

SENATE, No. 3664

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 26, 2021

Sponsored by:
Senator VIN GOPAL
District 11 (Monmouth)

SYNOPSIS

Modifies definition of “impact zones” in “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act.”

CURRENT VERSION OF TEXT

As introduced.



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

2

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

5

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

8 19. Application For License or Conditional License.

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

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

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

29 (b) forward, within 14 days of receipt, a copy of each
30 application to the municipality in which the applicant desires to
31 operate the cannabis establishment, distributor, or delivery service;
32 and

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

43 The commission shall deny a license application to any applicant
44 who fails to provide information, documentation and assurances as
45 required by P.L.2021, c.16 (C.24:6I-31 et al.) or as requested by the

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 commission, or who fails to reveal any material fact to
2 qualification, or who supplies information which is untrue or
3 misleading as to a material fact pertaining to the qualification
4 criteria for licensure. The commission shall approve a license
5 application that meets the requirements of this section unless the
6 commission finds by clear and convincing evidence that the
7 applicant would be manifestly unsuitable to perform the activities
8 for the applicable license class for which licensure is sought.

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

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

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

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

43 (b) forward, within 14 days of receipt, a copy of each
44 application to the municipality in which the applicant desires to
45 operate a proposed cannabis establishment, or to the municipality in
46 which the premises is located from which the applicant desires to
47 operate a proposed cannabis distributor or delivery service; and

- 1 (c) verify the information contained in the application and
2 review the following qualifications for a conditional license:
- 3 (i) that the application include at least one significantly
4 involved person who has resided in this State for at least two years
5 as of the date of the application;
- 6 (ii) a listing included with the application, showing all persons
7 with a financial interest who also have decision making authority
8 for the proposed cannabis establishment, distributor, or delivery
9 service detailed in the application;
- 10 (iii) proof that the significantly involved person and any other
11 person with a financial interest who also has decision making
12 authority for the proposed cannabis establishment, distributor, or
13 delivery service is 21 years of age or older;
- 14 (iv) the name, address, date of birth, and resumes of each
15 executive officer, all significantly involved persons, and persons
16 with a financial interest who also have decision making authority
17 for the proposed cannabis establishment, distributor, or delivery
18 service, as well as a photocopy of their driver's licenses or other
19 government-issued form of identification, plus background check
20 information in a form and manner determined by the commission in
21 consultation with the Superintendent of State Police; concerning the
22 background check, an application shall be denied if any person has
23 any disqualifying conviction pursuant to subparagraph (c) of
24 paragraph (4) of subsection a. of section 20, 22, 23, 24, 25 or 26 of
25 P.L.2021, c.16 (C.24:6I-37, C.24:6I-39, C.24:6I-40, C.24:6I-41,
26 C.24:6I-42, or C.24:6I-43), based upon the applicable class of
27 cannabis establishment for which the application was submitted, or
28 based upon the application being for a cannabis distributor or
29 delivery service, unless the commission determines pursuant to
30 subparagraph (ii) of those subparagraphs that the conviction
31 should not disqualify the application;
- 32 (v) proof that each person with a financial interest who also has
33 decision making authority for the proposed cannabis establishment,
34 distributor, or delivery service has, for the immediately preceding
35 taxable year, an adjusted gross income of no more than \$200,000 or
36 no more than \$400,000 if filing jointly with another;
- 37 (vi) a certification that each person with a financial interest who
38 also has decision making authority for the proposed cannabis
39 establishment, distributor, or delivery service does not have any
40 financial interest in an application for an annual license under
41 review before the commission or a cannabis establishment,
42 distributor, or delivery service that is currently operating with an
43 annual license;
- 44 (vii) the federal and State tax identification numbers for the
45 proposed cannabis establishment, distributor, or delivery service,
46 and proof of business registration with the Division of Revenue in
47 the Department of the Treasury;

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

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

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

10 (xi) any other requirements established by the commission
11 pursuant to regulation; and

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

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

28 (i) If the application is approved, upon collection of the
29 conditional license fee, the commission shall issue a conditional
30 license to the applicant, which is non-transferable for its duration,
31 no later than 30 days after giving notice of approval of the
32 application, unless the commission finds the applicant is not in
33 compliance with regulations for conditional licenses enacted
34 pursuant to the provisions of paragraph (1) of subsection d. of
35 section 6 of P.L.2021, c.16 (C.24:6I-34) or the commission is
36 notified by the relevant municipality that the applicant is not in
37 compliance with ordinances and regulations made pursuant to the
38 provisions of section 31 of P.L.2021, c.16 (C.24:6I-45) and in effect
39 at the time of application, provided, if a municipality has enacted a
40 numerical limit on the number of marijuana cannabis
41 establishments, distributors, or delivery services and a greater
42 number of applicants seek licenses, the commission shall solicit and
43 consider input from the municipality as to the municipality's
44 preference or preferences for licensure. For each license issued, the
45 commission shall also provide the approved licensee with
46 documentation setting forth the remaining conditions to be satisfied
47 under section 20, 22, 23, 24, 25, or 26 of P.L.2021, c.16 (C.24:6I-
48 37, C.24:6I-39, C.24:6I-40, C.24:6I-41, C.24:6I-42, or C.24:6I-43),

1 or relevant regulations, based upon the applicable class of cannabis
2 establishment for which the conditional license was issued, or based
3 upon the conditional license issued for a cannabis distributor or
4 delivery service, and which were not already required for the
5 issuance of that license, to be completed within 120 days of
6 issuance of the conditional license, which period may be extended
7 upon request to the commission for an additional period of up to 45
8 days at the discretion of the commission. If the commission
9 subsequently determines during that 120-day period, or during any
10 additional period granted, that the conditional licensee is in
11 compliance with all applicable conditions and is implementing the
12 plans, procedures, protocols, actions, or other measures set forth in
13 its application, the commission shall replace the conditional license
14 by issuing an annual license, which will expire one year from its
15 date of issuance; if the conditional licensee is not in compliance
16 with all applicable conditions or not implementing the plans,
17 procedures, protocols, actions, or other measures set forth in its
18 application, the conditional license shall automatically expire at the
19 end of the 120-day period, or at the end of any additional period
20 granted by the commission;

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

27 c. The commission shall require all applicants for cannabis
28 licenses, other than applicants for a conditional license for any class
29 of cannabis establishment, or for a cannabis distributor or delivery
30 service, or for either a conditional or annual license for an
31 establishment, distributor, or delivery service that is a
32 microbusiness pursuant to subsection f. of this section, to submit an
33 attestation signed by a bona fide labor organization stating that the
34 applicant has entered into a labor peace agreement with such bona
35 fide labor organization. The maintenance of a labor peace
36 agreement with a bona fide labor organization by a licensed
37 cannabis establishment, distributor, or delivery service, other than
38 an establishment that is a microbusiness, shall be an ongoing
39 material condition of the establishment's, distributor's, or delivery
40 service's license. The submission of an attestation and maintenance
41 of a labor peace agreement with a bona fide labor organization by
42 an applicant issued a conditional license for a cannabis
43 establishment, distributor, or delivery service, other than an
44 establishment that is a microbusiness, shall be a requirement for
45 final approval for an annual license. Failure to enter, or to make a
46 good faith effort to enter, into a collective bargaining agreement
47 within 200 days of the opening of a licensed cannabis
48 establishment, distributor, or delivery service, other than an

1 establishment that is a microbusiness, shall result in the suspension
2 or revocation of the establishment's, distributor's, or delivery
3 service's license.

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

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

39 (a) An initial application for licensure shall be evaluated
40 according to criteria to be developed by the commission. There
41 shall be included bonus points for applicants who are residents of
42 New Jersey.

43 (b) The criteria to be developed by the commission pursuant to
44 subparagraph (a) of this paragraph shall include, in addition to the
45 criteria set forth in subparagraphs (c) and (d) of this paragraph and
46 any other criteria developed by the commission, an analysis of the
47 applicant's operating plan, excluding safety and security criteria,
48 which shall include the following:

1 (i) In the case of an applicant for a cannabis cultivator license,
2 the operating plan summary shall include a written description
3 concerning the applicant's qualifications for, experience in, and
4 knowledge of each of the following topics:

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

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

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

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

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

3 - the applicant's experience operating businesses in highly-
4 regulated industries;

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

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

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

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

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

30 - the submission of zoning approvals for the proposed location,
31 which shall consist of a letter or affidavit from appropriate officials
32 of the municipality that the location will conform to local zoning
33 requirements allowing for activities related to the operations of the
34 proposed cannabis cultivator, cannabis manufacturer, cannabis
35 wholesaler, cannabis distributor, cannabis retailer, or cannabis
36 delivery service as will be conducted at the proposed facility; and

37 - the submission of proof of local support for the suitability of
38 the location, which may be demonstrated by a resolution adopted by
39 the municipality's governing body indicating that the intended
40 location is appropriately located or otherwise suitable for activities
41 related to the operations of the proposed cannabis cultivator,
42 cannabis manufacturer, cannabis wholesaler, cannabis distributor,
43 cannabis retailer, or cannabis delivery service.

44 An application for a cannabis retailer shall not include in that
45 application a proposed site that would place the retailer's premises
46 in or upon any premises in which operates a grocery store,
47 delicatessen, indoor food market, or other store engaging in retail
48 sales of food, or in or upon any premises in which operates a store

1 that engages in licensed retail sales of alcoholic beverages, as
2 defined by subsection b. of R.S.33:1-1; any application presented to
3 the commission shall be denied if it includes that form of proposed
4 site.

5 Notwithstanding any other provision of this subsubparagraph, an
6 application shall be disqualified from consideration unless it
7 includes documentation demonstrating that the applicant will have
8 final control of the premises upon approval of the application,
9 including, but not limited to, a lease agreement, contract for sale,
10 title, deed, or similar documentation. In addition, if the applicant
11 will lease the premises, the application will be disqualified from
12 consideration unless it includes certification from the landlord that
13 the landlord is aware that the tenant's use of the premises will
14 involve activities associated with operations as a cannabis
15 cultivator, cannabis manufacturer, cannabis wholesaler, cannabis
16 distributor, cannabis retailer, or cannabis delivery service.

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

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

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

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

32 - a written plan describing any research and development
33 regarding the adverse effects of cannabis, and any cannabis-related
34 educational and outreach activities, which the applicant intends to
35 conduct if issued a license by the commission.

36 In evaluating the information submitted pursuant to this
37 subsubparagraph, the commission shall afford the greatest weight to
38 responses pertaining to the applicant itself, controlling owners, and
39 entities with common ownership or control with the applicant;
40 followed by those with a 15 percent or greater ownership interest in
41 the applicant's organization; followed by significantly involved
42 persons in the applicant's organization; followed by other officers,
43 directors, and current and prospective employees of the applicant
44 who have a bona fide relationship with the applicant's organization
45 as of the date of the application.

46 (vi) A workforce development and job creation plan, which may
47 include information on the applicant's history of job creation and
48 planned job creation at the proposed cannabis establishment,

1 distributor, or delivery service; education, training, and resources to
2 be made available for employees; any relevant certifications; and an
3 optional diversity plan.

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

6 - an executive summary of the applicant's business plan;
7 - a demonstration of the applicant's financial ability to implement
8 its business plan, which may include, but shall not be limited to,
9 bank statements, business and individual financial statements, net
10 worth statements, and debt and equity financing statements; and

11 - a description of the applicant's plan to comply with guidance
12 pertaining to cannabis issued by the Financial Crimes Enforcement
13 Network under 31 U.S.C. s.5311 et seq., the federal "Bank Secrecy
14 Act," which may be demonstrated by submitting letters regarding
15 the applicant's banking history from banks or credit unions that
16 certify they are aware of the business activities of the applicant, or
17 entities with common ownership or control with the applicant, in
18 any state where the applicant has operated a business related to
19 personal use or medical cannabis. For the purposes of this
20 subparagraph, the commission shall consider only bank
21 references involving accounts in the name of the applicant or of an
22 entity with common ownership or control with the applicant. An
23 applicant who does not submit the information about a plan of
24 compliance with the federal "Bank Secrecy Act" shall not be
25 disqualified 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) Any other information the commission deems relevant in
33 determining whether to grant a license to the applicant.

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

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

41 (b) Applicants that are party to a collective bargaining
42 agreement with a bona fide labor organization that currently
43 represents, or is actively seeking to represent cannabis workers in
44 New Jersey.

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

1 (d) Applicants that submit a signed project labor agreement with
2 a bona fide building trades labor organization, which is a form of
3 pre-hire collective bargaining agreement covering terms and
4 conditions of a specific project, including labor issues and worker
5 grievances associated with that project, for the construction or
6 retrofit of the facilities associated with the licensed entity.

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

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

13 (3) In reviewing an initial license application, unless the
14 information is otherwise solicited by the commission in a specific
15 application question, the commission's evaluation of the application
16 shall be limited to the experience and qualifications of the
17 applicant's organization, including controlling owners, any entities
18 with common ownership or control with the applicant, those with a
19 15 percent or greater ownership interest in the applicant's
20 organization, significantly involved persons in the applicant's
21 organization, the other officers, directors, and current or prospective
22 employees of the applicant who have a bona fide relationship with
23 the applicant's organization as of the date of the application, and
24 consultants and independent contractors who have a bona fide
25 relationship with the applicant as of the date of the application.
26 Responses pertaining to applicants who are exempt from the
27 criminal history record background check requirements of
28 P.L.2021, c.16 (C.24:6I-31 et al.) shall not be considered. Each
29 applicant shall certify as to the status of the individuals and entities
30 included in the application.

31 (4) The commission shall give special consideration to any
32 applicant that has entered into an agreement with an institution of
33 higher education to create an integrated curriculum involving the
34 cultivation, manufacturing, wholesaling, distributing, retail sales, or
35 delivery of personal use cannabis or cannabis items, provided that
36 the curriculum is approved by both the commission and the Office
37 of the Secretary of Higher Education and the applicant agrees to
38 maintain the integrated curriculum in perpetuity. An integrated
39 curriculum license shall be subject to revocation if the license
40 holder fails to maintain or continue the integrated curriculum. In the
41 event that, because of circumstances outside a license holder's
42 control, the license holder will no longer be able to continue an
43 integrated curriculum, the license holder shall notify the
44 commission and shall make reasonable efforts to establish a new
45 integrated curriculum with an institution of higher education,
46 subject to approval by the commission and the Office of the
47 Secretary of Higher Education. If the license holder is unable to
48 establish a new integrated curriculum within six months after the

1 date the current integrated curriculum arrangement ends, the
2 commission shall revoke the entity's license, unless the commission
3 finds there are extraordinary circumstances that justify allowing the
4 license holder to retain the license without an integrated curriculum
5 and the commission finds that allowing the license holder to retain
6 the license would be consistent with the purposes of P.L.2021, c.16
7 (C.24:6I-31 et al.). The commission may revise the application and
8 license fees or other conditions for a license pursuant to this
9 paragraph as may be necessary to encourage applications for
10 licensure which involves an integrated curriculum.

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

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

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

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

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

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

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

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

6 (c) is a municipality located in a county of the third class, based
7 upon the county's population according to the most recently
8 compiled federal decennial census as of the effective date of
9 P.L.2021, c.16 (C.24:6I-31 et al.), that meets all of the criteria set
10 forth in subparagraph (b) other than having a crime index total of
11 825 or higher; or

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

16 (i) with a population of less than 60,000 according to the most
17 recently compiled federal decennial census, that for calendar year
18 2019 ranks in the top 40 percent of municipalities in the State for
19 marijuana- or hashish-related arrests for violation of paragraph (4)
20 of subsection a. of N.J.S.2C:35-10; has a crime index total of 1,000
21 or higher based upon the indexes listed in the 2019 annual Uniform
22 Crime Report by the Division of State Police; but for calendar year
23 2019 does not have a local average annual unemployment rate that
24 ranks in the top 15 percent of all municipalities, based upon average
25 annual unemployment rates estimated for the relevant calendar year
26 by the Office of Research and Information in the Department of
27 Labor and Workforce Development; or

28 (ii) with a population of not less than 60,000 or more than 80,000
29 according to the most recently compiled federal decennial census;
30 has a crime index total of 650 or higher based upon the indexes
31 listed in the 2019 annual Uniform Crime Report; and for calendar
32 year 2019 has a local average annual unemployment rate of 3.0
33 percent or higher using the same estimated annual unemployment
34 rates; or

35 (e) is a municipality located in a county of the fifth class with a
36 population of over 600,000 based upon the county's population
37 according to the most recently compiled federal decennial census as
38 of the effective date of P.L.2021, c.16 (C.24:6I-31 et al.), in which
39 municipalities received State urban aid.

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

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

47 (b) An applicant who is a current resident of an impact zone and
48 has resided therein for three or more consecutive years at the time

1 of making the application. To the extent reasonably practicable, at
2 least 25 percent of the total licenses issued to applicants for a
3 cannabis establishment, distributor, or delivery service license shall
4 be awarded to applicants who have resided in an impact zone for
5 three or more consecutive years at the time of making the
6 application, regardless of where the cannabis establishment,
7 distributor, or delivery service is, or is intended to be, located.

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

18 f. (1) The commission shall ensure that at least 10 percent of
19 the total licenses issued for each class of cannabis establishment, or
20 for cannabis distributors and cannabis delivery services, are
21 designated for and only issued to microbusinesses, and that at least
22 25 percent of the total licenses issued be issued to microbusinesses.
23 The determination of the percentage for each class of license issued
24 to microbusinesses shall include the number of conditional licenses
25 issued to microbusinesses for each class, as the percentage of
26 conditional licenses issued for each class pursuant to subparagraph
27 (a) of paragraph (2) of subsection b. of this section shall not be
28 mutually exclusive of the percentage of licenses issued to
29 microbusinesses pursuant to this subsection. There shall not be any
30 cap or other numerical restriction on the number of licenses issued
31 to microbusinesses pursuant to P.L.2021, c.16 (C.24:6I-31 et al.),
32 and this prohibition on a cap or other numerical restriction shall
33 apply to every class of license issued. The maximum fee assessed
34 by the commission for issuance or renewal of a license designated
35 and issued to a microbusiness shall be no more than half the fee
36 applicable to a license of the same class issued to a person or entity
37 that is not a microbusiness.

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

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

42 (b) at least 51 percent of the owners, directors, officers, or
43 employees of the microbusiness shall be residents of the
44 municipality in which the microbusiness is located, or to be located,
45 or a municipality bordering the municipality in which the
46 microbusiness is located, or to be located;

47 (c) concerning business operations, and capacity and quantity
48 restrictions:

- 1 (i) employ no more than 10 employees;
- 2 (ii) operate a cannabis establishment occupying an area of no
3 more than 2,500 square feet, and in the case of a cannabis
4 cultivator, grow cannabis on an area no more than 2,500 square feet
5 measured on a horizontal plane and grow above that plane not
6 higher than 24 feet; provided, that a cannabis cultivator's grow
7 space may, if approved by the commission, be part of a larger
8 premises that is owned or operated by a cannabis cultivator that is
9 not a licensed microbusiness, allowing for the sharing of a physical
10 premises and certain business operations, but only the
11 microbusiness cannabis cultivator shall grow cannabis on and above
12 the cultivator's grow space;
- 13 (iii) possess no more than 1,000 cannabis plants each month,
14 except that a cannabis distributor's possession of cannabis plants for
15 transportation shall not be subject to this limit;
- 16 (iv) in the case of a cannabis manufacturer, acquire no more than
17 1,000 pounds of usable cannabis each month;
- 18 (v) in the case of a cannabis wholesaler, acquire for resale no
19 more than 1,000 pounds of usable cannabis, or the equivalent
20 amount in any form of manufactured cannabis product or cannabis
21 resin, or any combination thereof, each month; and
- 22 (vi) in the case of a cannabis retailer, acquire for retail sale no
23 more than 1,000 pounds of usable cannabis, or the equivalent
24 amount in any form of manufactured cannabis product or cannabis
25 resin, or any combination thereof, each month;
- 26 (d) no owner, director, officer, or other person with a financial
27 interest who also has decision making authority for the
28 microbusiness shall hold any financial interest in any other licensed
29 cannabis establishment, distributor, or delivery service, whether or
30 not a microbusiness;
- 31 (e) no owner, director, officer, or other person with a financial
32 interest who also has decision making authority for a licensed
33 cannabis establishment, distributor, or delivery service, whether or
34 not a microbusiness, shall hold any financial interest in a
35 microbusiness;
- 36 (f) the microbusiness shall not sell or transfer the license issued
37 to it; and
- 38 (g) the microbusiness shall comply with such other requirements
39 as may be established by the commission by regulation.
- 40 (3) A license designated and issued to a microbusiness shall be
41 valid for one year and may be renewed annually, or alternatively
42 replaced, while still valid, with an annual license allowing the
43 microbusiness to convert and continue its operations as a licensed
44 person or entity that is not a microbusiness subject to the provisions
45 of this subsection, based upon a process and criteria established by
46 the commission in regulation for the conversion.
- 47 (a) Any microbusiness that meets the criteria established by the
48 commission for conversion may submit an application to convert its

1 operations. Upon review of the application to confirm the
2 commission's criteria have been met, the commission shall issue a
3 new annual license to the person or entity, and the previously issued
4 license for the microbusiness shall be deemed expired as of the date
5 of issuance of the new annual license. If the commission
6 determines that the criteria have not been met, the conversion
7 application shall be denied, and the commission shall notify the
8 microbusiness applicant of the specific reason for its denial, and
9 provide the applicant with the opportunity for a hearing in
10 accordance with the "Administrative Procedure Act," P.L.1968,
11 c.410 (C.52:14B-1 et seq.).

12 (b) Any new annual license issued pursuant to this paragraph
13 allowing a microbusiness to convert and continue its operations as a
14 licensed person or entity that is not a microbusiness subject to the
15 provisions of this subsection shall be counted towards the
16 percentages of licenses that are designated for and only issued to
17 microbusinesses as set forth in paragraph (1) of this subsection,
18 notwithstanding the microbusiness' converted operations.

19 (cf: P.L.2021, c.16, s.19)

20

21 2. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill would modify the definition of "impact zones" in
27 P.L.2021, c.16 (C.24:6I-31 et al.), the "New Jersey Cannabis
28 Regulatory, Enforcement Assistance, and Marketplace
29 Modernization Act." Under the bill, in addition to the definition of
30 the term set out in the enactment, an "impact zone" would also
31 include a municipality located in a county of the fifth class with a
32 population of over 600,000 based upon the county's population
33 according to the most recently compiled federal decennial census,
34 in which municipalities received State urban aid.

35 Under the enactment, "impact zones" are one of the factors taken
36 into consideration by the Cannabis Regulatory Commission in
37 considering applications for licenses for cannabis businesses. As
38 defined in P.L.2021, c.16, "impact zones" are certain municipalities
39 negatively impacted by past marijuana enterprises that contributed
40 to higher concentrations of law enforcement activity,
41 unemployment, and poverty, or any combination thereof.