, arrests, and convictions for such offenses and providing for administrative action to expunge records associated with any such matters.

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) regulating the purchase, sale, cultivation, manufacturing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates usable cannabis (dried leaves and flowers), cannabis products, cannabis extracts, and any other form of cannabis resin;

(2) granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the cultivation, manufacturing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) investigating and aiding in the prosecution of violations of law relating to cannabis and cannabis items;

(4) taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) regulating the use of cannabis and cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission’s Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to “medical,” and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women’s owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans’ businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis cultivators, manufacturers, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business’ certification and subsequent recertification at regular intervals as a minority owned or women’s owned business, or a disabled veterans’ business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office’s methods would be measured by whether the office’s actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women’s owned and disabled veterans’ businesses. The office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing

certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment, the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission, interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed personal use cannabis entities are located. These restrictions concern not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The

restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating the Permit Process for Certain Medical Cannabis Alternative Treatment Centers and Their Permitted Operations

The bill would establish six “marketplace” classes of licensed businesses: a Class 1 Cannabis Cultivator license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Manufacturer license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and related supplies are sold to consumers; and a Class 6 Cannabis Delivery license, for businesses providing courier services for consumer purchases that are fulfilled by a licensed cannabis retailer in order to make deliveries of the purchased items to a consumer, and which service would include the ability of a consumer to make a purchase directly through the cannabis delivery service which would be presented by the delivery service for fulfillment by a retailer and then delivered to that

consumer. Except with respect to an initial period in which the number of cannabis cultivator licenses would be capped, as further explained below, the commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to accept new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought, or a microbusiness license is sought, the latter being a form of smaller business operation further discussed below. Further, in ranking applications, in addition to the awarding of points, the commission would prioritize applications for licensure using several other factors.

One prioritizing factor would be based on "impact zones," which are municipalities negatively impacted by past marijuana enterprises that contributed to higher concentrations of law enforcement activity, unemployment, and poverty, or any combination thereof, and are identified under the bill as any municipality that:

(1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect;

(2) based on data compiled for calendar year 2019, ranks in the top 40 percent of municipalities in the State for small amount marijuana or hashish possession arrests; has a crime index total of 825 or higher in the annual Uniform Crime Report by the Division of State Police; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State;

(3) is a municipality located in a county of the third class, based upon the county's population according to the most recently compiled federal decennial census, that meets all of the criteria set forth in paragraph (2) above, other than having a crime index total of 825 or higher; or

(4) is a municipality located in a county of the second class, based upon the county's population according to the most recently compiled federal decennial census:

- with a population of less than 60,000 according to the most recently compiled federal decennial census, that for calendar year 2019 ranks in the top 40 percent of municipalities in the State for small amount marijuana or hashish possession arrests; has a crime index total of 1,000 or higher based upon the indexes listed in the 2019 annual Uniform Crime Report by the Division of State Police;

but for calendar year 2019 does not have a local average annual unemployment rate that ranks in the top 15 percent of all municipalities, based upon average annual unemployment rates estimated for calendar year 2019 by the Office of Research and Information in the Department of Labor and Workforce Development; or

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

Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ at least 25 percent of employees who reside in an impact zone.

Other prioritizing factors would be based on applications for licensure which included an in-State resident of at least five years who was a “significantly involved person,” being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment:

(1) being a party to a collective bargaining agreement with a bona fide labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey;

(2) being a party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;

(3) submitting a signed project labor agreement with a bona fide building trades labor organization, which is a form of pre-hire collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with a project for the construction or retrofit of facilities for the applicant’s proposed operations; or

(4) submitting a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the applicant’s proposed operations.

The above described prioritizations based on in-State residency and labor environment factors would also be implemented with

respect to future applications for any medical cannabis permit issued pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act.”

When processing applications, the commission would also incorporate the licensing efforts, discussed above, that are developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a “significantly involved person.” Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to “microbusinesses.” A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor’s possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis cultivator, growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis manufacturer, acquiring no more than 1,000 pounds of usable cannabis each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month. For this microbusiness subset of the six classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

Additionally, the commission would establish a process and criteria which would allow a microbusiness the ability, while still issued a valid microbusiness-designated license, to apply to convert and continue operations as a licensed business that is not subject to the aforementioned operational limitations. Upon review of an application to confirm that the commission's criteria have been met, the commission would issue a new annual license of the appropriate business type, and the previously issued microbusiness-designated license would be deemed expired on the date the new license is issued. Any such new annual license would be counted towards the above mentioned percentages of licensed designed for and only issued to microbusinesses, notwithstanding the microbusiness' converted operations.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business based on a full annual or conditional license would result in the suspension or revocation of a license, other than one designated for microbusinesses.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the distribution of less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted under the laws of this or another state, or under federal law,

or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or some other conviction “substantially related to the qualifications, functions, or duties for which the license is required,” as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a “substantially related” conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to the applicant’s business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee’s operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45 days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories licensed after the bill's enactment to test medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed before the bill took effect that could only test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing, meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, with respect to further medical cannabis business operations:

(1) the bill would increase the number of available clinical registrant permits, from four to five, that could be applied for, subject to the review and approval by the commission; and

(2) any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or issued a permit after the effective date of that enactment pursuant to an application submitted based on a request for applications published in the New Jersey Register prior to that effective date, or issued a permit after that effective date pursuant to an application submitted prior to that date, any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system for grow canopies adopted by the commission pursuant to the bill.

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or residential delivery of cannabis items and related supplies to a retail consumer. The commission could

require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

An individual with a valid certification as a personal use cannabis handler would be permitted to also simultaneously have a valid certification as a medical cannabis handler issued under section 27 of P.L.2019, c.153 (C.24:6I-20) so that the individual could additionally perform work for or on behalf of entities issued medical cannabis permits or licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission’s duties, functions, and powers with respect to activities associated with the personal use of cannabis. These initial rules and regulations, which would include details with respect to the license application process, would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the “Administrative Procedure Act.”

With respect to the developed application process and the issuance of licenses, during an initial 24-month period following the bill’s enactment, there would be a limitation on the number and classes of licenses any one licensee could hold. During this time, the bill would not permit a licensed cultivator, manufacturer, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a cultivator or manufacturer could only concurrently hold two licenses (either another cultivator or manufacturer license), and a wholesaler could hold one other distributor license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as further described below.

Additionally, throughout this 24-month period, the commission would not allow more than 37 cannabis cultivators to be simultaneously licensed and engaging in personal use cannabis

activities, which number would include any alternative treatment centers deemed to be licensed as cannabis cultivators who are issued licenses by the commission; however, this limit would not apply to cultivator licenses issued to microbusinesses.

Following the 24-month period, a license holder could hold:

(1) a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license, and a Class 6 Delivery license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 24-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described below; or

(2) a Class 3 Cannabis Wholesaler license and a Class 4 Cannabis Distributor license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class, other than a license as a cannabis distributor.

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission's initial rules and regulations have been adopted. Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis cultivators, manufacturers, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, manufacturing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative with the initial rules and regulations would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), and a Class 6 Cannabis Delivery license, or alternatively to hold a Class 3 Cannabis Wholesaler license, and optionally hold a Class 4 Cannabis Distributor license:

(1) any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act's effective date pursuant to an application submitted prior to that effective date;

(2) the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of

P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

(3) the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business, received from the municipality in which the business is to be located based on a determination that it's proposed operations comply with the municipality's restrictions on the number of allowable business, as well as their location, manner, and times of operation, as established in accordance with the bill and further discussed below. Additionally, the commission would only issue actual licenses of the appropriate class so that new personal use activities could begin following a review of the alternative treatment center's operations to confirm that the alternative treatment center has sufficient quantities of medical cannabis and, if applicable, medical cannabis products available to meet the reasonably anticipated needs of registered qualifying patients.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional licenses begin retail sales of personal use cannabis items, discussed below, an alternate treatment center with a locally approved Class 5 Retailer license that is determined by the commission to have sufficient quantities of medical cannabis products to meet patient needs could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and regulations, and these could be legally consumed by persons 21 years of age or older.

Prior to and during this transitional phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate, in a manner consistent with the bill's regulation of cannabis businesses, the number of licensed businesses, as well as their location, manner, and times of operation within its jurisdiction; however, the time of operation of delivery services would be subject only to regulation by the commission. Alternatively, but

only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, but not the delivery of cannabis items and related supplies to consumers by delivery services. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, manufacturing, and selling and reselling of cannabis and cannabis items, and operations for transporting and delivery services by a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, or cannabis delivery service would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition during a new 180-period, but any ordinance would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phrase, when applications are being processed, and licensed cannabis businesses are starting operations or medical alternative treatment centers starting preparatory work, or actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis business and alternative

treatment center deemed to be a licensed cannabis business, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by all licensed cannabis retailers would begin.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit to the commission a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application in accordance with the “Jake Honig Compassionate Use Medical Cannabis Act,” and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a new written approval from the municipality in which it operates in order for the commission to renew a license for continued personal use business activities.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary, including an alternative treatment center that has a permit to dispense medical cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” or clinical registrant may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission’s endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any endorsed party involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, or clinical registrant facility that is separated by solid walls or windows from the area in which retail sales of cannabis items, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use consumption area, would need to comply with all ventilation requirements applicable to cigar

lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor consumption area. An outdoor consumption area would be an exterior structure on the same premises as the cannabis retailer, medical cannabis dispensary, or clinical registrant facility, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution’s charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) a cannabis cultivator would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the “Farmland Assessment Act of 1964,” P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) a person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect;

(3) the issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) a property owner, developer, or operator of a project to be used, in whole or in part, by or to benefit a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) the issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and penalties collectable by the commission would be deposited into a new fund, referred to as the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund.” This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on retail sales of personal use cannabis items, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State’s regulation of cannabis. Monies in this fund would be appropriated by the Legislature annually as follows:

(1) at least 70 percent of the tax revenues on retail sales of cannabis items would be appropriated for investments, including through grants, loans, reimbursements of expenses, and other financial assistance, in municipalities described above that would be designated as an “impact zone,” as well as provide direct financial assistance to qualifying persons residing therein; and

(2) the remainder of the monies in the fund would be appropriated to include: paying for the operational costs of the commission; reimbursing expenses incurred by any county or municipality, or by the Division of State Police, for the training costs associated with the attendance and participation of a police officer or trooper in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators; and further investments in “impact zone” municipalities.

Any of the monies appropriated for “impact zone” municipalities that come from the initial dedication of at least 70 percent of monies in the fund from the sales tax on retail transactions would be offset by any revenue constitutionally dedicated to “impact zone” municipalities, should such a constitutional amendment be passed by the public. See, e.g., Senate Concurrent Resolution No. 138, introduced December 7, 2020.

Optional Social Equity Excise Fee on Cultivation Activities

The bill would establish an optional Social Equity Excise Fee that could be imposed by the commission on personal use cultivation activities by licensed cannabis cultivators, including those alternative treatment centers deemed to be, and actually issued, cultivation licenses; medical cannabis cultivation activities would not be subject to the excise fee. If imposed, the fee would apply to cultivator sales or transfers of usable cannabis to other cannabis businesses, other than another cultivator, and would initially be 1/3 of 1 percent of the Statewide average retail price of an ounce of usable cannabis for consumer purchase. Beginning nine months following the first sale or transfer of usable cannabis subject to the excise fee by a cultivator that is not also an alternative treatment center, the fee could be adjusted by the

commission annually, based on the previous year's retail price, as follows:

(1) up to \$10 per ounce, if the average retail price of an ounce of usable cannabis was \$350 or more;

(2) up to \$30 per ounce, if the average retail price of an ounce of usable cannabis was less than \$350 but at least \$250;

(3) up to \$40 per ounce, if the average retail price of an ounce of usable cannabis was less than \$250 but at least \$200; and

(4) up to \$60 per ounce, if the average retail price of an ounce of usable cannabis was less than \$200.

Any revenues generated by the excise fee would be deposited in the aforementioned "Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund," and specifically designated for annual appropriations by the Legislature, separately from the other monies appropriated as described above, following the commission's consultation with the Governor and Legislature. These appropriations would invest, through grants, loans, reimbursements of expenses, and other financial assistance in for-profit and non-profit organizations, public entities, as well as direct financial assistance to individuals, in order to create, expand, or promote educational and economic opportunities and activities, and the health and well-being of both communities and individuals. If the excise fee was not imposed or adjusted as previously described, then appropriations would be made from the General Fund for such purposes in an amount equal to the revenues that would have been collected had it been imposed or adjusted.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis business that holds a cultivator, manufacturer, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax could not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis cultivator; two percent of the receipts from each sale by a cannabis manufacturer; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax, if imposed, would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of usable cannabis; the equivalent of one ounce or less of usable cannabis as a cannabis product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a person to smoke, vape, or aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis item in an amount greater than as permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act, which as further discussed below, is being amended to regrading and decriminalizing several small amount marijuana and hashish distribution and possession offenses.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited or otherwise regulated in private multifamily housing, as decided by the person or entity that owns or controls the housing, in the structure or specific units within the structure of a cooperative by the corporation of other legal entity that owns the structure, and in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act”

would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for multifamily housing, the structure or specific units of the structure of a cooperative, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation. The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items, however consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy, a fine associated with a violation would not apply to a delinquent offender (under 18 years of age):

(1) for possession in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, the offense would be a petty disorderly persons offense, subject to a fine of not less than \$250; for possession in a public place, of an amount that exceeds what may be lawfully possessed, or who knowingly consumes any cannabis item in such place, the offense is a disorderly persons offense subject to a fine of not less than \$500; and

(2) for possession on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense

would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption of any cannabis item on private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

It would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to obtain cannabis items available for lawful consumption; this would differ than using a false identification with respect to alcoholic beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

Finally, similar to the statutory law's treatment of the possession of an "open container" of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an "open container" or "open package" of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Law Enforcement Drug Recognition Experts

The bill would also codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators. The new standards and course curricula would be offered by schools approved by the Police Training Commission, and the training commission would consult with the Cannabis Regulatory Commission with respect to aspects of the course curricula that focus on impairment from the use of cannabis items or marijuana. Any police officer certified and recognized by the Police Training Commission as a Drug Recognition Expert prior to the effective date of the bill would continue to be recognized as certified until that certification has expired or was no longer considered valid as determined by that commission, or the certification was replaced with a new certification in accordance with the new standards and course curricula for certification set forth in the bill.

Consumer and Employee Protections, and Employer Workplace Policies

Individuals (and licensed cannabis businesses) would not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including but not limited to civil liability or

disciplinary action by a business, occupational, or professional licensing board or bureau, solely for engaging in conduct with respect to personal use cannabis activities as permitted under the bill. Additionally, the presence of cannabinoid metabolites in the bodily fluids of a person engaged in such permitted conduct:

(1) with respect to a student, tenant, or employee, other than as discussed below concerning employer actions and policies, could not form the basis for refusal to enroll or employ or lease to or otherwise penalize that person, unless failing to do so would put the school, employer, or landlord in violation of a federal contract or cause it to lose federal funding;

(2) with respect to a patient, could not constitute the use of an illicit substance resulting in denial of medical care, including organ transplant, and a patient's use of cannabis items may only be considered with respect to evidence-based clinical criteria; and

(3) with respect to a parent or legal guardian of a child or newborn infant, or a pregnant woman, could not form the sole or primary basis for any action or proceeding by the Division of Child Protection and Permanency, or any successor agencies; provided, however, that nothing would preclude any action or proceeding by the division based on harm or risk of harm to a child or the use of information on the presence of cannabinoid metabolites in the bodily fluids of any person in any action or proceeding.

An employer would not be permitted to refuse to hire or employ a person, or discharge or take any adverse action against an employee because that person or employee does or does not use cannabis items. However, an employer could require an employee to undergo a drug test upon reasonable suspicion of an employee's usage of a cannabis item while engaged in the performance of the employee's work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer. An employer could also require random testing, or testing as part of a pre-employment screening, or regular screening of current employees to determine use during an employee's prescribed work hours. The employer could utilize the results of any such drug test when determining the appropriate employment action concerning the employee.

An employee drug test would be required to include scientifically reliable objective testing methods and procedures, such as testing of blood, urine, or saliva, plus a physical evaluation in order to determine an employee's state of impairment that was performed by an individual with the necessary certification. The commission would develop a certification program, in consultation with the Police Training Commission, to establish certified Workplace Impairment Recognition Expert. The certification program would prescribe standards, minimum curriculum courses of study, and the approval of private programs, organizations, and schools and their instructors to offer courses of study, for full- or part-time employees, or other

contracted persons working for or on behalf of employers. These certified persons would be trained to detect and identify an employee's use of cannabis items or other intoxicating substances, and assist in the investigation of workplace accidents.

Additionally, nothing in the bill would require an employer to amend, repeal, or otherwise affect an employer's policy and efforts to maintain a drug- and alcohol-free workplace, or require an employer to permit or accommodate any personal use cannabis activities in the workplace.

Decriminalization of Marijuana and Hashish, Regrading Certain Offenses, and Criminal Justice Relief

Under current law, distributing one ounce or more but less than five pounds of marijuana, or five grams or more but less than one pound of hashish, is punishable as a crime of the third degree; this crime can result in a term of imprisonment of three to five years, an enhanced fine of up to \$25,000, or both. Distribution of any smaller amounts, that is, less than one ounce of marijuana or less than five grams of hashish, is punishable as a crime of the fourth degree; this crime can result in a term of imprisonment of up to 18 months, a fine of up to \$10,000, or both. See N.J.S.2C:35-5, subsection b., paragraphs (11) and (12).

The bill would retain as a crime of the third degree the distribution of less than five pounds of marijuana, but slightly raise the minimum amount that falls under this degree to be *more than one ounce* instead of *one ounce or more*, and distribution of less than one pound of hashish would also remain a third degree crime, but the minimum amount for this violation would be *more than five grams* instead of *five grams or more*; it would regrade the distribution of lesser amounts of marijuana and hashish as follows:

(1) one ounce or less of marijuana, or five grams or less of hashish would become, for a first offense, an act subject to a written warning, which also indicates that any subsequent violation is a crime punishable by a term of imprisonment, a fine, or both; and

(2) a second or subsequent offense involving the same amount of marijuana or hashish would remain a crime of the fourth degree and be subject to the same penalties, including an enhanced fine, as described above.

The bill would also change the applicable amounts that constitute the unlawful possession of marijuana or hashish, which is currently a crime of the fourth degree (up to 18 months imprisonment; up to \$25,000 fine; or both) when the act involves more than 50 grams of marijuana or more than five grams of hashish, and, when the act involves lesser amounts, a disorderly persons offense (up to six months imprisonment; up to \$1,000 fine; or both). See N.J.S.2C:35-10, subsection a., paragraphs (3) and (4).

Under the bill, unlawful possession would be any amount of marijuana over six ounces, and for hashish, over 17 grams, punishable as a crime of the fourth degree (with the same penalties

as the current law). Possession of up to six ounces of marijuana, or up to 17 grams of hashish would be completely decriminalized and have no associated criminal or civil penalties.

Regarding the above described small amount unlawful distribution and unlawful possession with associated criminal penalties, the odor of marijuana or hashish, or burnt marijuana or hashish, would not constitute reasonable articulable suspicion to initiate a search of a person to determine a violation of law. Additionally, a person would not be subject to arrest, being detained, or otherwise being taken into custody unless the person had committed another violation of the law. Also, a person who committed such a violation could not be deprived of any legal or civil right, privilege, benefit, or opportunity provided pursuant to any law solely by reason of committing that act, nor would committing one or more such acts modify any legal or civil right, privilege, benefit, or opportunity provided pursuant to any law.

All local and county law enforcement authorities would, following the submission process used for the uniform crime reporting system established by P.L.1966, c.37 (C.52:17B-5.1 et seq.), submit a quarterly report to the Uniform Crime Reporting Unit, within the Division of State Police in the Department of Law and Public Safety, or to another designated recipient determined by the Attorney General, containing the number of distribution or possession violations committed within their respective jurisdictions, plus the race, ethnicity, gender, and age of each person committing a violation, and the disposition of each person's violation. These violations and associated information, along with a quarterly summary of violations investigated and associated information collected by the State Police for the same period would be summarized by county and municipality in an annual report, and both quarterly summaries and annual reports would be made available at no cost to the public on the State Police's Internet website.

Using or being under the influence of marijuana or hashish, or failing to voluntarily deliver such to a law enforcement officer, both currently disorderly persons offenses (up to six months imprisonment; up to \$1,000 fine; or both), would no longer be illegal acts, and thus there would be no legal consequences flowing from using, being under the influence of, or failing to deliver to law enforcement, marijuana or hashish. Using or possessing with intent to use drug paraphernalia to ingest, inhale, or otherwise introduce marijuana or hashish into the human body would also no longer be considered an illegal act; under current law, it is graded as a disorderly persons offense.

Notwithstanding that using or being under the influence of marijuana or hashish, or using or possessing drug paraphernalia to use with marijuana or hashish, would no longer be illegal acts, the smoking, vaping, or aerosolizing of marijuana or hashish, and the

use of drug paraphernalia to ingest or otherwise introduce these substances into the human body, could be prohibited or otherwise regulated on or in any property by the person or entity that owns or controls that property, including multifamily housing that is a multiple dwelling as defined in section 3 of P.L.1967, c.76 (C.55:13A-3), the units of a condominium, as those terms are defined by section 3 of P.L.1969, c.257 (C.46:8B-3), or a site in a mobile home park as defined in section 3 of P.L.1983, c.386 (C.40:55D-102), which site is leased to the owner of a manufactured home, as defined in that section, that is installed thereon.

As to individuals facing existing consequences associated with their past distribution, possession, or drug paraphernalia offenses involving marijuana or hashish, the bill provides multiple opportunities for criminal justice relief.

No prosecutor shall pursue any charge, including a charge of delinquency, pending with a court on the first day of the fifth month next following enactment of the bill, which takes effect immediately, and for which the delay provides time for Statewide administrative preparation, based on any of the following crimes or offenses:

(1) unlawful distribution of less than one ounce of marijuana, or less than five grams of hashish, in violation of paragraph (12) of subsection b. of N.J.S.2C:35-5;

(2) obtaining or possessing more than 50 grams of marijuana in violation of paragraph (3) of subsection a. of N.J.S.2C:35-10, or obtaining or possessing 50 grams or less in violation of paragraph (4) of that subsection, or using, being under the influence of, or failing to voluntarily deliver to a law enforcement officer, any amount of marijuana or hashish in violation of subsection b. or subsection c. of N.J.S.2C:35-10;

(3) a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2;

(4) a violation involving any of the aforementioned offenses and possession of that marijuana or hashish while operating a motor vehicle in violation of section 1 of P.L.1964, c.289 (C.39:4-49.1); and

(5) any disorderly persons offense or petty disorderly persons offense involving a controlled dangerous substance (which only applies to small amount marijuana or hashish offenses) or drug paraphernalia that is subject to conditional discharge pursuant to N.J.S.2C:36A-1.

The non-prosecutable charges and cases for the above violations would be expeditiously dismissed, which could be accomplished by appropriate action by the prosecutor based upon guidelines issued by the Attorney General, or the court's own motion based upon administrative directives issued by the Administrative Director of the Court.

Any guilty verdict, plea, placement in a diversionary program, or other entry of guilt on any matter involving the aforementioned marijuana and hashish crimes and offenses that was entered prior to the effective date of the bill, but the judgment of conviction or final disposition on the matter was not entered prior to that date, would be vacated by operation of law. The vacating of all such matters would occur on the same delayed date applicable to ceasing to pursue and dismiss pending charges to permit Statewide administrative preparation to execute these provisions of the bill. The Administrative Director of the Courts, in consultation with the Attorney General would be expressly authorized to take anticipatory administrative action necessary to vacate the guilty verdicts, pleas, placements in a diversionary program, or other entry of guilt.

Any conviction, remaining sentence, ongoing supervision, or unpaid court-ordered financial assessment of any person who, on the bill's effective date, is or will be serving a sentence of incarceration, probation, parole, or other form of community supervision due to a conviction or adjudication of delinquency solely for one or more of the aforementioned marijuana and hashish crimes would have those matters vacated by operation of law, to be effective on the same delayed date previously stated, again providing time for Statewide administrative preparation to properly and completely vacate all matters.

For any case from prior to the effective date of the bill concerning the aforementioned marijuana and hashish crimes and offenses, those cases, upon the same delayed date previously stated for the other criminal justice relief actions, would be expunged as a matter of law. The Administrative Director of the Courts, in consultation with the Attorney General, would be expressly authorized to take anticipatory administrative action necessary to expeditiously effectuate the expungements of records carried out by operation of law.

No Forfeiture or Postponement of Driving Privileges for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill's effective date, a person would not be subject to a forfeiture or postponement of the person's driving privileges based on a conviction or finding of delinquency for any of the following offenses:

(1) unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school

property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

(2) obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

(3) a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the “New Jersey Controlled Dangerous Substances Act,” P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director’s designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission’s regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act”). The annual report would include information on: the number of criminal arrests or charges for smaller amount marijuana or hashish distribution or possession (amounts that exceed the new decriminalized amounts described above), cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender, and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement for driving under the influence of personal use cannabis or marijuana, cataloged in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans’ owned, and women’s owned business development in the personal use cannabis marketplace.

The committee amendments to the bill:

- revise the definition of “impact zones,” as described in the statement above, to broaden the criteria of eligible municipalities associated with past criminal enterprises contributing to higher concentrations of law enforcement activity, unemployment, and poverty, or any combination thereof;

- define “bona fide labor organization,” which may include characteristics such as being a party to an executed collective bargaining agreement with medical or personal use cannabis employers or being affiliated with any regional or national association of unions, for purposes of determining an applicant’s involvement with such an organization with respect to the prioritization of applications for licensure as described in the statement above;

- increase the number of available clinical registrant permits, from four to five, that could be applied for, subject to review and approval by the commission;

- prohibit a cannabis retailer’s premises from being located in or upon any premises in which operates a grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food, or in or upon any premises in which operates a store that engages in licensed retail sales of alcoholic beverages;

- establish that the commission would create a process to allow a microbusiness, while still issued a valid microbusiness-designated license, to apply to convert and continue operations as a licensed business that is not subject to the operational limitations for microbusinesses, as described in the statement above;

- clarify that an independent third party, through a technology platform such as the Internet, may be used by a licensed cannabis retailer to assist with that retailer’s receipt, processing, and fulling of orders by consumers, and this third party need not be licensed as any form of cannabis business, so long as all physical acts in connection with fulfilling the order and delivery are done through certified cannabis handlers on behalf of the retailer;

- shift the timeframe of the initial 24-month marketplace transition, as described in the statement above, so that it begins on the bill’s effective date, which is immediately upon enactment;

- reestablish the cap on cultivator licenses that may be issued during the 24-month transition period, and set it at 37 licenses, instead of 28 licenses per the bill as introduced, and make such licenses issued to microbusinesses exempt from this cap;

- allow the holder of a Class 3 Cannabis Wholesaler license to also hold one other Class 4 Cannabis Distributor license during and after the 24-month transition period;

- adjust the formula for appropriating monies in the “Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund,” other than monies based on the Social Equity Excise Fee (appropriated through a different process), so that at least 70 percent of just the tax revenues on retail sales of cannabis items, and no other

revenue sources in the fund such as fees and penalties, would be appropriated for investments in “impact zone” municipalities, leaving more monies available for funding cannabis regulatory operations and paying training costs for law enforcement Drug Recognition Experts;

- modify the ability of employers to require a drug test based on “reasonable” suspicion of use of a cannabis item, instead of “any” suspicion, and add the ability for employers to conduct drug tests as part of a pre-employment screening, or regular screening of current employees to determine use during prescribed work hours;

- require that an employee drug test include a physical examination conducted by an individual with the necessary certification to detect and identify an employee’s use of cannabis items or other intoxicating substances, as described in the statement above;

- add criminal justice reforms with respect to several offenses associated with distribution or possession of smaller amounts of marijuana or hashish, through such means as decriminalizing such offenses, requiring dismissal of pending charges, vacating current entries of guilt or placement in diversionary programs, and vacating current convictions for such offenses, as well as expunging past charges, arrests, convictions, and adjudications of delinquency for such offenses and providing for administrative action to expunge records associated with any such matters, as described in the statement above;

- make edits to fix drafting errors, provide for more proper usage of defined terms, and create better language consistency throughout the entire bill; and

- update the bill’s synopsis to reflect changes to the bill resulting from the amendments.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 21

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 19, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 21, with committee amendments.

This bill, as amended, titled the “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” primarily concerns the development, regulation, and enforcement of activities associated with the personal use of products that contain useable cannabis or cannabis resin (the terms provided to distinguish the legalized products from unlawful marijuana or hashish) by persons 21 years of age or older. This would be accomplished through the expansion of the scope and duties of the Cannabis Regulatory Commission, created by P.L.2019, c.153 (C.24:6I-5.1 et al.) to oversee the State’s medical cannabis program, which is primarily set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et al.).

Cannabis Regulatory Commission

With respect to the personal use of cannabis, the general duties, functions, and powers of the commission would include:

(1) Regulating the purchase, sale, cultivation, manufacturing, packaging, transportation, and delivery of cannabis items – a broadly defined term which incorporates usable cannabis (dried leaves and flowers), cannabis products, cannabis extracts, and any other form of cannabis resin;

(2) Granting, refusing, suspending, revoking, cancelling, or otherwise limiting licenses or conditional licenses for the cultivation, manufacturing, warehousing, transportation, sale, and delivery of cannabis items. As further detailed below with respect to licensing activities, a “conditional license” is a type of license that would be issued by the commission pursuant to an abbreviated application process, after which the conditional license holder has a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for full licensure which were not required for the issuance of the conditional license;

(3) Investigating and aiding in the prosecution of violations of law relating to cannabis items;

(4) Taking regulatory actions to prohibit advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, or that promotes illegal activity; and

(5) Regulating the use of cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

The commission's Office of Minority, Disabled Veterans, and Women Medical Cannabis Business Development would be re-titled by removing the reference to "medical," and this office would establish and administer, under the direction of the commission, unified practices and procedures for promoting participation in the lawful operation of personal use cannabis businesses by persons from socially and economically disadvantaged communities, including by prospective and existing minority owned and women's owned businesses, as these terms are defined in section 2 of P.L.1986, c.195 (C.52:27H-21.18), and disabled veterans' businesses as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), which could be licensed as personal use cannabis cultivators, manufacturers, wholesalers, distributors, retailers, delivery services, or testing facilities under the bill. These unified practices and procedures would include a business' certification and subsequent recertification at regular intervals as a minority owned or women's owned business, or a disabled veterans' business, in accordance with eligibility criteria and a certification application process established by the commission in consultation with the office.

The effectiveness of the office's methods would be measured by whether the office's actions resulted in not less than 30 percent of the total number of cannabis licenses issued by the commission being issued to businesses certified by the office; their effectiveness would be further assessed by considering whether the actions resulted in not less than 15 percent of licenses being issued to certified minority owned businesses, and not less than 15 percent of licenses being issued to certified women's owned and disabled veterans' businesses. The office, in support of these efforts, would conduct advertising and promotional campaigns, as well as sponsor seminars and informational programs, directed toward those persons and prospective and existing certified businesses, which would address personal use cannabis business management, marketing, and other practical business matters.

Ethical and Conflicts-of-Interest Considerations for the Commission, its Employees, and Other Parties

The members of the five-person commission and all commission employees would be subject to ethical and conflicts-of-interest restrictions concerning the regulation of personal use cannabis, addressing activities engaged in prior to, during, and following service with the commission. For instance, a person generally could not be an appointed member or employee of the commission if, during the period commencing three years prior to appointment or employment,

the person held any direct or indirect interest in, or any employment by, a holder of or applicant for a personal use cannabis license, unless the person's prior interest would not, in the opinion of the commission, interfere with the person's obligations of appointment or employment; and generally, for a period of two years commencing from the date that a member's or employee's service terminates, that former member or employee would not be permitted to hold any direct or indirect interest in, or any employment by, a holder of or applicant for a cannabis license (this two-year post-service restriction would not apply to secretarial or clerical employees).

The bill also expands the "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), as well as the scope of the Code of Ethics promulgated by the commission, which applies to all commission members and employees with respect to medical cannabis licensing and other activities, and incorporates similar provisions to address personal use cannabis licensing and other activities. Per the existing law, all members and employees would be prohibited from using any official authority to interfere with or affect the result of an election or nomination for office, coerce or advise any person to contribute anything of value to another person or organization for political purposes, or take active part in any political campaign. For the commission members, the executive director of the commission, and any other employee holding a supervisory or policy-making management position, the law also provides a prohibition on making any political contributions to candidates or campaigns, as that term is defined in "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L.1973, c.83 (C.19:44A-1 et seq.).

The "New Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.), is also amended to establish restrictions on various State officers or employees, the Governor and full-time professionals employed in the Governor's Office, full-time members of the Judiciary, and various municipal officers in which licensed personal use cannabis entities are located. These restrictions concern not only their own activities, but the activities of their associated partnerships, firms, or corporations, and their family members in connection with either employment or another interest in, or representation of, current license holders or applicants. The restrictions are similar to the restrictions on these people and businesses under the current law concerning casino and medical cannabis licensees and applicants, and casino-related and medical cannabis activities, and include a general prohibition on employment, representation, appearance for, or negotiation on behalf of, any license holder or applicant in connection with any cause, application, or matter, and these restrictions can carry over into the post-employment or post-service period following the departure of a person from State or local employment or office.

As per existing law, the ethical and conflicts-of-interest restrictions would be enforced by the State Ethics Commission, and any person found to have committed a violation would be subject to a civil penalty of not less than \$500 or more than \$10,000. Additionally, any willful violation of the restrictions similar to the restrictions concerning casino and medical cannabis licensees and applicants that are applicable to the above State or municipal elected, appointed, or employed persons, their associated partnerships, firms, or corporations, and their family members, would be considered a disorderly persons offense, punishable by a term of imprisonment of up to six months, a fine of up to \$1,000, or both.

If a license holder or applicant for a license commits a violation involving a commission member or employee with respect to the above described pre-service activities, activities during service, or post-service activities, that license holder or applicant could have their license revoked or suspended, or application denied by the commission.

Licensing of Cannabis Businesses; Updating Certain Medical Cannabis Alternative Treatment Centers' Permitted Operations

The bill would establish six “marketplace” classes of licensed businesses: a Class 1 Cannabis Cultivator license, for facilities involved in growing and cultivating cannabis; a Class 2 Cannabis Manufacturer license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items; a Class 3 Cannabis Wholesaler license, for facilities involved in obtaining and selling cannabis items for later resale by other licensees; a Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another; a Class 5 Cannabis Retailer license, for locations at which cannabis items and related supplies are sold to consumers; and a Class 6 Cannabis Delivery license, for business providing courier services for consumer purchases that are fulfilled by a licensed cannabis retailer in order to make deliveries of the purchased items to a consumer, and which service would include the ability of a consumer to make a purchase directly through the cannabis delivery service which would be presented by the delivery service for fulfillment by a retailer and then delivered to that consumer. The commission would determine the maximum number of licenses for each class based upon market demands, and would be authorized to make requests for new license applications as it deemed necessary to meet those demands.

The commission would be responsible for reviewing each application for a full, annual license, or application for a conditional license, intended to be issued and then subsequently replaced with a full license. Applications would be scored and reviewed based upon a point scale with the commission determining the amount of points, the

point categories, and system of point distribution by regulation, subject to some required criteria for consideration in the point scale, such as an analysis of an applicant's: operating plan; environmental plan; and safety and security plans. This point system could be adjusted, or a separate point system used for any application for which a conditional license is sought, or a microbusiness license is sought, the latter being a smaller business operation further discussed below. Further, in ranking applications, in addition to the awarding of points, the commission would prioritize applications for licensure using several other factors.

One prioritizing factor would be based on "impact zones," which are municipalities negatively impacted by past marijuana enterprises that contributed to higher concentrations of law enforcement activity, unemployment, and poverty, and are identified under the bill as any municipality that: (1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the bill taking effect; or (2) based on data compiled for calendar year 2019, ranks in the top 40 percent of municipalities in the State for small amount marijuana possession arrests; has a crime index total of 825 or higher in the annual Uniform Crime Report by the Division of State Police; and has an annual average unemployment rate that ranks in the top 15 percent of all municipalities in the State. Concerning applications involving impact zones, the commission would not only prioritize applications for at least two licensed businesses in such zones, but would also prioritize applications: that included a person who is a current resident of an impact zone and had resided therein for three or more consecutive years at the time of making the application (to the extent possible the commission would grant at least 25 percent of the total licenses issued, regardless of license class and location of the business, to such applicants); or that included a plan to employ at least 25 percent of employees who reside in an impact zone.

Other prioritizing factors would be based on applications for licensure which included an in-State resident of at least five years who was a "significantly involved person," being someone who holds at least a five percent investment interest or is a member of a group who holds at least a 20 percent investment interest and would have authority to make controlling decisions about the cannabis business, or an applicant that met one of the following conditions for its labor environment:

- being a party to a collective bargaining agreement with a bona fide labor organization that currently represents, or is actively seeking to represent, cannabis workers in New Jersey;
- being a party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;
- submitting a signed project labor agreement with a bona fide building trades labor organization, which is a form of pre-hire

collective bargaining agreement covering terms and conditions, including labor issues and worker grievances, associated with a project for the construction or retrofit of facilities for the applicant's proposed operations; or

- submitting a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the applicant's proposed operations.

The above described prioritizations based on in-State residency and labor environment factors would also be implemented with respect to future applications for any medical cannabis permit issued pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act."

When processing applications, the commission would also incorporate the licensing efforts, discussed above, that are developed by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities.

In accordance with the bill, at least 35 percent of the total licenses issued for each class would be conditional licenses. Either a full license or conditional license would only be issued for applications which presented an ownership structure that included an in-State resident of at least two years who was a "significantly involved person." Another requirement, applicable only to a conditional license, would be that the significantly involved person and any other person with a financial interest who also has decision making authority for a proposed cannabis business could only have, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another. For purposes of calculating the 35 percent figure for conditional licenses, the figure would include any conditional license issued to an applicant that was subsequently replaced with a full, annual license (which process is further detailed below).

Additionally, at least 10 percent of the total licenses issued for each license class, and at least 25 percent of the overall total number of licenses issued would be designated for and only issued to "microbusinesses." A microbusiness is described in the bill as employing no more than 10 employees, and: possessing no more than 1,000 cannabis plants each month, except that a cannabis distributor's possession of cannabis plants for transportation would not be subject to this limit; operating an establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis cultivator, growing on an area no more than 2,500 square feet measured on a horizontal plane and growing above that plane not higher than 24 feet; in the case of a cannabis manufacturer, acquiring and processing no more than 1,000 pounds of usable cannabis each month; in the case of a cannabis wholesaler, acquiring for resale no more than 1,000 pounds

of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month; and in the case of a cannabis retailer, acquiring for retail sale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof, each month. For this microbusiness subset of the six classes of cannabis businesses, 100 percent of the ownership would have to involve New Jersey residents who have resided in the State for at least two years.

The minimum 10 percent per class, and 25 percent overall, of microbusiness-designated licenses issued would include the number of conditional licenses issued for each class, as these two categories are not considered mutually exclusive of one another.

The commission would require that an applicant for licensure, other than an applicant seeking to operate a microbusiness of any class or seeking a conditional license, submit an attestation signed by a bona fide labor organization stating that the applicant entered into a labor peace agreement with such bona fide organization. The maintenance of an agreement would be an ongoing material condition of a full, annual license, unless the business was a microbusiness. Submission of proof of an agreement from an applicant originally issued a conditional license would be a requirement for final approval granting full licensure. As an additional labor requirement, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of a cannabis business would result in the suspension or revocation of a license.

Any applicant for a license or conditional license would have to provide proof for each person with any investment interest as being 21 years of age or older, and each of the following persons associated with the cannabis business for which licensure is sought would be subject to a criminal history record background check: any owner, other than an owner who holds less than a five percent investment interest or who is a member of a group that holds less than a 20 percent investment interest, and who has no authority for making controlling business decisions; any director; any officer; and any employee. With respect to qualification or disqualification for licensure based on the background check, the commission would be prohibited from considering any convictions for an offense that occurred prior to the bill's effective date involving the manufacturing, distribution or possession with intent to distribute, less than five pounds of marijuana or less than one pound of hashish, or simple possession of any amount of marijuana or hashish, whether convicted under the laws of this or another state, or under federal law, or any other prior conviction, unless less than five years have passed since convicted, or since completing probation, parole, or a term of imprisonment, and the conviction involved fraud, deceit, embezzlement, employing a minor in a drug distribution scheme, or

some other conviction “substantially related to the qualifications, functions, or duties for which the license is required,” as determined by the commission. Such a conviction would not be an automatic disqualifier, as the commission would still have the authority to issue a license or conditional license to an applicant which included a person with a “substantially related” conviction, after examining the nature of the offense associated with the conviction, the circumstances at the time of committing the offense, and evidence of rehabilitation since conviction.

With respect to the application for a full license, the commission would complete its review for license approval or denial within 90 days of the submission of the application, unless the commission determined that more time is required. If approved, a license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to the applicant’s business operations. An issued license would expire after one year, but could be renewed following submission of a new application, in which the applicant would detail aspects of the cannabis licensee’s operations and on-going compliance measures as part of the renewal process.

With respect to the application for a conditional license, the commission would complete an expedited review for approval or denial within 30 days, unless the commission determined that more time is required. If approved, a conditional license would be issued by the commission not later than 30 days after it gave notice of the approval, unless the applicant was subsequently found to not be in compliance with relevant regulations or local regulating ordinances applicable to conditionally licensed operations. The applicant would not need to be in compliance with every aspect of the regulatory requirements expected for full licensure in order to obtain a conditional license, but would need to provide sufficient plans for actions to be taken to eventually achieve compliance for full licensure. During a 120-day period following issuance of the conditional license, which period could be extended for an additional period of up to 45 days at the discretion of the commission, if it determined that the conditional licensee was in compliance with all plans and other measures necessary to achieve full licensure, it would replace the conditional license with a full, annual license, dated to expire one year from its date of issuance and which could be subsequently renewed; if the conditional licensee was not in compliance as needed for full licensure, the conditional license would automatically expire at the end of the 120-day (or extended) review period.

Additionally, the bill would create a license for cannabis testing facilities, which could test samples of both personal use cannabis and medical cannabis products for compliance with health, safety, and potency standards. The above described licensing efforts developed

by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development designed to promote the formulation and participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities would apply to the licensing of testing facilities. The bill would also permit laboratories newly licensed to test batches of medical cannabis products pursuant to section 25 of P.L.2019, c.153 (C.24:6I-18) to also test personal use cannabis products. Any existing laboratory licensed only to test batches of medical cannabis products would be authorized to test personal use cannabis products under an existing license, if the laboratory certifies to the commission that its facility, and the condition and calibration of any equipment used for testing, meet the commission's new accreditation requirements for licensure as a personal use cannabis testing facility.

Finally, concerning any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or issued a permit after the effective date of that enactment pursuant to an application submitted based on a request for applications published in the New Jersey Register prior to that effective date, or issued a permit after that effective date pursuant to an application submitted prior to that date, any such center would be permitted to cultivate from up to two physical locations, provided that the alternative treatment center's combined mature cannabis plant grow canopy between both locations not exceed 150,000 square feet of bloom space or the square footage of canopy permitted under the largest tier in the tiered system for grow canopies adopted by the commission pursuant to the bill.

Certification of Cannabis Handlers

In addition to the above described licensing requirements, any individual who performed work for or on behalf of any class of licensee (or conditional licensee) would need to have a valid certification issued by the commission, in order to participate in: the possession, securing, or selling of cannabis items at the licensed premises; the recording of the possession, securing, or selling of cannabis items at that premises; or the transportation of cannabis items to and from licensed establishments, or residential delivery of cannabis items and related supplies to a retail consumer. The commission could require that anyone applying for a handler certification successfully complete a one-time course which provides training on checking identification, detecting intoxication, the proper handling of cannabis items, and statutory and regulatory provisions relating to cannabis. A person seeking a certification would also be subject to a criminal history record background check, and subject to the same potential disqualifying standards as applicable to applicants for licenses.

An individual with a valid certification as a personal use cannabis handler would be permitted to also simultaneously have a valid

certification as a medical cannabis handler issued under section 27 of P.L.2019, c.153 (C.24:6I-20) so that the individual could additionally perform work for or on behalf of entities issued medical cannabis permits or licenses.

Transition to Full Legal Market for Cannabis Items

Within 180 days after the bill is signed into law, or within 45 days of all five members of the commission being duly appointed in accordance with the appointment process set forth in paragraph (2) of subsection b. of section 31 of P.L.2019, c.153 (C.24:6I-24), whichever date is later (at present the initial appoint process is not complete), and after consultation with the Attorney General, State Treasurer, Commissioner of Health, and Commissioner of Banking and Insurance, the commission would, upon filing proper notice with the Office of Administrative Law, and notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), immediately adopt rules and regulations it prepared that are necessary and proper to enable it to carry out the commission’s duties, functions, and powers with respect to activities associated with the personal use of cannabis. These initial rules and regulations would be in effect for a period not to exceed one year after the date of filing, and thereafter be adopted, amended, or readopted, and any subsequent rules and regulations adopted, amended, or readopted, in accordance with the “Administrative Procedure Act.”

The commission would begin accepting and processing applications for licenses and conditional licenses within 30 days after the commission’s initial rules and regulations have been adopted. Also, at the time of initial adoption, provisions of the bill concerning the lawful operations of licensed cannabis cultivators, manufacturers, wholesalers, distributors, retailers, and delivery services would become operative to permit those cannabis businesses issued licenses by the commission to commence work in growing, cultivating, manufacturing, packaging, and transporting cannabis and cannabis items for future retail sales, which would not yet be authorized by licensed cannabis retailers.

Also becoming operative at this time would be provisions which would deem the following medical cannabis alternative treatment centers to either concurrently hold a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license (and any of their satellite dispensaries would also be deemed to hold a Class 5 retailer license), and a Class 6 Cannabis Delivery license, or alternatively to hold only a Class 3 Cannabis Wholesaler license:

- any alternative treatment center that was issued a permit prior to the effective date of the 2019 medical cannabis reform and expansion by P.L.2019, c.153 (C.24:6I-5.1 et al.), or any alternative treatment center that was issued a permit subsequent to that act’s

effective date pursuant to an application submitted prior to that effective date;

- the one alternative treatment center, out of four, issued a permit pursuant to an application submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) based on a request for applications published in the New Jersey Register prior to that effective date, that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit; and

- the one other alternative treatment center, out of three, issued a permit pursuant to an application submitted on or after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that is expressly exempt, pursuant to subsection a. of section 11 of P.L.2019, c.153 (C.24:6I-7.1), from statutory provisions prohibiting the holding of concurrent medical cannabis permits, and this other alternative treatment center was deemed pursuant to section 7 of P.L.2009, c.307 (C.24:6I-7) to concurrently hold more than one such permit.

However, any such alternative treatment center deemed to have cannabis licenses, directly or through a satellite dispensary, could not engage in any preparatory work to incorporate personal use cannabis items into its operations, and thus simultaneously function as personal use cannabis businesses, until it submitted written approval to the commission to operate as one or more classes of a cannabis business, received from the municipality in which the business is to be located based on a determination that it's proposed operations comply with the municipality's restrictions on time, location, manner, and allowable number of cannabis businesses, as established in accordance with the bill and further discussed below. Additionally, the commission would only issue actual licenses of the appropriate class so that new personal use activities could begin following a review of the alternative treatment center's operations to confirm that the alternative treatment center has sufficient quantities of medical cannabis and, if applicable, medical cannabis products available to meet the reasonably anticipated need of registered qualifying patients.

Notwithstanding the date determined by the commission to be the first date on which cannabis retailers issued licenses and conditional licenses begin retail sales of personal use cannabis items, discussed below, an alternate treatment center with a locally approved Class 5 Retailer license that is determined by the commission to have sufficient quantities of medical cannabis products to meet patient needs could begin to engage in the retail sale of cannabis items on any date after the date that the commission adopts its initial rules and

regulations, and these could be legally consumed by persons 21 years of age or older.

Prior to and during this transition phase leading up to eventual retail sales of cannabis items, every municipality would have the option to authorize and regulate the times of operation, place, manner, and number of licensed cannabis businesses operating within its jurisdiction, in a manner consistent with the bill's regulation of such businesses. Alternatively, but only during a 180-day period following the bill's enactment, a municipality could enact an ordinance to prohibit such operations by any one or more classes of business, other than business operations by a cannabis delivery service making deliveries to consumers. Only an ordinance to prohibit operations by one or more license classes enacted pursuant to the specific authority to do so by the bill would be valid and enforceable; any ordinance enacted prior to the bill's effective date addressing the issue of prohibition within the jurisdiction of a municipality would be null and void, and that municipality could only prohibit the operation of one or more classes of cannabis business by enactment of a new ordinance in accordance with the bill's provisions.

The failure of a municipality to timely enact an ordinance prohibiting such operations would result in any class of cannabis business that is not prohibited from operating within the local jurisdiction as being permitted to operate therein for a period of five years as follows: the growing, cultivating, manufacturing, and selling and reselling, and transporting of cannabis and cannabis items by a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, or cannabis distributor would be permitted uses in all industrial zones of the municipality; and the selling of cannabis items to consumers from a retail store by a cannabis retailer would be a conditional use in all commercial zones or retail zones, subject to meeting the conditions set forth in any applicable zoning ordinance or receiving a variance from one or more of those conditions in accordance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.). At the end of any five-year period following a failure to enact a local ordinance, the municipality could revisit the issue of prohibition, but any ordinance would be prospective only and not apply to any cannabis business already operating within the local jurisdiction subject to the ordinance.

If a municipality allowed the operation of cannabis businesses, a copy of each license application submitted to the commission for a business to be located within that local jurisdiction would be provided to the municipality, which in turn would inform the commission whether the application complies with its local regulatory scheme, and the local review could be the basis for a denial of an application if it is not in compliance.

Lastly, during the transition phrase when applications are being processed and licensed cannabis businesses starting operations or medical alternative treatment centers starting preparatory work or

actually incorporating personal use cannabis items into their operations, the commission would determine the first date on which cannabis retailers issued licenses and conditional licenses may begin retail sales of personal use cannabis items. This date would be no more than 180 days after the adoption of the commission's initial rules and regulations, and the commission would provide at least 30 days' notice of the date to every licensed cannabis establishment and alternative treatment center deemed to be a licensed cannabis establishment, even if that center was already engaging in retail sales. On that date and thereafter, legal retail sales and consumption of personal use cannabis items sold by all licensed cannabis retailers would begin.

Once retail sales by licensed cannabis retailers have begun, there would be a limitation, for a period of 24 months, on the number and classes of licenses any one licensee could hold. During this time, the bill would not permit a licensed cultivator, manufacturer, wholesaler, distributor, or delivery service to also be a licensed retailer, and vice versa, plus a cultivator or manufacturer could only concurrently hold two licenses (either another cultivator or manufacturer license), and a wholesaler would be limited to just the one wholesaler license; these restrictions would not apply to a medical alternative treatment center deemed to concurrently possess one of each type of cannabis license class as described above.

Following the 24-month period, a license holder could hold:

- a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 5 Cannabis Retailer license, and a Class 6 Delivery license concurrently, provided that no license holder would be authorized to concurrently hold more than one license of each class, except for an alternative treatment center that was deemed, during the 24-month period, to have an additional Class 5 Cannabis Retailer license for each satellite dispensary as described above; or
- a Class 3 Cannabis Wholesaler license; in no case could a holder of a Class 3 Cannabis Wholesaler license concurrently hold a license of any other class.

Concerning the above described alternative treatment centers deemed from the onset to hold cannabis licenses and actually issued licenses based upon local approval, after a period no greater than one year from the date that retail sales by licensed cannabis retailers have begun, all such centers, in order to continue their operations concerning personal use cannabis, would be required to submit to the commission a certification, prior to the date that a cannabis license was set to expire, as to the continued material accuracy of their previously approved medical permit application in accordance with the "Jake Honig Compassionate Use Medical Cannabis Act," and their compliance with the provisions of this bill as required by the commission. The certification would also need to be supported by a

new written approval from the municipality in which it operates in order for the commission to renew a license for continued personal use business activities.

Cannabis Consumption Areas

A licensed cannabis retailer, medical cannabis dispensary or clinical registrant properly permitted, or an alternative treatment center that has a permit to dispense medical cannabis pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act,” may apply to the commission seeking an endorsement to operate a cannabis consumption area at which the on-premises consumption of personal use or medical cannabis could occur. Along with the commission’s endorsement, the municipality in which the consumption area would operate would also review the application and have to provide a local endorsement.

An endorsed cannabis retailer could only allow the consumption of personal use cannabis at its consumption area. Any other endorsed party involved in the medical cannabis marketplace could only allow the consumption of medical cannabis at its consumption area, unless it was also deemed during the transition period to the legal cannabis market (see above) to have one or more Class 5 Cannabis Retailer licenses and was actually issued such a license or licenses, or had otherwise been issued such a license by the commission, in which case both personal use and medical cannabis could be consumed.

An on-premises consumption area could either be indoors or outdoors. An indoor consumption area would be a structurally enclosed area within a cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center that is separated by solid walls or windows from the area in which retail sales of cannabis, or retail sales along with the dispensing of medical cannabis occurs, would only be accessible through an interior door after first entering the facility, and, in the case of a personal use consumption area, would need to comply with all ventilation requirements applicable to cigar lounges under the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.); the smoking of medical cannabis would not be permitted in an indoor consumption area. An outdoor consumption area would be an exterior structure on the same premises as the cannabis retailer, medical cannabis dispensary, clinical registrant facility, or alternative treatment center, that is either separate from or connected to the facility and that is not required to be completely enclosed, but would need to have enough walls, fences, or other barriers to prevent any view of persons consuming personal use cannabis items or medical cannabis from any sidewalk or other pedestrian or non-motorist right-of-way; and with respect to any consumption by smoking, vaping, or aerosolizing at an outdoor area, the facility would need to ensure that any such activity does not result in migration, seepage, or recirculation of smoke or other exhaled material to any indoor public place or workplace.

Business Treatment of Cannabis Licensees

Concerning the business treatment of any licensee:

A financial institution, as defined by section 2 of P.L.1983, c.466 (C.17:16K-2), would not be permitted to engage in any discriminatory activities with respect to the banking activities of a cannabis business, or the banking activities of a person associated with a cannabis business. Any such activities could result in the suspension or revocation of a financial institution's charter or other available enforcement action by the Commissioner of Banking and Insurance. Additionally,

(1) A cannabis cultivator would be prohibited from operating or being located on any land that is valued, assessed, or taxed as an agricultural or horticultural use pursuant to the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.);

(2) A person or entity issued any class of license to operate a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect;

(3) The issuance of a license to operate as any class of cannabis business to a person or entity that has been awarded a State or local economic incentive would invalidate the right of the person or entity to benefit from the economic incentive as of the date of issuance of the license;

(4) A property owner, developer, or operator of a project to be used, in whole or in part, as a cannabis business would not be eligible for a State or local economic incentive during the period of time that the economic incentive is in effect; and

(5) The issuance of a license to operate as any class of cannabis business at a location that is the subject of a State or local economic incentive would invalidate the right of a property owner, developer, or operator to benefit from the economic incentive as of the date of issuance of the license.

New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

All license fees and licensee penalties would be deposited into a new fund, referred to as the "Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund." This fund would also receive deposits from the tax revenues collected on medical cannabis transactions pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L.2009, c.307 (C.24:6I-1 et al.), as well as tax revenues on personal use cannabis retail sales, which tax is mandated by paragraph 13 of Section VII of Article IV of the New Jersey Constitution legalizing and permitting the State's regulation of cannabis. Monies in this fund would be appropriated by the Legislature annually as follows:

- at least 70 percent would be appropriated for investments, including through grants, loans, reimbursements of expenses, and

other financial assistance, in municipalities described above that would be designated as an “impact zone,” as well as provide direct financial assistance to qualifying persons residing therein; and

· the remainder of the monies in the fund would be appropriated to include: paying for the operational costs of the commission; reimbursing expenses incurred by any county or municipality, or by the Division of State Police, for the training costs associated with the attendance and participation of a police officer or trooper in a Drug Recognition Expert program for detecting, identifying, and apprehending drug-impaired motor vehicle operators; and further investments in “impact zone” municipalities.

Any of the monies appropriated for “impact zone” municipalities that come from the initial dedication of at least 70 percent of monies in the fund would be offset by any revenue constitutionally dedicated to “impact zone” municipalities, should such a constitutional amendment be passed by the public.

Optional Social Equity Excise Fee on Cultivation Activities

The bill would establish an optional Social Equity Excise Fee that could be imposed by the commission on personal use cultivation activities by licensed cannabis cultivators, including those alternative treatment centers deemed to be, and actually issued, cultivation licenses; medical cannabis cultivation activities would not be subject to the excise fee. If imposed, the fee would apply to cultivator sales or transfers of usable cannabis to other cannabis businesses, other than another cultivator, and would initially be 1/3 of 1 percent of the Statewide average retail price of an ounce of usable cannabis for consumer purchase. Beginning nine months following the first sale or transfer of usable cannabis subject to the excise fee by a cultivator that is not also an alternative treatment center, the fee could be adjusted by the commission annually as follows:

- up to \$10 per ounce, if the average retail price of an ounce of usable cannabis is \$350 or more;
- up to \$30 per ounce, if the average retail price of an ounce of usable cannabis is less than \$350 but at least \$250;
- up to \$40 per ounce, if the average retail price of an ounce of usable cannabis is less than \$250 but at least \$200; and
- up to \$60 per ounce, if the average retail price of an ounce of usable cannabis is less than \$200.

Any revenues generated by the excise fee would be deposited in the aforementioned “Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund,” and specifically designated for annual appropriations by the Legislature, separately from the other monies appropriated as described above, following the commission’s consultation with the Governor and Legislature. These appropriations would invest, through grants, loans, reimbursements of expenses, and other financial assistance in for-profit and non-profit organizations,

public entities, as well as direct financial assistance to individuals, in order to create, expand, or promote educational and economic opportunities and activities, and the health and well-being of both communities and individuals. If the excise fee was not imposed or adjusted as previously described, then appropriations would be made from the General Fund for such purposes in an amount equal to the revenues that would have been collected had it been imposed or adjusted.

Optional Municipal-Level Taxation

The bill would also permit any municipality to adopt an ordinance that authorized a local transfer tax. This transfer tax could be imposed on sales that occur within the municipality: between a cannabis business that holds a cultivator, manufacturer, wholesaler, or retail cannabis license and another such licensed cannabis business; between cannabis retailers and customers; or any combination thereof. This local tax could not be imposed on transfers involving distributors for purposes of the bulk transportation of cannabis items, or delivery services for purposes of delivering cannabis items to consumers. The municipality would have discretion to set the rate or rates of the transfer tax, but a rate could not exceed: two percent of the receipts from each sale by a cannabis cultivator; two percent of the receipts from each sale by a cannabis manufacturer; one percent of the receipts from each sale by a cannabis wholesaler; and two percent of the receipts from each sale by a cannabis retailer. This tax, if imposed, would be applied in the form of an equivalent user tax on non-sale transactions between cannabis businesses operated by the same license holder. The local transfer tax or user tax would be collected by cannabis businesses and forwarded to the chief financial officer of the municipality for use by that municipality.

Legalized and Prohibited Activities Concerning Personal Use Cannabis Items

Once the provisions for the lawful personal use of cannabis items become operative and retail sales of cannabis items have begun, the following acts would not be an offense under the “New Jersey Code of Criminal Justice,” Title 2C of the New Jersey Statutes, for a person 21 years of age or older:

(1) Possessing, purchasing, or transporting: cannabis paraphernalia; one ounce or less of usable cannabis; the equivalent of one ounce or less of usable cannabis as a cannabis product in solid, liquid, or concentrate form, based upon an equivalency calculation for different product forms set by the commission in its regulations; or five grams or less of cannabis resin;

(2) Transferring any cannabis item in any amount described above to another person 21 years of age or older, so long as the transfer is for non-promotional, non-business purposes; and

(3) Taking delivery of or consuming any lawfully acquired cannabis item, provided that nothing in the bill is intended to permit a

person to smoke, vape, aerosolize a cannabis item in a public place, other than a designated consumption area as detailed above.

A person possessing, purchasing, transporting, or transferring to another at any one time any cannabis item in an amount greater than as permitted would generally be considered a violation of the “Comprehensive Drug Reform Act of 1987,” P.L.1987, c.106 (N.J.S.2C:35-1 et al.), and would subject the person to a prosecution as if the person possessed, purchased, transported, or transferred illegal marijuana or hashish in violation of that act.

With respect to consumption, the smoking, vaping, or aerosolizing of a cannabis item would be prohibited in any place pursuant to law that prohibits the smoking of tobacco, including the “New Jersey Smoke-Free Air Act,” P.L.2005, c.383 (C.26:3D-55 et seq.), as well as any “indoor public place” as defined in that act (even if such a place is otherwise permitted to allow the smoking of tobacco), except that smoking, vaping, or aerosolizing would be permitted in a designated consumption area or in up to 20 percent of the guest rooms of a hotel, motel, or other lodging establishment as permitted by the person or entity that owns or controls that establishment. The smoking, vaping, or aerosolizing of cannabis items could also be prohibited or otherwise regulated in private multifamily housing, as decided by the person or entity that owns or controls the housing, in the structure or specific units within the structure of a cooperative by the corporation of other legal entity that owns the structure, and in the units of a condominium, if approved by its association and a majority of all of the unit owners. Any fines or civil penalties that could be assessed for the smoking of tobacco where prohibited under the “New Jersey Smoke-Free Air Act” would be applicable to the smoking, vaping, or aerosolizing of cannabis where prohibited under this bill, other than smoking, vaping, or aerosolizing on elementary or secondary school property, which would be classified as a disorderly persons offense (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both).

As to consumption other than by smoking, vaping, or aerosolizing: a person or entity that owns or controls a property, except for multifamily housing, the structure or specific units of the structure of a cooperative, a unit of a condominium, or a site in a mobile home park on which a manufactured home is located, could prohibit or otherwise regulate consumption on or in that property; and a municipality would be empowered to enact an ordinance making it unlawful for any person 21 years of age or older to consume any cannabis item in a public place, other than school property (which would be punishable as a disorderly persons offense), and the ordinance could provide for a civil penalty of up to \$200 per violation. The bill would also prohibit consumption in any area of any building of, on the grounds of, or in any facility owned, leased, or controlled by, any public or private institution of higher education or a related entity thereof, regardless of whether the area or facility is an indoor place or outdoors, and the

penalty provisions of the “New Jersey Smoke-Free Air Act” would be applicable for a violation.

Mere possession of a cannabis item (in addition to consuming such item) on elementary or secondary school property by a person of legal age to purchase such item would be a disorderly persons offense, as is the case currently with respect to the unauthorized possession of alcohol on such property (punishable by imprisonment for up to six months, a fine of up to \$1,000, or both). Additionally, similar to the statutory law’s treatment of the possession of an “open container” of alcohol, or consumption of alcohol, while operating a motor vehicle, the bill would amend relevant laws in Title 39 of the Revised Statutes to make it a motor vehicle offense for the motor vehicle operator to possess an “open container” or “open package” of a cannabis item. A first offense would be subject to a fine of \$200, and a subsequent offense would be subject to a fine of \$250 or alternatively imposition of a period of community service, the same penalties applied to violations involving an alcoholic beverage. Passengers in motor vehicles would be permitted to possess and consume cannabis items, other than such items intended for smoking, vaping, or aerosolizing.

Regarding the possession or consumption of a cannabis item by a person under the legal age to purchase cannabis, the bill expands the current laws addressing underage possession or consumption of alcoholic beverages to include cannabis items, however consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy, a fine associated with a violation would not apply to a delinquent offender (under 18 years of age):

-for possession, in a public place, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a petty disorderly persons offense, subject to a fine of not less than \$250;

-for possession, on private property, of an amount that may be lawfully possessed by a person of legal age to purchase cannabis items, a first offense would be a civil penalty of \$100, and a second offense would be a civil penalty of \$200; a third or subsequent offense would be a municipal fine of \$350, which is the same as a subsequent offense for possession of an alcoholic beverage on private property; for possession, on private property, of an amount of cannabis items that exceeds what may be lawfully possessed, or consumption on private property, a first offense would be a municipal fine of \$250, and a second or subsequent offense would be a municipal fine of \$350 (the same penalties as applicable to possession or consumption of an alcoholic beverage).

Finally, it would also be unlawful, generally punishable as a \$50 civil penalty, for an underage person to present a false identification in order to enter a cannabis establishment or obtain cannabis items; this

would differ than using a false identification with respect to alcoholic beverages, which is expressly noted in State law as not constituting an offense and therefore carries with it no statutory punishment.

Consumer and Employee Protections, and Employer Workplace Policies

Individuals (and licensed cannabis businesses) would not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including but not limited to civil liability or disciplinary action by a business, occupational, or professional licensing board or bureau, solely for engaging in conduct with respect to personal use cannabis activities as permitted under the bill. Additionally, the presence of cannabinoid metabolites in the bodily fluids of a person engaged in such permitted conduct:

- with respect to a student, tenant, or employee, other than as discussed below concerning employer actions and policies, could not form the basis for refusal to enroll or employ or lease to or otherwise penalize that person, unless failing to do so would put the school, employer, or landlord in violation of a federal contract or cause it to lose federal funding;

- with respect to a patient, could not constitute the use of an illicit substance resulting in denial of medical care, including organ transplant, and a patient's use of cannabis items may only be considered with respect to evidence-based clinical criteria; and

- with respect to a parent or legal guardian of a child or newborn infant, or a pregnant woman, could not form the sole or primary basis for any action or proceeding by the Division of Child Protection and Permanency, or any successor agencies; provided, however, that nothing would preclude any action or proceeding by the division based on harm or risk of harm to a child or the use of information on the presence of cannabinoid metabolites in the bodily fluids of any person in any action or proceeding.

An employer would not be permitted to refuse to hire or employ a person, or discharge or take any adverse action against an employee because that person or employee does or does not use cannabis items; however, an employer could require an employee to undergo a drug test upon any suspicion of an employee's usage of a cannabis item while engaged in the performance of the employee's work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer, as well as conduct a random drug test, and the employer could utilize the results of that drug test when determining the appropriate employment action concerning the employee. Additionally, nothing in the bill would require an employer to amend, repeal, or otherwise affect an employer's policy and efforts to maintain a drug- and alcohol-free workplace, or require an employer to permit or accommodate any personal use cannabis activities in the workplace.

The bill, to better ensure the above described protections for prospective employees and employees, as well as simultaneously support the authority of employers to require employee drug tests, the commission, in consultation with the Police Training Commission, would prescribe standards, minimum curriculum courses of study, and the approval of private programs, organizations, and schools and their instructors to offer courses of study, for full- or part-time employees, or other contracted persons, to become certified as Workplace Impairment Recognition Experts. These certified persons would be trained to detect and identify an employee's use of cannabis items or other intoxicating substances, and assist in the investigation of workplace accidents.

Law Enforcement Drug Recognition Experts

The bill would also codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators. The new standards and course curricula would be offered by schools approved by the Police Training Commission, and the training commission would consult with the Cannabis Regulatory Commission with respect to aspects of the course curricula that focus on impairment from the use of cannabis items or marijuana. Any police officer certified and recognized by the Police Training Commission as a Drug Recognition Expert prior to the effective date of the bill would continue to be recognized as certified until that certification has expired or was no longer considered valid as determined by that commission, or the certification was replaced with a new certification in accordance with the new standards and course curricula for certification set forth in the bill.

De-scheduling Marijuana as a Schedule I Controlled Dangerous Substance

On and after the effective date of the bill, marijuana would no longer be included as a Schedule I controlled dangerous substance, which are substances considered to have a high potential for abuse and no accepted medical use, as described in the "New Jersey Controlled Dangerous Substances Act," P.L.1970, c.226 (C.24:21-1 et al.). The bill also expressly states that marijuana may not be designated or rescheduled and included in any other schedule by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety pursuant to the director's designation and rescheduling authority set forth in section 3 of P.L.1970, c.226 (C.24:21-3).

No Forfeiture or Postponement of Driving Privileges for Certain Marijuana and Hashish Offenses

As part of a court sentence or adjudication of delinquency imposed after the bill's effective date, a person would not be subject to a forfeiture or postponement of the person's driving privileges based on

a conviction or finding of delinquency for any of the following offenses:

- unlawful distribution of, or possessing or having under control with intent to distribute, less than five pounds of marijuana, or less than one pound of hashish, in violation of paragraph (11) or (12) of subsection b. of N.J.S.2C:35-5, or a violation of either of those paragraphs and a violation of subsection a. of section 1 of P.L.1987, c.101 (C.2C:35-7) or subsection a. of section 1 of P.L.1997, c.327 (C.2C:35-7.1), for distributing, or possessing or having under control with intent to distribute, on or within 1,000 feet of any school property, or on or within 500 feet of the real property comprising a public housing facility, public park, or public building;

- obtaining, possessing, using, being under the influence of, or failing to make lawful disposition of any amount of marijuana or hashish in violation of paragraph (3) or (4) of subsection a., subsection b., or subsection c. of N.J.S.2C:35-10; or

- a violation involving any of the aforementioned offenses and using or possessing with intent to use drug paraphernalia with that marijuana or hashish in violation of N.J.S.2C:36-2.

Reporting Requirements by the Commission

Lastly, the commission would annually report to the Governor and Legislature regarding the commission's regulation and enforcement activities associated with the personal use of cannabis pursuant to the bill (and the medical use of cannabis pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act"). The annual report would include information on: the number of criminal arrests or charges for small amount marijuana or hashish possession or distribution, cataloged by the jurisdictions in which the acts resulting in the citations, arrests, or charges occurred, and the race, ethnicity, gender, and age of the persons cited, arrested, or charged; the number of motor vehicle stops by law enforcement, cataloged in the same manner; the total number of personal use cannabis licenses issued since the distribution of the previous report to the Governor and Legislature, as well as the number for each class of license issued; the total number and type of applicants that submitted applications for licenses and whether they were approved, reapproved, or denied, plus data compiled by the Office of Minority, Disabled Veterans, and Women Cannabis Business Development about participation in the lawful operation of cannabis businesses by persons from socially and economically disadvantaged communities, as well as minority owned, disabled veterans' owned, and women's owned business development in the personal use cannabis marketplace.

The committee amendments to the bill:

- re-title "cannabis growers" as "cannabis cultivators," as well as "cannabis processors" as "cannabis manufacturers," to better reflect the licensed activities of cultivating and producing cannabis, and

manufacturing of cannabis products and resins undertaken by each license class, respectively, and to more closely match the corresponding medical cultivator and manufacturer permit classes set forth in the “Jake Honig Compassionate Use Medical Cannabis Act,” P.L.2009, c.307 (C.24:6I-1 et seq.);

- modify the definition of “produce” and include a new definition of “manufacture” to replace “process,” as well as update references throughout the bill, to more precisely differentiate between the growing, cultivation, and harvesting of cannabis by cannabis cultivators and the operations of cannabis manufacturers in creating cannabis products and resins;

- add a definition and include appropriate references throughout the bill for “usable cannabis,” which is the dried leaves and flowers of the female cannabis plant, and may be sold or transferred to other licensed cannabis businesses and converted into cannabis products or resins; this would also be used to determine the lawful amount which could be possessed under the bill in its dried form or equivalent as a cannabis product in solid, liquid, or concentrate form;

- update the definition and references throughout the bill concerning a “cannabis delivery service,” to clarify that such service would be licensed to make deliveries of cannabis items and related supplies based on consumer orders fulfilled by cannabis retailers, and includes the ability of a consumer to make a purchase directly through the delivery service, which after being presented to the retailer for fulfillment, is then delivered to the consumer by the delivery service;

- revise the definition and references throughout the bill regarding a “cannabis retailer,” to correspond to the above described change to the licensed activities of a cannabis delivery service so that a retailer would accept consumer purchases for fulfillment that are presented by a cannabis delivery service;

- clarify the types of alternative treatment centers that have already been issued permits pursuant to the “Jake Honig Compassionate Use Medical Cannabis Act” that would be permitted to cultivate cannabis from up to two physical locations, as described in the statement above;

- update the application process, for both medical permits and personal use licenses, to give priority to applicants that are parties to collective bargaining agreements with bona fide labor organizations, or with signed project labor agreements with bona fide labor organizations for projects to be associated with applicants following their licensure;

- create more flexibility for the application process by better clarifying those provisions which are applicable to applicants for every license class and those which would only be relevant to certain classes and therefore need not be addressed by all applicants;

- establish authority for the commission to establish a separate point system for reviewing and ranking applicants for a microbusiness license, just as it may do for an applicant for a conditional license;

- modify the application scoring system to be used by the commission to rank applications for licenses by eliminating as a criteria for additional points that an applicant can demonstrate having a school of medicine or osteopathic medicine involved in its governance structure;

- modify the criteria to determine which municipalities would be designated as “impact zones” for purposes of prioritizing the licensing of cannabis businesses in such municipalities or the licensing of their residents to operate cannabis businesses, so that the relevant criteria would be based upon data for calendar year 2019;

- increase the timeframe, from within seven days of receipt to within 14 days of receipt, for when the commission is required to forward a copy of an application to the municipality in which the applicant intends to operate a cannabis business so that it may conduct its local review for approval;

- require that applications for license renewal be filed with the commission no later than 90 days prior to the expiration of an existing license;

- provide that at the time of license renewal, a cannabis cultivator’s grow canopy may increase or decrease under the tiered system for grow canopies adopted by the commission as authorized under the bill;

- expressly permit an individual who has a valid certification as a personal use cannabis handler to also simultaneously have a valid certification as a medical cannabis handler to order to work for or on behalf of entities issued medical cannabis permits as well as entities licensed for personal use cannabis activities;

- alter the process by which the commission would issue a cannabis business license to any medical cannabis alternative treatment center in order for it to engage in personal use cannabis activities after being deemed for license approval under the bill, by requiring the commission first review whether the alternative treatment center has sufficient quantities of medical cannabis supplies to meet the reasonably anticipated needs of patients before a license is issued; this approval process would no longer be triggered by any municipal approval of an alternative treatment center’s quantities of supplies, as required under the bill as introduced;

- expand the timeframe of the initial marketplace transition, from 18 months to 24 months, during which certain licensing restrictions are in place with respect to the types of business licenses that can be concurrently held;

- eliminate the cap on cultivation licenses that may be issued during the 24-month transition period, which was set 28 licenses in the bill as introduced;

- devise a formula for appropriating monies in the “Cannabis Regulatory, Enforcement Assistance, and Marketplace Fund,” other than monies based on the Social Equity Excise Fee, so that at least 70 percent of those monies were appropriated for investments in “impact

zone” municipalities, and the remaining monies for funding cannabis regulatory operations, paying training costs for law enforcement Drug Recognition Experts, and further investments in “impact zone” municipalities;

- provide for an offset of monies to be appropriated based upon at least 70 percent of available monies in the fund going to investments in “impact zone” municipalities, should a constitutional amendment be approved that would dedicate revenues to such municipalities;

- provide the commission with the optional authority to impose a Social Equity Excise Fee on the cultivation of cannabis by any cannabis cultivator based on that cultivator’s sale or transfer of usable cannabis to another cannabis business, other than another cultivator;

- establish a process for the commission to make recommendations to the Governor and Legislature for making social equity appropriations to support educational and economic opportunities, and the health of both communities and individuals, based upon any amount of revenues collected for the equity fee to be appropriated, or, to make appropriations from the General Fund of an equivalent amount that would have been collected if the commission has not imposed the fee, or adjusted the fee amount, as described in the statement above;

- expand the acceptable forms of government identification which may be used to enter a cannabis business, and in particular purchase cannabis items at a cannabis retailer, to include other country’s passports or government-issued documentation for international travel, as well as driver’s licenses or other identification cards issued by territories or possessions of the United States, or the District of Columbia;

- include housing cooperatives among the types of multi-dwelling properties at which the smoking, vaping, or aerosolizing of cannabis items may be prohibited or regulated, but not the consumption of cannabis items by other means;

- clarify the balance between a general protection for a person to not have an employer refuse to hire or employ, or take any adverse employment action against the person, because the person does or does not use cannabis items, with an employer’s authority to require an employee undergo a drug test “upon any suspicion of an employee’s usage of a cannabis item while engaged in the performance of the employee’s work responsibilities, or upon finding any observable signs of intoxication related to usage of a cannabis item, or following a work-related accident subject to investigation by the employer,” or undergo a random drug test, which the employer may utilize the results of when determining appropriate employment action concerning the employee;

- require the commission to create standards and a certification process for a Workplace Impairment Recognition Expert, to be issued to full- or part-time employees, or other contracted persons to perform

work on behalf of an employer, which demonstrates education and training in detecting and identifying an employee's usage of, or impairment from, a cannabis item or other intoxicating substance, or for assisting in workplace accident investigations;

- codify and expand elements of the existing law enforcement certification process for police officers and others to become a Drug Recognition Expert in order to detect, identify, and apprehend drug-impaired motor vehicle operators, which would additionally involve the Police Training Commission consulting with the Cannabis Regulatory Commission on any aspects of the new certification criteria that focused on impairment from the use of cannabis items or marijuana; existing certified experts would be grandfathered and still be recognized as such under the bill following enactment; and

- eliminate the imposition of fines against any juvenile delinquent offender (under 18 years of age) who violates any provisions of the bill establishing offenses for underage possession or consumption of cannabis items punishable by fine, to be consistent with P.L.2019, c.363 (C.52:17B-171.14 et al.), which broadly eliminated the imposition of fines against juvenile delinquents, and P.L.2020, c.50, which accelerated the implementation of this new policy.

FISCAL IMPACT:

The Office of Legislative Services anticipates that the bill will grow annual State revenues and expenditures. Municipal and county governments, in turn, will experience annual revenue expansions and reductions as well as annual expenditure increases. This analysis does not consider the fiscal effects of the constitutional amendment that voters approved in November 2020 that legalized personal use cannabis generally and addressed the taxation thereof.

State Government Effects: Annual State revenues will rise by an indeterminate amount on account of: 1) application, license, certification and criminal background check fees to be paid by persons seeking to participate in the regulated personal use cannabis marketplace; and 2) penalties and fines to be paid for violations of the numerous regulatory and other provisions of the bill. If the Cannabis Regulatory Commission were to impose the optional Social Equity Excise Fee, the State would receive additional indeterminate annual revenue.

An indeterminate increase in annual State expenditures will result from the regulation and oversight of the personal use cannabis marketplace, the enforcement of the regulations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an "impact zone" in the bill and their qualifying residents.

Local Government Effects: Annual revenues of municipal and county governments will increase by indeterminate amounts from: 1)

municipal application and license fees to be paid by persons seeking to operate regulated personal use cannabis establishments within the jurisdiction of a municipality that elects to regulate and license the establishments; 2) fines to be paid for violations of municipal license requirements and regulations; and 3) State reimbursements paid to municipal and county governments for expenses they incur in providing drug recognition training to their police officers.

The revenue gain will be reduced by an indeterminate loss of annual municipal fine revenue as the bill downgrades the underage possession and consumption of alcoholic beverages from a disorderly persons offense to a petty disorderly persons offense. Municipal courts try both offenses and the municipality in which a case is tried receives any penalty or fine that its municipal court imposes on a defendant.

An indeterminate increase in annual municipal and county government expenditures will result from the optional regulation and oversight of personal use cannabis businesses by municipalities, the enforcement of the municipal regulations and State law pertaining to personal use cannabis, and the provision of drug recognition training to police officers.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 21

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 22, 2020

SUMMARY

- Synopsis:** “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act”; legalizes personal use cannabis for certain adults, subject to State regulation; decriminalizes small amount marijuana and hashish possession; removes marijuana as Schedule I drug.
- Types of Impact:** Annual revenue and expenditure increases and decreases for the State, municipalities, and counties.
- Agencies Affected:** Department of the Treasury; Cannabis Regulatory Commission; Department of Health; Judiciary; Department of Law and Public Safety; Department of Corrections; State Parole Board; Office of the Public Defender; counties; municipalities.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Expenditure Impact	Indeterminate
Annual State Revenue Impact	Indeterminate
Annual Local Expenditure Impact	Indeterminate
Annual Local Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) anticipates that the bill will both raise and lower the annual revenues and expenditures of the State as well as municipal and county governments. However, the OLS lacks sufficient information to quantify the fiscal impacts or future trends in marijuana sales. The numerous fiscal impacts are itemized below.

BILL DESCRIPTION

This bill regulates activities associated with the lawful personal use of products that contain useable cannabis or cannabis resin by persons 21 years of age or older. This would be achieved through the expansion of the scope and duties of the Cannabis Regulatory Commission.

The bill also decriminalizes several offenses associated with manufacturing, distributing, dispensing, or possessing smaller amounts of unlawful marijuana or hashish. With respect to these offenses, the bill also requires the dismissal of pending charges, the vacating of current entries of guilt or placement in diversionary programs, the vacating of current convictions, as well as the expungement of past charges, arrests, and convictions from official records. In addition, the bill downgrades certain marijuana- and hashish-related offenses.

The bill establishes the “Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Fund” into which are deposited all license fees and penalties collected by the Cannabis Regulatory Commission, existing medical cannabis transaction tax revenues, tax revenues on retail sales of personal use cannabis items, as well as any proceeds from the optional Social Equity Excise Fee the commission may impose on personal use cannabis cultivation activities. Fund balances support commission operations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an “impact zone” in the bill and their qualifying residents.

The Senate Judiciary Committee statement to this bill from December 14, 2020 includes a more detailed discussion of the provisions of the proposed legislation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS anticipates that the bill will both raise and lower the annual revenues and expenditures of the State as well as municipal and county governments by indeterminate amounts. The following analysis does not consider the fiscal effects of the constitutional amendment that voters approved in November 2020 that legalized personal use cannabis generally and addressed the taxation thereof.

State Government Revenue Effects: Annual State revenues will grow on account of: 1) application, license, certification and criminal background check fees to be paid by persons seeking to participate in the regulated personal use cannabis marketplace; and 2) penalties and fines to be paid for violations of the numerous regulatory and other provisions of the bill. If the Cannabis Regulatory Commission were to impose the optional Social Equity Excise Fee, the State would receive additional revenue each year.

The annual revenue gain will be somewhat counterbalanced by an annual State revenue loss arising from the decriminalization and downgrading of certain marijuana- and hashish-related offenses, as collections from court filing fees and penalties will decline.

State Government Expenditure Effects: Annual State expenditures will rise as a result of the regulation and oversight of the personal use cannabis marketplace, the enforcement of the regulations, the reimbursement of municipal and county expenditures for police officers to participate in drug recognition training, and the granting of financial assistance to municipalities defined as an “impact zone” in the bill and their qualifying residents.

The bill will also lower annual State expenditures as fewer marijuana- and hashish-related acts will enter the criminal justice system and other marijuana- and hashish-related delinquencies will be downgraded to lower terms of incarceration.

Further, a one-time State expenditure decrease will arise from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Local Government Revenue Effects: Annual revenues of municipal and county governments will increase from: 1) municipal application and license fees to be paid by persons seeking to operate regulated personal use cannabis establishments within the jurisdiction of a municipality that elects to regulate and license the establishments; 2) fines to be paid for violations of municipal license requirements and regulations; and 3) State reimbursements paid to municipal and county governments for expenses they incur in providing drug recognition training to their police officers.

The revenue gain will be lessened by a loss of annual municipal fine and court filing fee revenue as fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses will be tried in municipal courts and as the bill downgrades the underage possession and consumption of alcoholic beverages from a disorderly persons offense to a petty disorderly persons offense. Municipal courts try both offenses and the municipality in which a case is tried receives any penalty or fine that its municipal court imposes on a defendant.

Local Government Expenditure Effects: Annual municipal and county government expenditures will shrink as county and municipal prosecutor's offices will prosecute fewer marijuana- and hashish-related disorderly persons and petty disorderly persons offenses, municipal courts will try fewer such cases, and fewer defendants will be convicted to county jail terms.

Further, a one-time municipal and county expenditure decrease will accrue from the dismissal of certain pending marijuana- and hashish-related charges and the vacating of certain current convictions for such offenses.

Conversely, annual municipal and county government expenditures will grow related to the optional regulation and oversight of personal use cannabis businesses by municipalities, the enforcement of the municipal regulations and State law pertaining to personal use cannabis, and the provision of drug recognition training to police officers.

Section: Judiciary

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Phil Murphy

Governor Murphy Signs Historic Adult-Use Cannabis Reform Bills Into Law

02/22/2021

TRENTON – Governor Phil Murphy today signed historic adult-use cannabis reform bills into law, legalizing and regulating cannabis use and possession for adults 21 years and older (A21 – “The New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act”) and decriminalizing marijuana and hashish possession (A1897). The Governor also signed S3454, clarifying marijuana and cannabis use and possession penalties for individuals younger than 21 years old.

“Our current marijuana prohibition laws have failed every test of social justice, which is why for years I’ve strongly supported the legalization of adult-use cannabis. Maintaining a status quo that allows tens of thousands, disproportionately people of color, to be arrested in New Jersey each year for low-level drug offenses is unjust and indefensible,” **said Governor Murphy**. “This November, New Jerseyans voted overwhelmingly in support of creating a well-regulated adult-use cannabis market. Although this process has taken longer than anticipated, I believe it is ending in the right place and will ultimately serve as a national model.

“This legislation will establish an industry that brings equity and economic opportunity to our communities, while establishing minimum standards for safe products and allowing law enforcement to focus their resources on real public safety matters,” **continued Governor Murphy**. “Today, we’re taking a monumental step forward to reduce racial disparities in our criminal justice system, while building a promising new industry and standing on the right side of history. I’d like to thank the Legislature, advocates, faith leaders, and community leaders for their dedicated work and partnership on this critical issue.”

“At long last, New Jersey is turning the page on our previous treatment of marijuana use,” **said Dianna Houenou, incoming Chair of the New Jersey Cannabis Regulatory Commission (CRC)**. “I am excited to get to work building on the successes of the medical program and standing up the adult-use cannabis industry. It’s an honor to be part of this historic movement in New Jersey.”

“Today, Governor Murphy signed legislation into law that reflects the will of New Jerseyans who made their voices loud and clear last November when they voted to legalize recreational cannabis use for adults,” **said U.S. Senator Robert Menendez**. “As always, the needs of our state will guide my work in the U.S. Senate, and I stand ready to advocate for federal policies that respect and protect the ability of local enterprises and law-abiding citizens to do business in a cannabis marketplace that is transparent, equitable, safe and accountable.”

“The failed War on Drugs has systematically targeted people of color and the poor, disproportionately impacting Black and Brown communities and hurting families in New Jersey and across our nation,” **said U.S. Senator Cory Booker**. “Today is a historic day, and I applaud Governor Murphy, the legislature, and the many advocates for racial and social justice whose leadership is ensuring that New Jersey is at the forefront of equitable marijuana legalization policy. I will continue to work with my colleagues in the Senate to end the federal marijuana prohibition so we can finally begin healing the wounds of decades of injustice.”

"This is a historic reform that will have a real-life impact on social justice, law enforcement and the state's economy," **said Senate President Steve Sweeney**. "We can now move forward to correct social injustices at the same time that marijuana is made legal for adults. This will launch a new cannabis industry with the potential to create jobs and generate economic activity at a time when it is desperately needed. The decriminalization law is the most sweeping measure of its kind in the country and is a groundbreaking step in our continued effort to make criminal justice reforms that are fairer and more effective. This will help reduce the racial disparities and social inequities that have long plagued our criminal justice system."

"For the last fifty years, marijuana criminalization has been used as a tool to propel mass incarceration," **said Senator Sandra Cunningham**. "It has done immeasurable harm to Black and Brown communities around the country, and today we begin to right the ship here in New Jersey. I look forward to seeing the tangible impact this legislation has on our communities in the years to come."

"I am proud to have been a driving force behind the most progressive decriminalization law in the country and I am grateful to finally see it enacted," **said Senator Teresa Ruiz**. "Every day roughly 100 people in New Jersey are arrested for marijuana possession, this law is a move that offers individuals a second chance and ensures they do not become entangled in the criminal justice system. This is yet another step towards bringing justice and equity to our communities. Going forward, we must continue to look for creative solutions to reverse the generational impact the War on Drugs has had."

"This will usher in a new era of social justice by doing away with the failed policy that criminalized the use of marijuana," **said Senator Nicholas Scutari, the leading advocate of legalizing adult-use marijuana in New Jersey over the past decade**. "Too many people have been arrested, incarcerated and left with criminal records that disrupt and even destroy their lives. We don't want the criminal justice system to be an unfair barrier to success. By implementing a regulated system that allows people age 21 and over to purchase limited amounts of marijuana for personal use we will bring marijuana out of the underground market where it can be controlled, regulated and taxed, just as alcohol has been for decades. *New Jersey will now be a leader in legalizing a once stigmatized drug in ways that will help the communities hurt the most by the War on Drugs and realize the economic benefits of the new adult-use cannabis market.*"

"We're moving closer to the long-overdue need to end cannabis prohibition," **said Assemblywoman Annette Quijano**. "So much time, effort, and thought have gone into this legislation. We've continued conversations, for what I believe, has produced a stronger piece of legislation with a focused eye toward social justice and equity. This is the beginning of a new era of economic opportunity, social justice for marijuana possession, and hope for a better future for thousands of New Jersey residents."

"With legalization comes an unprecedented opportunity for residents to clean the slate with expungement provisions and for communities to grow their economic base with businesses," **said Assemblyman Jamel Holley**. "A key component of cannabis legalization is addressing social justice concerns. The fact that Black New Jerseyans are 3 or 4 times more likely to be arrested on cannabis charges has contributed to the disenfranchisement of black communities. We have the opportunity here to also right the wrongs in our society in regards to past criminal possession of cannabis. No matter where you stand in the legalized marijuana debate, there has been a clear understanding that minorities within our urban communities have been hit hardest in the so-called War on Drugs. During this entire campaign for legalization, there has been one united vocal stance: There was harm done in the past and it must be corrected."

"This new law includes real, enterprising opportunities for New Jersey communities that have been disproportionately impacted by cannabis prohibition, along with more defined employment opportunities and a commission that requires diversity," **said Assemblywoman Britnee Timberlake**. "This will be a clear revenue generator for the State, and the social justice and diversity portion in the legislation remains imperative."

"Undoubtedly, this is the largest regulatory undertaking the state has considered since the Casino Control Commission," **said Assemblywoman Angela McKnight**. "Remaining at status quo meant continued disparity in arrests for African Americans and teens for amounts now to be considered personal use. We are moving the state in a direction more compassionate for cannabis and in line with what is happening across the country in regards to legalization."

"This has been a long time coming in our State," **said Assemblyman Joseph Danielson**. "who chairs the Assembly Federal Relations and Oversight Reform Committee led the discussion on the bill in today's hearing. "Social justice for black and brown communities, which have been generationally impacted by cannabis prohibition, and equity in business are priorities in this legislation. We cannot fairly, or effectively provide regulation without ensuring these communities stay at the forefront of the conversation."

"New Jersey voters on November 3rd issued the Legislature a mandate: to provide the infrastructure for the legalization of cannabis in New Jersey. Today, we move on that directive by presenting legislation for discussion with fellow legislation and statewide stakeholders," **said Assemblyman Benjie Wimberly**. "The War on Drugs in many ways became a war on particular communities, incarcerating millions of black and brown people and affecting families irreparably for decades. Our work on refining this legislation aims to correct the economic and social justice disparities surrounding cannabis use."

"With Governor Murphy's signature, the decades-long practice of racist marijuana enforcement will begin to recede, in a shift that emphasizes the urgency of building the most equitable framework possible for cannabis legalization," **said Amol Sinha, Executive Director of the American Civil Liberties Union of New Jersey, which is a founding member of New Jersey United for Marijuana Reform**. "With this historic reform, New Jersey also shifts our approach to youth possession and use by moving away from the punitive status quo to a framework that values public health, harm reduction, and the well-being of young people. Our state's cannabis laws can set a new standard for what justice can look like, with the removal of criminal penalties for possession and an unprecedented portion of tax revenue dedicated to addressing the harms wrought by the drug war. Signing these laws puts in motion the next phase of this effort: to work relentlessly to transform the principles of legalization into greater racial and social justice in New Jersey. This is a new beginning – and the culmination of years of advocacy – and we must keep in mind that it is only the start."

Under A21, the Cannabis Regulatory Commission (CRC) will promulgate regulations to govern the medical and adult-use industries and oversee the applications for licensing of cannabis businesses. The legislation further provides for the Legislature to reinvest cannabis revenues in designated "impact zones"; directs the CRC to promote diversity and inclusion in business ownership; and contains critical employment protections for people who engage in lawful behavior with respect to cannabis.

A1897 reforms criminal and civil penalties for marijuana and hashish offenses, as well as provides remedies for people currently facing certain marijuana charges. The bill prevents unlawful low-level distribution and possession offenses from being used in pretrial release, probation, and parole decisions and provides certain protections against discrimination in employment, housing, and places of public accommodation. The bill also creates a pathway to vacate active sentences for certain offenses committed before enactment of the enabling legislation.

The Governor today also signed S3454 into law, clarifying penalties for marijuana and cannabis possession and consumption for individuals younger than 21 years old. The legislation corrects inconsistencies in A21 and A1897 concerning marijuana and cannabis penalties for those underage.

"I have been working on decriminalizing adult-use marijuana for well over three years now, and I am happy to finally see it become a reality," **said Senator Ronald Rice**. "This is a common-sense and just law that gives an equal playing field for folks in communities of color. Many have argued that legalizing adult-use marijuana has been for social, economic and criminal justice, however, decriminalization for me, is equally as important. I will continue to watch closely and fight to ensure communities of color are treated equally."

"This is only one piece in the many parts of change that must be done in the name of social justice for our communities. The War on Drugs in many ways became a war on particular communities, incarcerating millions of people and affecting families irreparably for decades," **said Assemblyman Benjie Wimberly**. "The action we take now to help our black and brown communities who have been disproportionately affected by current laws surrounding cannabis use is critical to trauma for future generations."

“There have been far too many people, especially those from Black and Hispanic communities, who have been negatively impacted by the criminalization of cannabis,” **said Assemblywoman Annette Quijano**. “There have been long-term impacts on the lives of all people in this state, but considerably those of color. This law is the product of taking a hard look at our current laws, listening to the will of the majority of New Jerseyans and taking a common-sense approach to cannabis offenses.”

“Black New Jerseyans are up to four times more likely to be arrested on cannabis charges than White people. It is a sad fact, a further painful reminder that so people in our communities have been disenfranchised for far too long,” **said Assemblyman Jamel Holley**. “There have always been glaring social justice concerns and obvious inequity in the high number of arrests of minority residents. Now, finally, this is the time for it to stop.”

“It’s time for the change we seek,” **said Assemblywoman Angela McKnight**. “New Jersey residents are not happy with the status quo and we need to move in a direction of compassion for the communities that have long been targeted by current regulatory criteria. The call for action, for social justice reform, is resounding throughout our nation. And it begins in New Jersey today.”

“Decriminalization and expungement for those who have been disproportionately incarcerated for marijuana offenses is well overdue in New Jersey and many other states throughout this nation,” **said Assemblywoman Britnee Timberlake**. “A criminal marijuana charge has a detrimental effect on an individual’s opportunity to access higher education, obtain gainful employment, receive housing support, and address child custody issues. Not all communities are impacted equally by marijuana enforcement, measures to reduce the collateral consequences of criminal records are ones of racial, social, and economic justice. This is about social justice for a people who have endured the inequities in the law for generations.”

In July 2019, Governor Murphy signed legislation ([“The Jake Honig Compassionate Use Medical Cannabis Act”](#)) to reform New Jersey’s Medicinal Marijuana Program (MMP) and expand patient access to medical marijuana, ensuring this life-changing medical treatment is affordable and accessible for those who need it most.

In December 2019, Governor Murphy signed [one of the most progressive expungement reforms in the nation](#), giving individuals entangled in the criminal justice system the opportunity to fully participate in society. S4154 eliminated fees for expungement applications and additionally created a petition process for “clean slate” expungement for residents, as well as required the State to implement an automated clean slate expungement system. Furthermore, the bill required that low-level marijuana convictions be sealed upon the disposition of a case, preventing those convictions from being used against individuals in the future.