

TREASURY-GENERAL

NEW JERSEY CANNABIS REGULATORY COMMISSION

Personal Use Cannabis Rules

Proposed Readoption of Specially Adopted New Rules with Amendments:

N.J.A.C. 17:30

Proposed New Rules: N.J.A.C. 17:30-12, 13, 15, and 20.7

Proposed Recodification with Amendments: N.J.A.C. 17:30-2.2 as 2.3

Authorized By: New Jersey Cannabis Regulatory Commission, Dianna Houenou, Chair.

Authority: N.J.S.A. 24:6I-31 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2022-101.

Submit written comments by September 30, 2022, electronically at: [nj.gov/cannabis/proposed-updated-rules](https://www.nj.gov/cannabis/proposed-updated-rules). Each comment should identify the commenter's name and affiliation. Alternatively, comments may be submitted by regular mail postmarked by September 30, 2022, to:

Dave Tuason, Deputy Counsel

New Jersey Cannabis Regulatory Commission

PO Box 216

Trenton, NJ 08625-0216

The notice of proposed readoption may be viewed or downloaded from the New Jersey Cannabis Regulatory Commission (Commission's) website at <https://www.nj.gov/cannabis/resources/cannabis-laws/>.

The agency proposal follows:

Summary

As the Commission has provided a 60-day comment period on this notice of proposed readoption with amendments and new rules, this notice is excepted from the rulemaking calendar requirement pursuant to [N.J.A.C. 1:30-3.3\(a\)5](#).

The personal use cannabis market was established through a series of State laws and rules. On December 16, 2019, the [New Jersey State Legislature](#) passed a [resolution](#) placing a constitutional amendment on the New Jersey Statewide ballot that, if ratified, would legalize the growth, cultivation, processing, manufacturing, preparing, packaging, transferring, and retail purchasing and consumption of cannabis, or products created from, or which include cannabis, for persons 21 years of age and older. In accordance with the constitutional amendment, the New Jersey Cannabis Regulatory Commission would oversee the new personal use cannabis market. The Commission's enabling statute had been established in 2019 by the Jake Honig Compassionate Use Medical Cannabis Act, N.J.S.A. 24:6I-1 et seq., to oversee the State's medical cannabis program.

On November 3, 2020, 67 percent of voters in New Jersey voted yes to ratify the legislatively referred constitutional amendment.

Governor Philip D. Murphy signed, and made effective, the New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (Act), N.J.S.A. 24:6I-31 et seq., on February 22, 2021. The Act authorized for the first time, the sale and personal use of products that contain useable cannabis or cannabis resin in New Jersey by persons 21 years of age or older and further directed the Commission to oversee the

development, regulation, and enforcement of activities associated with the personal use of cannabis. To achieve this, the Act directed the Commission to “adopt rules and regulations prepared by the [C]ommission necessary or proper to enable it to carry out the [C]ommission’s duties, functions, and powers with respect to overseeing the development, regulation, and enforcement of activities associated with the personal use of cannabis ...” (See N.J.S.A. 24:6I-34.d(1)(a)).

As a result, in accordance with N.J.S.A. 24:6I-34.d(1)(b), the Commission adopted the Personal Use Cannabis Rules at N.J.A.C. 17:30, effective August 19, 2021. The Act directs that these rules be adopted, amended, or readopted after consultation with the Attorney General, State Treasurer, Commissioner of the Department of Health, and Commissioner of the Department of Banking and Insurance.

The Commission is now proposing to readopt the Personal Use Cannabis Rules with amendments and new rules reflecting the consultation with the above-mentioned agencies, as well as other agencies and individuals who provided input to the Commission regarding the rules. The specially adopted new rules were scheduled to expire on August 19, 2022, pursuant to the Act at N.J.S.A. 24:6I-34.d(1)(b). Pursuant to N.J.S.A. 52:14B-5.1.c(2), as the Commission filed this notice of proposed readoption with the Office of Administrative Law prior to August 19, 2022, the expiration date is extended 180 days to February 15, 2023.

A summary of the rules proposed for readoption with amendments and new rules follows. Throughout the chapter, technical amendments are proposed without further discussion that are non-substantive or grammatical in nature, update codifications and cross-references, and correct punctuation and are not discussed in detail below.

Subchapter 1 addresses general provisions. The Commission proposes a technical edit to the definition of “billboard” to remove “off-premise.” The Commission proposes to amend the existing definition of the term “cannabis business delivery personnel,” to add cannabis paraphernalia as an item for delivery. The Commission proposes to amend the existing definition of the term “cannabis business identification card,” to add the phrase “required to register with the Commission pursuant to N.J.A.C. 17:30-8.1(a).” The Commission proposes a new definition for “cannabis wholesaler,” which was not part of the initial specially adopted rules. The Commission proposes a technical edit to the definition of “Compassionate and Medical Use Acts” by changing the word “Medical” to “Personal.” The Commission proposes an edit to the definition “employee” to including interns.

The Commission proposes technical edits to the definition of “expanded ATC” to spellout the names of the terms. The Commission proposes technical and clarifying edits to the definition of “financial source,” to give clarity to the phrase “ownership interest.” The Commission proposes an edit to the definition “immediate family” by adding “whether biological or adopted.” The Commission proposes an addition to the definition of “license applicant” by including those with pending applications. The Commission proposes a technical edit to the definition of “license holder” to also mean “licensee.” The Commission proposes edits to the definition of “nonprofit entity” to indicate that paragraphs 3 and 4 require the entity be “certified as exempt,” not merely be “exempt.” The Commission proposes adding a non-exhaustive list of examples of the types of officers to the definition of “officer.”

The Commission proposes adding to the definition of “owner,” which clarifies ownership interest for nonprofit entities, trusts, and qualified institutional investors. The Commission proposes adding to the definition of “physical plant,” which narrows the definition to cultivation, manufacturing, wholesaling, distributing, retail sale, and delivery. The Commission proposes adding to the definition of “premises,” which further delineates what the definition includes. The Commission proposes a technical edit to the definition of “principal” and further proposes an additional description of what qualifies as a “principal.”

The Commission proposes technical edits to the definition of “proof of New Jersey residency” to revise the requirement for the use of the New Jersey driver’s license and adds that a deed to real property must also be “owner-occupied.” The Commission proposes to delete the definition of “State or local economic incentive.” The Commission proposes to edit the definition of “topical formulation” to all or any combination of the listed items by substituting “or” for “and.” The Commission proposes adding to the definition of “vendor-contractor,” which provides clarification and a non-exhaustive list of examples. The Commission proposes a technical edit to the definition of “volunteer” to remove “unpaid interns,” which are included in the definition of “employee.”

Subchapter 2 addresses consumer and license holder protections and consumer prohibitions. The Commission proposes an amendment at N.J.A.C. 17:30-2.1(b)3 to require the consumer’s consent. The Commission proposes to recodify N.J.A.C. 17:30-2.2 as 2.3 with no substantive change.

Subchapter 3 addresses the organization and operation of the Commission. The Commission proposes amendments at N.J.A.C. 17:30-3.3(a)2 to change “in the

Commission's discretion" to "in accordance with this chapter" and paragraph (a)3 is proposed for deletion. N.J.A.C. 17:30-3.4(c) is added to set forth the amounts of the Social Equity Excise Fees and the remainder of the section is proposed for amendment accordingly. The Commission proposes updating the email address at N.J.A.C.17:30-3.9(c). The Commission proposes an amendment at N.J.A.C. 17:30-3.10(c)1 to merge subparagraph (c)1i into paragraph (c)1 and to codify subparagraphs (c)1ii and iii as paragraphs (c)2 and 3.

Subchapter 4 addresses independent study and Commission reporting. The Commission proposes an amendment at N.J.A.C. 17:30-4.2 to add a reference to the Commission's bylaws.

Subchapter 5 addresses municipal authority. N.J.A.C. 17:30-5.1(a)2 is proposed for amendment to allow a distributor's times of operation to be as that of a delivery service. Subsection (a) is further proposed for amendment to make this list non-inclusive. The Commission proposes amendments at N.J.A.C. 17:30-5.1(i) that provide examples that would violate the Local Government Ethics Law.

Subchapter 6 addresses cannabis business licensing general terms. The Commission proposes several amendments at N.J.A.C. 17:30-6.1(b). At N.J.A.C. 17:30-6.1(b)1i, and (c)4 and 6.7(b), the proposed amendments clarify that converted microbusiness do not count towards license limits. N.J.A.C. 17:30-6.1(b)3 and 4 are proposed to be merged into one paragraph. N.J.A.C. 17:30-6.1(c)1 is proposed for amendment to change "approved pursuant to (c) above" to "approved in accordance with this chapter."

The Commission proposes deleting language regarding the cannabis business licensing lottery at N.J.A.C. 17:30-6.2. The Commission proposes new N.J.A.C. 17:30-6.4(c) to clarify that the Commission will not substitute its own judgment for the determination of the Division of Revenue and Enterprise Services to issue a certification. The Commission proposes amendments at N.J.A.C. 17:30-6.7(c)3ii and iii, regarding residency requirements and employees of microbusinesses. N.J.A.C. 17:30-6.7(c)5ii is proposed for amendment to refer to “mature” cannabis plants. The Commission proposes new N.J.A.C. 17:30-6.7(c)8 to account for the addition of microbusiness wholesaler licenses.

The Commission proposes amendments at N.J.A.C. 17:30-6.8(d) and (e), to account for adding wholesalers, distributors, and delivery services to the chapter. The Commission proposes an amendment at N.J.A.C. 17:30-6.8(g), regarding ownership limitations on the family of an owner of a license applicant or license holder. The Commission proposes deleting existing N.J.A.C. 17:30-6.8(t) because the examples of “vendor-contractors” has been relocated to the definitions section. Recodified N.J.A.C. 17:30-6.8(t) is proposed for amendment to indicate that remuneration shall not include an ownership interest.

Subchapter 7 addresses the cannabis business conditional and annual licensing process. The Commission proposes new N.J.A.C. 17:30-7.1(b)7 to add a requirement for expanded ATCs to provide a social equity plan in accordance with N.J.A.C. 17:30-9.4(e). The Commission proposes new N.J.A.C. 17:30-7.1(n) to clarify that expanded ATC applications are exempted from public records laws. N.J.A.C. 17:30-7.5(d) is proposed for amendment, as the lottery rules are all proposed for deletion. The

Commission proposes new N.J.A.C. 17:30-7.6(i)1 to clarify that impact zone and microbusiness applicants are prevented from changing their location to a disqualifying location during the conditional license conversion process. N.J.A.C. 17:30-7.14(k) is proposed for amendment to change “pursuant to (g) above” to “with this chapter.” N.J.A.C. 17:30-7.16(c) is proposed for amendment to clarify the timing of submission of renewal applications and the consequences of failing to meet those timeframes. N.J.A.C. 17:30-7.16(d)5 is added to include “three or more violations in the preceding 12 months” as a potential grounds for denial of a renewal application. The Commission proposes adding N.J.A.C. 17:30-7.17(d)12 through 17 to establish annual fees for wholesalers, distributors, and delivery services.

Subchapter 8 addresses cannabis business identification cards.

Subchapter 9 addresses cannabis business license holder material conditions and requirements. N.J.A.C. 17:30-9.1(a)4 is proposed for deletion, consistent with the other proposed amendments discussed above. The Commission proposes amendments at N.J.A.C. 17:30-9.4(e) to expand the requirement of recruiting qualifying individuals to vendor-contractors and adding paragraphs (e)1, 2, 3, and 4 to clarify the definition of a “good faith effort.” N.J.A.C. 17:30-9.4(m)3 is proposed for amendment to state that the actions listed must be taken no fewer than 90 days prior to the expiration of the license. The Commission proposes adding clarifying language at N.J.A.C. 17:30-9.5(b) to indicate that sales of food to personnel of cannabis business can occur in an area separated from the physical plant. N.J.A.C. 17:30-9.5(e)1 is proposed for amendment to make clear that an ATC that changes its name or alternate name on or after August 19, 2021, shall be subject to the prohibition on the use or alternate names. The Commission proposes

adding clarifying language at new N.J.A.C. 17:30-9.10(d) to exempt the administrative offices of distributors and delivery services where cannabis items are not possessed or stored from security requirements.

The Commission proposes additional language at N.J.A.C. 17:30-9.14 to provide more detailed destruction and disposal of cannabis waste guidelines. The Commission proposes adding clarifying language at N.J.A.C. 17:30-9.15(c) and (g), pertaining to transport requirements. The Commission proposes new N.J.A.C. 17:30-9.15(n) to state that a cannabis establishment may transport unrelated goods during secure transport with certain safeguards. Proposed new N.J.A.C. 17:30-9.15(o) requires submission of secure transport delivery vehicle driver documentation. The Commission proposes to amend N.J.A.C. 17:30-9.16(c)2 to indicate that any adverse event must be reported within 48 hours, not seven days. Proposed new N.J.A.C. 17:30-9.16(g) addresses recordkeeping requirements.

Subchapter 10 addresses cannabis cultivator authorized conduct. The Commission proposes amendments at N.J.A.C. 17:30-10.2(a)1 to include disposing of and destroying cannabis.

Subchapter 11 addresses cannabis manufacturer authorized conduct. N.J.A.C. 17:30-11.2(a) is proposed for amendment to include the disposal or destruction of cannabis or cannabis products. The Commission proposes additional language at N.J.A.C. 17:30-11.5(c)1, to provide examples of a solid cannabis concentrate, and at paragraph (c)5vi to include suppositories. The Commission proposes changing the cannabinoid concentration variances at N.J.A.C. 17:30-11.5(d)3i.

The Commission proposes new rules addressing cannabis wholesaler authorized conduct as new Subchapter 12. The Commission proposes new rules addressing cannabis distributor authorized conduct as new Subchapter 13.

Recodified Subchapter 14 addresses cannabis retailer authorized conduct. The Commission proposes new N.J.A.C. 17:30-14.1(c) to indicate the maximum square footage for a microbusiness physical plant. N.J.A.C. 17:30-14.2(b)6 is added to address the destruction or disposition of cannabis items. New N.J.A.C. 17:30-14.3(d)3 and 4 are added to state sales limits for cannabis products. The Commission proposes adding N.J.A.C. 17:30-14.3(i) to require a cannabis retailer to provide information on the safe use of cannabis items to consumers. The Commission proposes an amendment at N.J.A.C. 17:30-14.5(a) to add more specificity regarding retailer recordkeeping. The Commission proposes an amendment at N.J.A.C. 17:30-14.8 to clarify the requirements regarding home delivery for cannabis retailers and cannabis delivery services.

The Commission proposes new rules addressing cannabis delivery service-authorized conduct as new Subchapter 15.

Recodified Subchapter 16 addresses release for distribution, packaging, and labeling of cannabis items. The Commission proposes amending N.J.A.C. 17:30-16.2(d) to clarify that a cannabis cultivator can package unusable and usable cannabis for the purpose of manufacturing. The Commission proposes to amend N.J.A.C. 17:30-16.2(f)1i to remove the logo size and number restrictions. The Commission proposes new N.J.A.C. 17:30-16.2(i) to state that certain packaging requirements do not apply to unusable or usable cannabis packaged for the purposes of manufacturing. The Commission proposes to amend N.J.A.C. 17:30-16.3(a) and (b) to state that the required disclosure information

may be printed directly on the package, in addition to on a label. The Commission proposes to delete N.J.A.C. 17:30-16.3(c)2i(1) and (c)3i(1) to allow certain warnings to be wrapped around the sides of the package. The Commission proposes to amend N.J.A.C. 17:30-16.6 to reflect the establishment of the universal symbol (the existing rule text indicated the Commission would establish the universal symbol).

Recodified Subchapter 17 addresses advertising. The Commission proposes adding N.J.A.C. 17:30-17.2(d)2, which clarifies that there are no hour restrictions on online advertising, but adds hourly restrictions for streaming services.

Recodified Subchapter 18 addresses licensing of testing laboratories. The Commission proposes new N.J.A.C. 17:30-18.2(a)1 to state that testing laboratory application materials are not public records, which aligns with the statute. The Commission further proposes new N.J.A.C. 17:30-18.5(l)2 to allow the testing laboratory to affirmatively conduct research and development testing.

Recodified Subchapter 19 addresses personal use usable cannabis and cannabis product testing procedures. The Commission proposes amendments at N.J.A.C. 17:30-19.3(a)1 to include “placement of usable cannabis in a pre-roll” to supplement the explanation of “final usable form.” N.J.A.C. 17:30-19.3(b)4i is proposed for amendment to include 10 pounds of usable cannabis, as subparagraph (b)4i starts at 10.1 pounds and the existing rules did not account for exactly 10 pounds. A similar change is proposed at paragraph (b)5, pertaining to total units.

Recodified Subchapter 20 addresses monitoring, enforcement action, and appeal rights. At N.J.A.C. 17:30-20.2, the definition of “major license violations” is proposed for amendment at paragraph 3 to clarify that “legal age” is “21 years of age” and paragraph

11 is amended to apply at the first refusal, not the second. The Commission proposes to amend N.J.A.C. 17:30-20.6(i) to expand access to an adjudicatory hearing by changing “a major license violation” to “any license violation.” The Commission proposes new N.J.A.C. 17:30-20.7 to create a new classification of violations section to provide more detailed penalty guidelines, including a penalty matrix. N.J.A.C. 17:30-20.8(d) is proposed for amendment to indicate that the suspension shall be deemed effective immediately. N.J.A.C. 17:30-20.9(a) is proposed for amendment to include the health, safety, or welfare of the public, in addition to consumers or personnel, and paragraph (a)3 is proposed for amendment to indicate that the corrections must have been corrected in the time period specified.

Social Impact

The Commission expects the rules proposed for readoption with amendments, new rules, and recodifications to have a beneficial social impact by advancing social equity and increasing human health and safety, while allowing persons 21 years of age and older to safely enjoy the personal use of cannabis and cannabis products in New Jersey. The rules provide a robust set of licensing and testing standards, consumer protection standards, and monitoring and enforcement provisions for the State’s cannabis industry.

The Commission expects the rules to advance social equity by promoting opportunities in New Jersey’s cannabis industry for persons from statutorily designated target communities. To accomplish this, the rules establish three types of cannabis

businesses that receive priority review and approval in the application process: social equity businesses, diversely-owned businesses, and impact zone businesses.

Social equity businesses are either: (1) owned by individuals who have lived in an economically disadvantaged area, as defined by a zip code that has 80 percent or less of the average median household income in the State, a health uninsured rate that is at least 150 percent of the health uninsured rate in the State, and a poverty rate that is at least 150 percent of the Statewide poverty rate, as determined annually by the U.S. Census Bureau; or (2) owned by individuals with previous marijuana-related convictions. This chapter also requires all license holders to make a good faith effort to recruit and employ, or contract with, such individuals.

Diversely-owned businesses are businesses certified by the New Jersey Department of the Treasury as a minority-owned business, a woman-owned business, a disabled veteran-owned business, or any combination of the three.

Impact zone businesses are businesses that are owned by individuals who have lived in an impact zone, are located within an impact zone, or plan to offer employment opportunities to residents of impact zones. Under the Act, impact zones are municipalities with a large population or a high unemployment, crime, or marijuana arrest rate.

The three types of businesses are prioritized in the licensure process to ensure applications received from such businesses are reviewed prior to other applications, regardless of when they apply. This process will ensure that business owners and staff in communities historically underrepresented in regulated cannabis industries have priority access to the market. The rules also prioritize small businesses, referred to as “microbusinesses,” and the conditional licensure process, which creates a streamlined

pathway for entrepreneurs into the industry. If successful, microbusinesses may apply to expand their operations in accordance with consumer demand. The Commission expects these measures to result in a more inclusive cannabis industry in New Jersey.

The rules further address social equity by authorizing the Commission to establish a Social Equity Excise Fee—a fee on cultivation that increases as the retail price drops—to raise funds that can be appropriated to initiatives such as educational support, economic development, and social support services within municipalities designated as impact zones.

The Commission expects the rules to increase human health and safety by establishing a robust regulatory framework applicable to the development, expansion, regulation, and enforcement of all activities associated with the personal use of cannabis pursuant to the Act. The rules apply to any person, entity, organization, or business possessing, buying, selling, cultivating, producing, manufacturing, transporting, or delivering any cannabis or cannabis items within this State, or who engages in any other activity associated with the personal use of cannabis pursuant to the Act. Prior to the rules, an unregulated cannabis industry prevailed in the State. The regulatory framework will ensure that all aspects of New Jersey’s regulated cannabis industry are safe for consumers and all residents of the State.

To maintain consumer safety, pursuant to this chapter, businesses are required to have samples of each batch and lot of cannabis and cannabis products tested by a registered and certified cannabis testing lab prior to packaging, labeling, and distribution, or sale to consumers. Cannabis testing labs must apply to the Commission prior to testing personal use cannabis and cannabis products and must be certified by an accreditation

body that requires conformance to the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) general requirements for the competence of testing and calibration laboratories (ISO/IEC 17025 standards) in order to ensure lab equipment is routinely inspected, calibrated, and maintained. Labs must have a strict chain of custody protocols for samples and will be required to retain a portion for quality control stability testing. These requirements help consumers feel confident that the cannabis and cannabis products have met strict safety standards and are safe for their consumption.

To further consumer confidence in the safety of cannabis or cannabis products in New Jersey, the manufacturing standards included in this chapter prohibit the use of any additive that has been determined to be harmful to consumers, and limit what can be added to products. All cannabis items must be labeled with any warnings required by law, a summary of the product testing results, any ingredients used in cultivation or production of the cannabis item, and the serving size. Product labels must contain health warnings for consumers urging them to avoid driving or operating heavy machinery while using cannabis, potentially avoid use altogether when pregnant or breastfeeding, and must note that high potency products may present risks to mental health. Packaging and labeling will be prohibited from containing any false or misleading statements and must contain a universal warning symbol designated by the Commission. Each of these measures is designed to protect consumers from any dangers that may have prevailed by consuming unregulated and untested products from an unregulated cannabis industry.

The Commission anticipates the rules to have a positive social impact by regulating who may enter the cannabis industry. The rules promote and emphasize transparency

and disclosure in the licensing applicant process and include the authority for the Commission to designate a Statewide inventory tracking system for all cannabis businesses. To enter the market, the rules require that license applicants receive a criminal history background check and submit a detailed application and an operating summary plan in which they detail their experience, history, and knowledge of critical pieces of operating a cannabis business. The rules establish guardrails to combat exploitative business contracts and prevent deceptive license ownership transfers. Finally, every individual who works in, or with, cannabis on behalf of a licensed cannabis business must register with the Commission and be issued a Cannabis Business ID Card. These measures ensure that the State's cannabis industry is transparent and consumer-friendly.

Inside a regulated cannabis retail business, in contrast to what can be found in an unregulated market, personnel must have consumer education materials available for customers, including information on the potential side effects of cannabis use, safe techniques for using cannabis, and indicators of substance abuse. Products sold in stores must be accompanied by warning statements regarding potential health risks, as well as the phone number of the hotline for accessing poison control centers.

The Commission expects the rules to have a positive social benefit by establishing safety measures to protect underage persons, as well. Although consumers over the age of 21 may legally purchase and possess up to one ounce of cannabis, or an equivalent amount of cannabis products, persons under the age of 21 are prohibited from purchasing, possessing, or using cannabis or cannabis products. The rules restrict access to cannabis businesses by those under the age of 21 and restrict advertising, such

that cannabis is marketed only to those of legal age. The use of cartoons, trademarked images, candy, food, or anything that may be attractive to children is strictly prohibited in advertising and on product labeling. The rules require that packages be childproof – both before being opened and when resealed. The only ingestible cannabis products currently permitted are syrups, pills, tablets, capsules, and chewable forms.

The Commission additionally anticipates the rules to have a positive social impact by further promoting general public safety. The rules require that cannabis products are handled in a manner that prevents diversion to, and the harms associated with, the unregulated and illegal commercial marijuana market. Driving under the influence of cannabis is strictly prohibited. To ensure the rules are being properly followed, the Commission is authorized to inspect cannabis businesses and testing laboratories, issue notices of violations for regulatory infractions, and issue fines and suspend or revoke licenses when deemed appropriate.

Finally, the Commission anticipates the rules to have a positive social benefit by allowing the safe and legal personal use of cannabis and cannabis products. As discussed in the Summary above, 67 percent of voters in New Jersey voted yes to ratify the Constitutional amendment, legalizing the personal use of cannabis products in New Jersey. With these rules, residents of New Jersey may now join their fellow citizens in at least 17 other states, Washington, D.C., and Guam in such safe and legal personal use. Persons and entities engaged in activities authorized by the Act and rules are protected from criminal prosecution.

Economic Impact

The rules proposed for readoption with amendments, new rules, and recodifications would have an economic impact on entities that apply to operate a personal use cannabis establishment, as well as on other entities that provide supportive services in the personal use cannabis industry. License applicants would incur costs associated with identifying proposed site locations, developing site plans and security measures, obtaining local approvals, and identifying personnel to serve as board members, officers, employees, and vendor-contractors. License applicants may also elect to retain the services of professionals to assist them in this process.

Upon the Commission granting a license to a successful applicant, the license holder may incur costs associated with finalizing site construction and development, obtaining necessary local approvals, purchasing lighting, irrigation, and ventilation systems, hiring and training staff, procuring and installing equipment, and obtaining startup inventory. License holders may also incur initial and ongoing costs associated with security and safety requirements, research activities, staff salaries, and record retention. The cost of recordkeeping would vary depending on such factors as whether the license holder opts for paper-based or electronic storage methods and the quantity of records generated and retained.

Further, the Commission anticipates that the rules proposed for readoption with amendments, new rules, and recodifications will result in an economic benefit for the residents of the State. First, the Commission expects the State to generate tax revenues on the retail sales of cannabis items. Moreover, as stated in the Social Impact, the rules establish a Social Equity Excise Fee that will raise funds that can be appropriated to initiatives such as educational support, economic development, and social support

services for those persons and communities harmed by the criminalization of marijuana. Further, the Commission is authorized to collect initial application and annual licensing fees.

The Commission anticipates it would incur costs associated with the establishment and operation of the personal use cannabis market to implement the Act and the proposed new rules, as described below. In the first and in subsequent years of program operation, the Commission anticipates that it would incur costs associated with the salaries and benefits of personnel to administer the program, respond to consumer inquiries, and conduct compliance and enforcement activities. These costs could increase or decrease in subsequent years, depending on such factors as program demand, salary and staff changes, benefit costs, and the economy.

Federal Standards Analysis

The New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (Act) obliges the New Jersey Cannabis Regulatory Commission to promulgate rules necessary or proper to enable it to carry out the Commission's duties, functions, and powers with respect to overseeing the development, regulation, and enforcement of activities associated with the personal use of cannabis pursuant to P.L. 2021, c. 16. These duties include the regulation of the purchase, sale, cultivation, production, manufacturing, transportation, and delivery of cannabis or cannabis items in accordance with the provisions of the Act. Therefore, the Act requires the Commission to promulgate rules governing the regulated community's cultivation, possession, manufacture, sale, distribution, and use of cannabis.

The Controlled Substances Act, 21 U.S.C. §§ 801 et seq., prohibits the cultivation, distribution, and possession of marijuana or cannabis, for any reason, regardless of state law. 21 U.S.C. §§ 841 et seq. The rules proposed for readoption with amendments, new rules, and recodifications anticipate that members of the regulated community would cultivate, distribute, and possess cannabis, and may engage in certain financial activities that are ancillary to cultivation, distribution, and possession of cannabis. These ancillary financial activities may constitute prohibited conduct under other Federal criminal and civil laws, such as the money laundering statutes, the unlicensed money transmitter statute, and the Bank Secrecy Act (BSA). 18 U.S.C. §§ 1956 through 1957, and 1960; and 31 U.S.C. § 5318.

Members of the regulated community who engage in activities contemplated by the Act might incur Federal civil and criminal liability. N.J.S.A. 24:6I-2.d notes that “States are not required to enforce [Federal] law or prosecute people for engaging in activities prohibited by [Federal] law; therefore, compliance with [the Act] does not put the State of New Jersey in violation of [Federal] law,” and N.J.S.A. 24:6I-54 further directs law enforcement in New Jersey to not cooperate with Federal agencies enforcing the Controlled Substances Act for activities solely authorized by the Act.

Between October 2009 and late October 2014, the United States Department of Justice (Justice Department) issued a series of formal memoranda to United States attorneys to guide their exercise of investigative and prosecutorial discretion in states enacting laws authorizing the cultivation, distribution, and possession of marijuana, for medicinal and/or personal-use purposes. David W. Ogden, Deputy Attorney Gen., Memorandum for Selected United States Attorneys: Investigations and Prosecutions in

States Authorizing the Medical Use of Marijuana (October 19, 2009); James M. Cole, Deputy Attorney Gen., Memorandum for United States Attorneys: Guidance Regarding the Ogden Memo in Jurisdictions Seeking to Authorize Marijuana for Medical Use (June 29, 2011); James M. Cole, Deputy Attorney Gen., Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement (August 29, 2013); James M. Cole, Deputy Attorney Gen., Memorandum for All United States Attorneys: Guidance Regarding 32 Marijuana Related Financial Crimes (February 14, 2014); and Monty Wilkinson, Director of the Executive Office for United States Attorney's, Policy Statement Regarding Marijuana Issues in Indian Country (Oct. 28, 2014). While noting the Justice Department's commitment to enforcing the Controlled Substances Act, these guidance memoranda instructed United States Attorneys to focus on the following eight enforcement interests in prioritizing the prosecution of Federal laws criminalizing marijuana-related activity in states that have enacted laws authorizing marijuana-related conduct:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
3. Preventing the diversion of marijuana from states where it is legal in some form under state law to other states;
4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property. Cole (August 29, 2013), *Id.*, at 1-2.

The memoranda encouraged United States Attorneys to continue to rely on states that have enacted laws authorizing marijuana-related conduct to address marijuana-related activity through enforcement of state controlled substances laws, if those states “provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine” the eight Federal enforcement priorities, *Id.*, at 2-3, and “implement clear, strong and effective regulatory and enforcement systems in order to minimize the threat posed” to the eight Federal enforcement priorities. Cole (February 14, 2014), *Id.*, at 3. The memoranda noted that persons and entities engaged in marijuana-related activities “are more likely to risk entanglement with conduct that implicates the eight [Federal] enforcement priorities” in states that lack “clear and robust” regulatory schemes and enforcement systems. *Ibid.*

In guidance issued concurrently with Deputy United States Attorney General Cole’s February 14, 2014, memorandum on marijuana-related financial crime enforcement priorities, *Ibid.*, the Financial Crimes Enforcement Network (FinCEN) of the United States Department of the Treasury (Treasury Department) issued a companion guidance document that “clarifies how financial institutions can provide services to

marijuana-related businesses consistent with their Bank Secrecy Act (BSA) obligations, and aligns the information provided by financial institutions in BSA reports with [Federal] and state law enforcement priorities. This FinCEN guidance should enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses.” FinCEN, United States Department of the Treasury, Guidance FIN-2014-G001: BSA 34 Expectations Regarding Marijuana-Related Businesses (February 14, 2014) (FinCEN Guidance).

The FinCEN Guidance emphasizes that financial institutions’ exercise of thorough due diligence is critical to their assessment of the risk of providing services to marijuana-related businesses, and specifies tasks financial institutions should perform as part of their due diligence, noting that as “part of its customer due diligence, a financial institution should consider whether a marijuana-related business implicates one of the [eight Federal enforcement] priorities or violates state law.” *Id.*, at 2-3. The FinCEN Guidance identifies the types of required “Suspicious Activity Report” and “Currency Transaction Report” filings that financial institutions are to make attendant to their engagement with marijuana-related businesses, and provides a non-exhaustive list of “red flags” or indicia that could give rise to a financial institution’s suspicion, or actual or constructive knowledge, “that a marijuana-related business may be engaged in activity that implicates one of the [eight Federal enforcement] priorities or violates state law,” thereby triggering the financial institution’s obligations to perform additional due diligence investigation and/or file a “Marijuana Priority” Suspicious Activity Report. *Id.*, at 3-7.

On January 4, 2018, the Justice Department issued a memorandum to all United States Attorneys, instructing them that, in “deciding which marijuana activities to

prosecute under [applicable Federal] laws with the [Justice] Department's finite resources, to follow the well-established principles that govern all [Federal] prosecutions as reflected in the United States Attorneys' Manual. These principles require [Federal] prosecutors deciding which cases to prosecute to weigh all relevant considerations, including [Federal] law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. Given the Department's well-established general principles, previous nationwide guidance specific to marijuana enforcement is unnecessary and is rescinded, effective immediately." Jefferson B. Sessions, III, Attorney Gen., Memorandum for All United States Attorneys: Marijuana Enforcement (January 4, 2018) (Sessions Memorandum) (specifically listing, at n.1, the 2009 through 2014 Justice Department Memoranda, discussed above, as rescinded). The Sessions Memorandum neither identified the "law enforcement priorities set by the Attorney General" that United States Attorneys were to consider instead of the eight Federal enforcement priorities announced in the rescinded Justice Department Memoranda, nor did it explain whether and how those sets of priorities might differ. However, the press release accompanying its issuance characterized the Sessions Memorandum as, "announcing a return to the rule of law," and quoted Attorney General Sessions as saying that the Sessions Memorandum, "simply directs all [United States] Attorneys to use previously established prosecutorial principles that provide them all the necessary tools to disrupt criminal organizations, tackle the growing drug crisis, and thwart violent crime across our country." Office of Public Affairs, Justice Department, Press Release No. 18-8: Justice Department Issues Memo on Marijuana Enforcement (January 4, 2018). The Treasury Department

did not issue guidance, concurrent with the issuance of the Sessions Memoranda, or thereafter, rescinding its FinCEN Guidance. Therefore, the FinCEN Guidance appears to remain extant.

While there has been no new guidance released from the Justice Department since the Sessions Memorandum, Attorney General Merrick Garland, twice provided testimony to Congress in 2021 where he reiterated the spirit of the Cole memorandum and its commitment to deprioritizing Federal enforcement against persons and entities complying with state law in a state with a well-regulated cannabis program. He stated: “I do not think it the best use of the [Justice] Department’s limited resources to pursue prosecutions of those who are complying with the laws in states that have legalized and are effectively regulating marijuana.” Senate Committee on the Judiciary, Responses to Questions for the Record to Judge Merrick Garland, Nominee to be United States Attorney General (February 28, 2021); Senate Committee on the Judiciary, Hearing on the Nomination of the Honorable Merrick Brian Garland to be Attorney General of the United States (February 22, 2021); House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies, Hearing on the Fiscal Year 2022 Budget Request for the Department of Justice (May 4, 2021).

Additionally, existing Federal budget laws protect and safeguard state-administered legal medicinal marijuana programs. The Blumenauer amendment (previously known as the Rohrabacher-Farr amendment), most recently sponsored by United States Representative Earl Blumenauer (D-OR), prevents the Justice Department from using Federal funds to prosecute state-compliant medical marijuana operators in states that have legal cannabis programs. It was first approved in 2014, and has been

approved or renewed by Congress more than 29 times since. The language is no longer offered as an amendment as it is now part of the proposed budget language, and it was most recently renewed on March 15, 2022, as part of the most recent omnibus spending bill, the Consolidated Appropriations Act, 2022 (Pub. L. 117-103), which is in effect through September 30, 2022.

The rules proposed for readoption with amendments, new rules, and recodifications adhere to the standards outlined in the Cole memorandum. The rules require strict inventory tracking, sets stringent security standards for cannabis businesses, and further enforces the Act's prohibition on the sale of cannabis to anyone under the age of 21. Furthermore, the rules references similar standards to those outlined in the Cole Memo in the Cannabis Regulatory Commission's rules for determining who is qualified to hold a license and engage in activity authorized by the Act.

Jobs Impact

The Commission evaluated this rulemaking to determine the impact of the rules proposed for readoption with amendments, new rules, and recodifications on job creation or retention in the State. Because the rules apply only to cannabis businesses in an industry that did not exist prior to the rules, no loss of jobs is expected to result, and the rules will result in the generation of new jobs. As the rules establish a regulatory framework applicable to the development, expansion, regulation, and enforcement of all activities associated with the personal use of cannabis pursuant to the Act, the Commission anticipates job creation in each of those areas as a result.

The Commission anticipates that the creation of cannabis businesses through the issuance of licenses would lead to the creation of jobs to perform administrative,

cultivating, manufacturing, wholesale, transportation, delivery, retail, and security activities in this new industry. The Commission is unable to estimate the number of positions that businesses would need to fill to perform these functions as this will depend on consumer demand for cannabis and cannabis products and the number of licenses issued.

The Commission anticipates the rules will result in the creation of jobs in the New Jersey cannabis industry such as those found in other states. Federal prohibition prevents the U.S. Department of Labor from counting state-legal cannabis jobs, and entities who do undertake this research often do not distinguish between medical cannabis jobs and personal use cannabis jobs. As a result, the number of jobs throughout the various states attributable to personal use cannabis industries cannot be precisely known. Nevertheless, the following sources offer some insight into the job prospects in the industry.

The annual Leafly Jobs Report, produced by Leafly in partnership with Whitney Economics, is a prominent cannabis employment study. Leafly and Whitney Economics examined revenues driven by the legal adult use cannabis markets, combined labor permit data, inputs for business licenses, regulatory structures, and breakdowns by business sector to develop a model by which each state's employment could be estimated. According to the 2021 Leafly Jobs Report (see <https://leafly-cms-production.imgix.net/wp-content/uploads/2021/02/13180206/Leafly-JobsReport-2021-v14.pdf>), more than 321,000 full-time equivalent jobs are supported by legal cannabis in various states as of January 2021. More than 77,000 jobs were added in 2020. Since 2017, the US cannabis industry has averaged an annual growth of 27.5 percent,

outpacing all industries. These numbers reflected, at the time, the legalization of medical cannabis in 37 states, and the legalization of cannabis for all adults in 15 states and Washington, D.C.

The industry encompasses a wide variety of skills and backgrounds, including, but not limited to, marketing, plant sciences, retail, research, agriculture, and accounting. The jobs available may be broadly categorized as service and retail, professional and technical, and labor and physical. Small to medium businesses made up the majority of employers hiring in the cannabis industry.

Agricultural Industry Impact

Pursuant to N.J.S.A. 52:14B-4, the Commission has evaluated this rulemaking to determine the nature and extent of the impact of the rules proposed for readoption with amendments, new rules, and recodifications on the agricultural industry. The Commission anticipates that the proposed rulemaking will have an impact on the agriculture industry in New Jersey in that it will create additional demand for personnel to cultivate and process cannabis and agricultural supplies and equipment to aid in the performance of cultivation and processing activities. The rules allow persons to specialize in activities such as cultivation, which may spark agricultural innovation. The extent of the impact on the agriculture industry in New Jersey, however, will depend on factors, such as consumer demand for cannabis and cannabis products and the business decisions of the cannabis businesses.

Regulatory Flexibility Analysis

As required by the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., the Commission has evaluated the reporting, recordkeeping, and other compliance

requirements that the rules proposed for readoption with amendments, new rules, and recodifications impose upon small businesses. The Regulatory Flexibility Act defines the term “small business” as “any business which is a resident in this State, independently owned and operated and not dominant in its field, and which employs fewer than 100 full-time employees.” None of the reporting, recordkeeping, or other compliance requirements in the rules increase or decrease current requirements governing any business, regardless of size, and, therefore, will not affect any existing small businesses.

The Commission expects that the rules will affect small businesses only to the extent that a new small business seeks to enter the newly formed cannabis industry as contemplated by the Act. The rules are consistent with and implement the statutory directive of the Act and are not considered overly burdensome. The Commission has determined that the rules establish the minimum standards necessary to ensure the health and safety of consumers, the employees and neighbors of cannabis businesses, and the public generally; to prevent abuse and ensure compliance with applicable law; and to maintain public confidence in the regulated cannabis industry.

The rules continue to establish reporting, recordkeeping, and compliance requirements applicable to cannabis businesses and persons and entities seeking to apply to be any of the foregoing, as well as cannabis testing laboratories. These businesses could qualify as small businesses within the meaning of the Regulatory Flexibility Act. The Commission is unable at this time, however, to estimate the number of businesses that will enter the cannabis industry pursuant to the rules and is unable to estimate how many of these would be small businesses within the meaning of the Regulatory Flexibility Act. The number of businesses will depend upon factors, such as

consumer demand for cannabis and cannabis products and the number of applications received and approved by the Commission.

The rules are designed to minimize adverse economic impacts on small businesses that seek to enter the new cannabis industry. The rules establish six classes of license holders: cultivators, manufacturers, wholesalers, retailers, distributors, and delivery services. Entities applying to the Commission must complete an application process that addresses the various minimum requirements for eligibility and compliance with the rules. Small businesses named microbusinesses, which are limited to no more than 10 employees, are prioritized, and a streamlined conditional licensure process is established that creates a pathway for entrepreneurs into the industry as small businesses. Conditional applicants will only need to submit background disclosure information to the Commission, along with a business plan and a regulatory compliance plan. If approved, they will then be given 120 days to find an appropriate site, secure municipal approval, and apply for conversion to an annual license. This flexible application process offers a strong opportunity for New Jersey grown businesses to enter this new industry.

Initial application fees are structured to be affordable for microbusinesses, starting as low as \$100.00, to submit an application compared to \$200.00 for a standard cannabis business. Annual license fees are \$1,000 for a microbusiness compared to \$5,000 to \$50,000 for a standard business. The fee structure is designed to account for the size of the business operations, the value or size of a business's anticipated market share, and the costs to manage applications and enforce industry compliance.

The personal use cannabis industry in New Jersey is still in the early stages of development. While the medicinal cannabis industry has some experience with costs, and other states have initiated similar industries, the structure of the personal use cannabis industry in New Jersey is anticipated to be completely different from medicinal and personal use cannabis programs in other states, and is expected to involve a far wider assortment of businesses, including cultivators, laboratory testing facilities, manufacturers, transporters, and retailers, all of which will have their own, separate reporting, recordkeeping, security, and other administrative requirements. As a result, without more of a baseline of experience, it is impossible to estimate the costs associated with compliance with the rules proposed for readoption with amendments, new rules, and recodifications.

Housing Affordability Impact Analysis

In accordance with N.J.S.A. 52:14B-4, the Commission has evaluated the rules proposed for readoption with amendments, new rules, and recodifications to determine their impact, if any, on the affordability of housing. The rules proposed for readoption with amendments, new rules, and recodifications relate to the development, expansion, regulation, and enforcement of activities associated with the personal use of cannabis and neither impose requirements, nor confer direct benefits onto homeowners, builders, or other providers of housing, making it unlikely that they will have an impact on the affordability of housing units or result in a change in the average costs of housing.

Smart Growth Development Impact Analysis

In accordance with N.J.S.A. 52:14B-4, the Commission has evaluated the rules proposed for readoption with amendments, new rules, and recodifications to determine

their impact, if any, on housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The rules proposed for readoption with amendments, new rules, and recodifications relate to the development, expansion, regulation, and enforcement of activities associated with the personal use of cannabis, making it unlikely that they will evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The full impact the rules will have on racial and ethnic community criminal justice and public safety is expected to be minimal, if any. Because the rules predominately concern the processes for owning and operating a regulated cannabis business, it is unlikely that they will have a direct impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles. However, enactment of P.L. 2021, c. 16; P.L. 2021, c. 25; and P.L. 2021, c. 38, concerning the legalization and regulation of cannabis and reforms to law enforcement practices with respect to cannabis and marijuana, is expected to dramatically reduce the number of adults and juveniles detained, convicted, or adjudicated for cannabis- or marijuana-related offenses.

The rules are expected to offer some economic benefit to people from communities that have historically been excluded from economic opportunities, particularly those with prior criminal convictions, people of color, and disabled veterans. Pursuant to the rules, individuals with prior criminal convictions may qualify for a cannabis business license. In fact, those with prior convictions for marijuana- or hashish-related offenses are prioritized for application review and approval. The rules also prioritize applications submitted by

woman-owned, minority-owned, and disabled veteran-owned businesses. However, the extent of such economic benefits pursuant to the initial rules depends heavily upon the population of individuals who apply for and are awarded licensure.

Moreover, as the Social Impact statement describes, the rules establish a Social Equity Excise Fee that will raise funds that can be appropriated to initiatives such as educational support, economic development, and social support services for those persons and communities harmed by the criminalization of marijuana, which may include communities of color.

More analysis would be needed at a future date to identify if there are any discernable impacts on racial and ethnic minority communities.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

CHAPTER 30

PERSONAL USE CANNABIS RULES

SUBCHAPTER 1. GENERAL PROVISIONS

17:30-1.1 Purpose and scope

(a) This chapter implements the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq).

(b) This chapter is applicable to the development, expansion, regulation, and enforcement of all activities associated with the personal use of cannabis pursuant to the Act.

(c) This chapter applies to any person, entity, organization, or business possessing, buying, selling, cultivating, producing, manufacturing, transporting, or delivering any

cannabis or cannabis items within this State, or engages in any other activity associated with the personal use of cannabis pursuant to the Act.

17:30-1.2 Definitions

(a) All definitions contained in the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.), are incorporated herein by reference.

(b) The following words and terms, as used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Accreditation body” means an impartial, non-profit organization that:

1. Is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement for Testing and is recognized by ILAC;

2. Determines a laboratory’s compliance with and conformance to the International Organization for Standardization (ISO) 17025 standards and provides accreditation for compliant laboratories; and

3. Is not affiliated with any laboratory seeking accreditation.

“Act” means the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.).

“Adverse event” means any health-related event in a person, which is associated with the use of a cannabis item, that is undesirable and is unexpected or unusual.

“Advertisement” means any calculated attempt to directly or indirectly induce sales of cannabis items, including, but not limited to, any commercial written or verbal statement or communication of any other means. The term shall not include:

1. Noncommercial speech;
2. A label on a cannabis item pursuant to N.J.A.C. 17:30-[13.3]**16.3** and its accompanying supplemental information, pursuant to N.J.A.C. 17:30-[12.3(l) and ((j)]**14.3(h) and (i)**;
3. Information provided by a cannabis business to another cannabis business listing its products for sale; and
4. "Adopt-a-Highway" signs erected under a current valid sponsorship with the New Jersey Department of Transportation.

"Aggregate ownership interest" means the total ownership interest held by an owner that is a person and by the spouse, domestic partner, civil union partner, child, sibling, or parent of the person.

"Alternative treatment center" or "ATC" means a medical cannabis cultivator, a medical cannabis manufacturer, and/or a medical cannabis dispensary that has been issued a permit to cultivate, manufacture, dispense, or engage in other activities related to medical cannabis and related paraphernalia pursuant to P.L. 2019, c. 153 and N.J.A.C. 17:30A.

"Batch" means a specific quantity of usable cannabis propagated from the same seed or plant stock at the same time, cultivated in the same cultivation area under similar conditions, and harvested together during a specific time interval.

"Billboard" means a large outdoor [off-premises] sign, with a minimum size of five feet in height by 11 feet in width, used for the display of a commercial message.

“Board member” means, where a cannabis business or testing laboratory license applicant or license holder is governed by a governing body, such as a board of directors, a member of that governing body.

“Bona fide labor organization” has the same meaning as at N.J.S.A. 24:6I-36.c.

“Business day” means any day, other than a Saturday, Sunday, or a State-recognized holiday.

“Cannabidiol” or “CBD” means a non-psychoactive constituent of cannabis, C₂₁H₃₀O₂.

“Cannabis” means all parts of the plant *Cannabis sativa* L. within the plant family *Cannabaceae*, whether growing or not, the seeds thereof, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds, except those containing resin extracted from the plant; which are cultivated and, where applicable, manufactured for use in cannabis products, in accordance with the Act and this chapter.

“Cannabis business” means a cannabis cultivator, a cannabis manufacturer, a cannabis retailer, cannabis wholesaler, cannabis distributor, or cannabis delivery service. “Cannabis business” includes an “expanded ATC.”

“Cannabis business delivery personnel” means cannabis business personnel possessing a Cannabis Business Identification Card who deliver cannabis items **or cannabis paraphernalia** on behalf of a cannabis business to a consumer [at that person’s home address].

“Cannabis Business Identification Card” means a document issued by the Commission pursuant to N.J.A.C. 17:30-8.1(c) that identifies a person as an owner,

principal, management services contractor, employee, **or** volunteer[, or vendor-contractor] acting on behalf of a cannabis business or testing laboratory[, including a] **or other** cannabis handler pursuant to N.J.S.A. 24:6l-44.a, **required to register with the Commission pursuant to N.J.A.C. 17:30-8.1(a).**

“Cannabis concentrate” or “cannabis resin” means a product manufactured by a cannabis manufacturer, either in solid form or in liquid form as oil, including cannabis extracts and resin extracted using non-chemical processes, that contains only the resin, cannabinoids, terpenes, and other substances extracted from any part of the cannabis plant.

“Cannabis cultivator” means a business or organization owned and controlled by a license holder that holds a Class 1 Cannabis Cultivator license issued by the Commission.

“Cannabis delivery service” means a business or organization owned and controlled by a license holder that holds a Class 6 Cannabis Delivery license issued by the Commission.

“Cannabis distributor” means a business or organization owned and controlled by a license holder that holds a Class 4 Cannabis Distributor license issued by the Commission.

“Cannabis establishment” means a cannabis cultivator, a cannabis manufacturer, a cannabis wholesaler, or a cannabis retailer.

“Cannabis extract” means a substance obtained by separating resins from cannabis by:

1. A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane, or propane;
2. A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the process uses high heat or pressure; or
3. Any other process identified by the Cannabis Regulatory Commission by rule.

“Cannabis flower” means the flower of the cannabis plant.

“Cannabis item” means any usable cannabis or cannabis product that is cultivated, produced, manufactured, or consumed in accordance with the Act.

“Cannabis leaf” means the leaf of the cannabis plant.

“Cannabis manufacturer” means a business or organization owned and controlled by a license holder that holds a Class 2 Cannabis Manufacturer license issued by the Commission.

“Cannabis paraphernalia” means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing a cannabis item into the human body.

“Cannabis plant” means the plant *Cannabis sativa* L. within the plant family *Cannabaceae* in the seedling, vegetative, or flowering stages, with readily observable roots and leaves with serrated edges; but does not include a germinated seed, cutting, or clone without readily observable roots and leaves with serrated edges.

“Cannabis product” means a cannabis concentrate or a cannabis-infused product, that a cannabis manufacturer manufactures, produces, or creates from usable cannabis or cannabis concentrate.

“Cannabis retailer” means a business or organization owned and controlled by a license holder who holds a Class 5 Cannabis Retailer license issued by the Commission.

“Cannabis wholesaler” means a business or organization owned and controlled by a license holder who holds a Class 3 Cannabis Wholesaler license issued by the Commission.

“Cannabis-infused product” means a product manufactured by a cannabis manufacturer in an authorized form that contains usable cannabis or cannabis concentrate, in solid or liquid form, and one or more ingredients intended for human consumption or use, including an ingestible product, inhalable product, or dermal product.

“Commission” means the New Jersey Cannabis Regulatory Commission established pursuant to section 31 [of] **at** P.L. 2019, c. 153 (N.J.S.A. 24:6I-24) [that:].

[1. Is responsible for the administration and implementation of activities related to the Act; and

2. Has a mailing address of PO Box 216, Trenton, NJ 08625-0216.]

“Common ownership or control” has the same meaning as at N.J.S.A. 24:6I-3.

“Compassionate and [Medical] **Personal** Use Acts” means the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), and the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.).

“Conditional license” means a temporary cannabis business license that is issued pursuant to N.J.S.A. 24:6I-36.a[(1)].

“Consumer” means a person 21 years of age or older who purchases, directly or through a cannabis delivery service, acquires, owns, holds, or uses cannabis items for personal use by a person 21 years of age or older. “Consumer” does not include a person who acquires, owns, holds, uses, or has any other involvement in cannabis items for resale to others.

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

“Cultivate” means the propagation, germination, planting, growing, harvesting, drying, curing, and processing of cannabis.

“Curbside retail sale” means when a cannabis retailer sells a cannabis item to a consumer [inside a car that] **who** is on the exterior of the facility on the cannabis retailer premises, which includes any parking lot and adjacent sidewalk that are located at the physical address listed on the cannabis business license, pursuant to N.J.A.C. 17:30-[12.4]**14.4**.

“Delivery vehicle” means the vehicle used for the transport of cannabis items or related supplies between cannabis businesses [and] **or** for the delivery of cannabis items to consumers.

“Dermal products” means oil, topical formulation, [and] **or products in a** transdermal form intended for dermal application.

“Diversely owned business” means a license applicant or license holder where the entity has been certified, pursuant to the criteria at N.J.A.C. 17:30-6.4, as:

1. A minority-owned business pursuant to N.J.S.A. 52:27H-21.18 et seq.;
2. A women-owned business pursuant to N.J.S.A. 52:27H-21.18 et seq.;
3. A disabled-veterans-owned business, as defined at N.J.S.A. 52:32-31.2; or
4. Any combination of paragraphs 1, 2, or 3 above.

“Economically disadvantaged area” means a zip code that meets all of the following socioeconomic criteria:

1. Has a median income that is 80 percent or less of the average median household income in the State, as determined annually by the U.S. Census Bureau; and
2. Has a health uninsured rate that is at least 150 percent of the health uninsured rate in the State, as determined annually by the U.S. Census Bureau.

“Electronic smoking device” means a pre-filled, tamper-resistant, non-refillable, disposable “all-in-one” e-cigarette or pre-filled, tamper-resistant, non-refillable cartridge and separate battery used to heat and aerosolize or vaporize a cannabis product for inhalation.

“Employee” means a person who is not an owner, principal, or vendor-contractor that works for a cannabis business or testing laboratory and who receives remuneration or other tangible benefit from the cannabis business or testing laboratory for services performed for the benefit of the cannabis business or testing laboratory regarding the possession, cultivation, manufacture, transport, delivery, selling, or testing of, or other conduct associated with, cannabis pursuant to the Act and this chapter.

1. “Employee” includes managerial and non-managerial employees, **as well as paid or unpaid interns.**

“Entity” means an organization formed by one or more persons to conduct business, engage in a trade, or partake in similar activities.

“Executive Director” means the Executive Director of the Cannabis Regulatory Commission.

“Expanded **alternative treatment center**” or “**expanded ATC**” means a permitted ATC pursuant to P.L. 2019, c. 153 and N.J.A.C. 17:30A that is authorized to operate a cannabis business or businesses pursuant to the Act and this chapter, in addition to its [ATC] **medicinal cannabis** operations.

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

“Financial source” means a person or entity [that is not an owner, passive investor, or principal of a cannabis business license applicant or license holder] that lends any amount of capital to a cannabis business license applicant or license holder pursuant to a secured or unsecured financing agreement and [that does not receive an ownership interest] **who is not an owner, passive investor, or principal of such cannabis business license applicant or license holder.**

“Financial source agreement” means any agreement, contract, arrangement, or other type of formal understanding between a financial source and a cannabis business license applicant or license holder where the financial source lends capital to the cannabis business license applicant or license holder pursuant to a secured or unsecured financing agreement and does not receive ownership interest, in accordance with N.J.A.C. 17:30-6.10.

“Finished cannabis product” means a cannabis product, packaged in its finished state, including any accompanying device and ready for sale to a consumer.

“Finished usable cannabis” means usable cannabis, packaged in its finished state including any accompanying wrapping, such as a pre-roll, and ready for sale to a consumer.

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

“Immediate family” means the spouse, domestic partner, civil union partner, child, sibling, or parent of a person, **whether biological or adopted**, and shall include the siblings, parents, and children of the person’s spouse, domestic partner, or civil union partner, and the parents, spouses, domestic partners, or civil union partners of the person’s parents, siblings, and children.

“Impact zone” has the same meaning as defined at N.J.S.A. 24:6I-33.

“Impact zone business [license applicant]” [or “impact zone business license holder”] means a license applicant or license holder that meets the criteria at N.J.A.C. 17:30-6.5 and N.J.S.A. 24:6I-36.e.

“Ingestible products” means cannabis product forms intended for oral administration and ingestion, including oil and sublabial, sublingual, buccal, and enteral forms.

“Inhalable products” means usable cannabis, solid cannabis concentrate, and vaporized formulation intended for inhalation.

“License” means an authorization or approval issued by the Commission pursuant to this chapter and the Act that authorizes a license holder to possess, transport, cultivate,

manufacture, sell, test, deliver, or engage in other conduct in accordance with the Act and this chapter.

“License applicant” means a person or entity that is applying for, **or has a pending application for**, a conditional or annual cannabis business license or a testing laboratory license.

“License holder” **or “licensee”** means a person or entity registered to do business in New Jersey that holds a conditional or annual cannabis business license or a testing laboratory license.

“License holder representative” or “licensee representative” means an owner, principal, employee, agent, or representative of a cannabis business or testing facility license applicant or license holder, to the extent that the person acts in a representative capacity.

“Lot” means a specific quantity of cannabis product manufactured from the same usable cannabis during a specific time interval under similar conditions, using the same methods, equipment, and ingredients.

“Management services agreement” means any agreement, contract, arrangement, or other type of formal understanding between a management services contractor and a cannabis business license applicant or license holder where the management services contractor provides professional staffing[, such as], administrative, operational, advisory, [and] **or** management services to a cannabis business license applicant or license holder in exchange for remuneration, but not an ownership interest, in accordance with N.J.A.C. 17:30-6.9.

“Management services contractor” means a third-party vendor-contractor **person or** entity supervised by the principals and owners of the cannabis business license applicant or license holder, that provides professional staffing, administrative, operational, advisory, or management services to a cannabis business license applicant or license holder in exchange for remuneration pursuant to a management services agreement, pursuant to N.J.A.C. 17:30-6.9.

“Manager” means a person who is an employee or volunteer that participates in control or decision-making authority over the direction, management, operations, or policies of a cannabis business or testing laboratory that is supervised by the principals and owners of the cannabis business or testing laboratory license applicant or license holder.

“Manufacture” means preparing, compounding, mixing, or converting usable cannabis to produce, make, or otherwise create a cannabis product.

“Manufacturing record” means documentation of each unique manufacturing event [and shall include the name and strength of the cannabis product, the master formulation record reference for the preparation, and the sources and lot numbers of ingredients] **used to manufacture a cannabis product.**

“Manufacturing supervisor” means a qualified individual who, by possession of a **relevant and** recognized degree, certificate, or professional standing, or by extensive knowledge, training, and experience, will be responsible for ensuring compliance with manufacturing requirements.

“Master formulation record” means the unique formulation record of individually manufactured cannabis products.

“Mature cannabis plant” means a harvestable female cannabis plant that is flowering.

“Medical cannabis” means cannabis in various forms dispensed to registered qualifying patients and designated caregivers pursuant to the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2019, c. 153.

“Microbusiness” has the same meaning as defined at N.J.S.A. 24:6I-33 and operated in accordance with N.J.A.C. 17:30-6.7.

"Military veteran" means a person who served in any branch of the active or reserve component of the United State military and/or the National Guard of any state military service and who was discharged or released under conditions other than dishonorable.

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

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

"Nonprofit entity" means a corporation, association, or organization that is:

1. Not conducted for pecuniary profit of any private shareholder or individual;
2. Established, organized, or chartered without capital stock [under] **pursuant to:**
 - i. The provisions [of] **at** Titles 15, 15A, 16, or 17 of the New Jersey Revised Statutes;
 - ii. A special charter; or
 - iii. Any similar general or special law of this or any other state;

3. [Exempt] **Certified as exempt** from the tax imposed by the Corporation Business Tax Act, as set forth at N.J.S.A. 54:10A-3.e; and
4. [That] **Certified as an entity that** is not required to be a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3).

“Officer” means a person who is an officer of a cannabis business or testing laboratory license applicant or license holder pursuant to the entity’s formation documents or bylaws, [and] **or** who participates in managing the cannabis business or testing laboratory license applicant, license holder, and license applicant’s or license holder’s cannabis business or testing laboratory. **“Officer” includes, but is not limited to:**

1. **President, vice-president, secretary, treasurer, chief executive officer, chief financial officer, chief operating officer, or general counsel;**
2. **If the license applicant or license holder is a corporation, the officers of the corporation, in accordance with the articles of incorporation or the bylaws;**
3. **If the license applicant or license holder is a nonprofit entity, the chief executive officer, members of the governing board, and the officers, in accordance with the articles of incorporation or the bylaws;**
4. **If the license applicant or license holder is a partnership, the general partners, managing partners, and controlling partners of the partnership;**
5. **If the license applicant or license holder is a limited liability company, the manager-members of the limited liability company;**
6. **If the license applicant or license holder is a private capital fund, the members of the executive team of the private capital fund, and any other persons that control its investment or management; or**

7. If the license applicant or license holder is a business organization other than the types listed at paragraphs 1 through 6 above, any person whose position with respect to the business organization, as determined under its formation documents or bylaws, without regard to the person's title, are the functional equivalents of any of the positions described in this definition.

"Oil" means a cannabis concentrate, in viscous liquid form containing only cannabinoids, such as THC and cannabidiol, terpenes, and other substances that are extracted from the cannabis plant.

"Onsite assessment" means an inspection of any site [that has received a permit as an alternative treatment center or a license as a cannabis business. The inspection shall be] **conducted** by an employee of the Commission to ensure compliance with the Act.

"Oral lozenge" means a solid oral cannabis-infused product that is designed to dissolve or disintegrate slowly in the mouth.

"Organic" means **satisfying or meeting** the organic program standards as defined at N.J.A.C. 2:78.

"Owner" means:

1. Any person or entity that holds at least a five percent aggregate ownership interest in a cannabis business or testing laboratory license applicant or license holder;
2. Where an entity, including a parent company, holds at least a five percent ownership interest in a cannabis business or testing laboratory license applicant or license holder, any person or entity that holds at least 10 percent aggregate

ownership interest in or is a member of the executive team of such entity[; or],

where such entity:

- i. Is holding at least a five percent ownership interest in a cannabis business or the testing laboratory license applicant or license holder is a nonprofit entity, any person or entity that is an officer in accordance with the articles of incorporation, or the bylaws or is a member of the governing board of such entity;**
 - ii. Is a qualified institutional investor, any person or entity that holds at least 30 percent aggregate ownership interest in or is a member of the executive team of such entity; or**
 - iii. Is a trust, any trustee of such entity; or**
3. A significantly involved person of a cannabis business license applicant or license holder.

“Ownership interest” means a right to ownership or equity interest in an entity.

“Parties of interest” means any person or entity holding an interest, whether financial or otherwise, in a cannabis business license applicant or license holder.

“Passive investor” means a person or entity that:

1. Holds an aggregate ownership interest that is greater than zero percent but less than five percent in a cannabis business or testing laboratory license applicant or license holder; and
2. Does not have control or decision-making authority over the management, operations, or policies of such license applicant’s or license holder’s cannabis business or testing laboratory.

“Person” means a natural person.

“Personal use” or “personal use of cannabis” means:

1. The purchase, acquisition, holding, possession, or use of cannabis or cannabis items by a person 21 years of age or older; and
2. Does not include resale to other persons or entities.

“Physical plant” means the spaces, equipment, and infrastructure directly utilized by a cannabis business, within the premises, for [activities authorized by the Act and this chapter] **cultivation, manufacturing, wholesaling, distributing, retail sale, or delivery.**

“Premises” includes the following areas of a location [licensed pursuant to the Act and this chapter] **controlled or operated by a cannabis business or testing laboratory:**

1. All public and private enclosed areas at the location that are used in the business operated at the location, including, but not limited to, offices, kitchens, rest rooms, and storerooms;
2. Any areas outside a building that [the Commission has specifically licensed] **is used, or is to be used,** for the cultivation, manufacturing, wholesaling, distributing, retail sale, or delivery of cannabis items; [and]
3. For a location that [the Commission has specifically licensed] **is used, or is to be used,** for the cultivation of cannabis outside a building, the entire lot or parcel that the license holder owns, leases, or has a right to occupy[.]; **and**
4. **A purely administrative office operated by a cannabis distributor or cannabis delivery service that is not used for the possession or handling of cannabis**

or cannabis items shall not be considered to be a cannabis business premises.

“Pressurized metered dose inhaler” means a device with pressurized propellant that administers a dose of aerosolized oil for inhalation.

“Principal” means a person or entity, including an [office] **officer** or a board member, that participates in control or decision-making authority over the direction, management, operations, or policies of a cannabis business or testing laboratory license applicant, license holder, or license applicant’s or license holder’s cannabis business or testing laboratory.

1. A principal of a cannabis business or testing laboratory license applicant or license holder does not include a manager or a management services contractor.

2. Where a principal of a license applicant or license holder is an entity, any person or entity that holds at least 10 percent aggregate ownership interest in, or is a member of the executive team of, such entity is also a principal of such license applicant or license holder.

“Private capital fund” means:

1. A United States investment company that includes, but is not limited to, a venture capital fund, a hedge fund, or a private equity fund;
2. That is advised or managed by an investment adviser registered under 15 U.S.C. §§ 80b-1 et seq.; and
3. Does not include a qualified institutional investor.

“Project labor agreement” means a form of pre-hire collective bargaining agreement covering terms and conditions of a specific project, including labor issues and worker grievances associated with that project.

"Proof of New Jersey residency" means one or more of the following current, unexpired documents:

1. A New Jersey driver's license that is in effect and [good standing] **is a valid State-issued identification card;**
2. A Federal, State, or local government-issued identification card that shows the applicant's name and New Jersey address;
3. A utility bill issued within the 90 days preceding the application date that shows the applicant's name and New Jersey address;
4. Correspondence from the Internal Revenue Service or the New Jersey Division of Taxation issued within the year preceding the application date that shows the applicant's name and New Jersey address;
5. A non-driver identification card issued by the New Jersey Motor Vehicle Commission that is in effect and good standing;
6. Federal, State, or local government correspondence issued to the applicant within the 90 days preceding the application date that shows the applicant's name and New Jersey address;
7. Bank statements or credit card bills issued within each of the three months preceding the application date that show the applicant's name and New Jersey address;

8. Residential lease or rental agreements with the name of applicant as lessee or renter;
9. A deed or title to real residential property **that is owner-occupied**; or
10. Pay stubs from the prior three months that show the applicant's name and New Jersey address.

"Public place" means a place as defined at N.J.S.A. 24:6I-33.

"Qualified institutional investor" means a United States purchaser of securities that has special status under financial regulation laws, specifically:

1. A bank as defined in Section 3(a)(6) of the Federal Securities Exchange Act of 1934, as amended;
2. A bank holding company as defined in the Federal Bank Holding Company Act of 1956, as amended;
3. An insurance company as defined in Section 2(a)(17) of the Investment Company Act of 1940, as amended;
4. An investment company registered under Section 8 of the Investment Company Act of 1940, as amended;
5. An employee benefit plan or pension fund subject to the Federal Employee Retirement Income Security Act of 1974, excluding an employee benefit plan or pension fund sponsored by a license applicant or license holder or any of its owners;
6. A state or Federal government pension plan; or
7. A group comprised entirely of entities specified at paragraphs 1 through 6 above.

“Quality control” means a planned and systematic operation or procedure for ensuring the strength, quality, and purity of a cannabis product.

“Radio” means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or Internet programming; and includes any audio programming downloaded or streamed through the Internet.

“Residual solvent” means a volatile organic chemical used in some methods of manufacturing cannabis concentrates that is not completely removed by a cannabis business’s quality control standard operating procedures.

"Security alarm system" means any device or series of devices, including, but not limited to, a signal system interconnected with a radio frequency method, such as cellular, private radio signals or other mechanical or electronic device, used to detect an unauthorized intrusion.

“Serving” or “dose” means the measured quantity of a usable cannabis or cannabis product to be taken at one time.

"Signature" or “electronic signature” means either the name of one written by oneself or an electronic code, sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

“Significantly involved person” has the same meaning as at N.J.S.A. 24:6I-33.

“Social equity business” means a license applicant or license holder that meets the requirements at N.J.A.C. 17:30-6.6.

[“State or local economic incentive” means a financial incentive:

1. Awarded by the State, any political subdivision of the State, or any agency or instrumentality of the State or political subdivision of the State, to any non-governmental person, association, for-profit or non-profit corporation, joint venture, limited liability company, partnership, sole proprietorship, or other form of business organization or entity; or
2. Agreed to between the State, any political subdivision of the State, or any agency or instrumentality of the State or political subdivision of the State and non-governmental parties; and
3. Is for the purpose of stimulating economic development or redevelopment in New Jersey.]

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

“Testing laboratory” means an independent, third-party laboratory that is:

1. A “cannabis testing facility” that is licensed by the Commission pursuant to N.J.A.C. 17:30-[15]**18** to perform testing services, including analysis and certification of compliance with applicable health, safety, and potency standards, on usable cannabis for personal use and cannabis products pursuant to N.J.A.C. 17:30-[16]**19**; [and] **or**
2. A “medical cannabis testing laboratory” that is licensed by the Commission pursuant to N.J.S.A. 24:6l-18 to perform testing services, including analysis and certification of compliance with applicable health, safety, and potency standards,

on usable cannabis for medical use and medical cannabis products pursuant to N.J.S.A. 24:6I-17.

"THC" means delta-9-tetrahydrocannabinol and its precursor, tetrahydrocannabinolic acid, the main psychoactive chemicals contained in the cannabis plant.

"Topical formulation" means a transcutaneous therapeutic cannabis-infused product in liquid form intended to be applied to the skin or hair, including an ointment, gel, cream, or lotion, comprised of oil, water, short carbon chains, alcohol, dimethylsulfoxide, polyethylene glycol, polypropylene glycol, glycerin, mineral, [and] **or** mixtures thereof.

"Unusable cannabis" means cannabis seeds, stems, stalks, roots, or any part of the immature cannabis plant.

"Usable cannabis" means the dried leaves and flowers of the mature cannabis plant; but does not include the cannabis seeds, seedlings, stems, stalks, roots, or any part of the immature cannabis plant.

"Vaporized formulation" means oil or oil and one or more inactive ingredients in an electronic smoking device that is meant to be heated, aerosolized, and inhaled.

"Vendor-contractor" means a third-party person or entity that is separate from the cannabis business license applicant or license holder that provides goods, services, or intellectual property to a cannabis business license applicant or license holder in exchange for remuneration, but not ownership interest, pursuant to a contract or agreement. **A vendor-contractor may include, but is not limited to:**

- 1. A landlord that is leasing the land and/or building of a cannabis business premises or administrative office to a license applicant or license holder;**

2. A contract counterparty that is leasing equipment used in the cultivation, manufacturing, retail sale, storage, transportation or destruction of cannabis to a cannabis business license applicant or license holder;
3. A vendor providing materials;
4. An architect;
5. A construction; heating, ventilating, air conditioning, and refrigeration; plumbing; or lighting company;
6. A security company;
7. A lawyer or lobbyist;
8. An accountant; or
9. A consultant providing services, including license application preparation, and operation recommendations regarding cultivation, manufacturing, retail sale, storage, transportation, or destruction of cannabis.

“Visitor” means a person **on the cannabis business or testing laboratory premises** who does not possess a Cannabis Business Identification Card.

“Volunteer” means a person who is not an owner, principal, or vendor-contractor that works for a cannabis business[, including an unpaid intern,] who does not receive remuneration from the cannabis business for services performed for the benefit of the cannabis business regarding the possession, cultivation, manufacture, transport, delivery, selling of, or other conduct associated with cannabis pursuant to the Act and this chapter.

“Written report” means the report prepared by the testing laboratory about the analytical testing it performed and the results it obtained.

17:30-1.3 Construction and amendments

- (a) This chapter shall be construed in accordance with generally accepted principles of statutory construction, including those set forth at N.J.S.A. 1:1-1.1 et seq.
- (b) This chapter shall be liberally construed to permit the Commission to effectively carry out its statutory functions and to secure a just and expeditious determination of issues properly presented to the Commission.
- (c) Nothing contained in this chapter shall be construed as to conflict with any provision of the Jake Honig Compassionate Use Medical Cannabis Act [and] **or** the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act, or any other applicable statute.
- (d) Whenever any provision of this chapter requires that an act or event occur on a specified day or date, and such day or date falls on a Saturday, Sunday, or legal holiday, or on a day in which the State is closed as the result of a declared state of emergency, such provision shall be construed to refer to the next business day immediately following such day or date.

17:30-1.4 Severability and preemption

If any part, section, clause, paragraph, sentence, or provision of P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), P.L. 2015, c. 158 (N.J.S.A. 18A:40-12.22 et seq.), P.L. 2019, c. 153 (N.J.S.A. 24:6I-5.1 et seq.), or P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.), or its application to any person or circumstance shall be adjudged by any court of competent jurisdiction to be unconstitutional or otherwise invalid, that judgment shall

not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the section, clause, paragraph, sentence, or provision thereof directly involved in the controversy in which the judgment shall have been rendered.

SUBCHAPTER 2. CONSUMER AND LICENSE HOLDER PROTECTIONS; CONSUMER PROHIBITIONS

17:30-2.1 Consumer and license holder criminal protections

(a) Pursuant to N.J.S.A. 24:6I-51.a, persons and licensed cannabis businesses and testing laboratories shall not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, solely for conduct permitted pursuant to P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.).

1. Nothing in this subchapter shall be construed to limit the authority of an agency or subdivision of any agency of this State to cooperate with or assist the government of the United States, or any agency thereof, or the government of another state, or agency thereof, in matters pertaining to illegal interstate trafficking of marijuana, hashish, cannabis, or cannabis items; and

2. Licensed cannabis businesses and testing laboratories and personnel remain subject to criminal prosecution for activities not authorized by the Act, this chapter, or the cannabis business or testing laboratory license.

(b) It is not unlawful, pursuant to N.J.S.A. 2C:35-10.a[.] for:

1. A consumer to possess, display, purchase, transport, or transfer without remuneration for non-promotional, non-business purposes, where the cannabis item is obtained directly from a licensed cannabis retailer:

- i. Up to one ounce of usable cannabis; or
 - ii. Up to the equivalent of one ounce of usable cannabis as a cannabis product in solid, liquid, or concentrate form;
 2. A consumer to take delivery of, or consume, a lawfully possessed cannabis item in a place where it is not prohibited to do so; or
 3. Another person to assist a consumer in engaging in any of the acts described at (b)1 and 2 above, provided that the assistance being provided is **with the consumer's consent and** without remuneration.
- (c) It is not unlawful, and shall not be a criminal offense, in accordance with N.J.S.A. 2C:35-10.b, for cannabis business or testing laboratory personnel, as applicable, to act within the scope of authority provided by a license issued pursuant to the Act and this chapter.
- (d) It is not unlawful, in accordance with N.J.S.A. 2C:35-10.b, for a property owner that is at least 21 years of age acting within the scope of authority provided by a license, to lease, or otherwise allow the use of, property for the operation of a cannabis business.
- (e) Notwithstanding the provisions of N.J.S.A. 24:6I-52, until such time that the Commission, in consultation with the Police Training Commission established pursuant to N.J.S.A. 52:17B-70, develops standards for a Workplace Impairment Recognition Expert certification, no physical evaluation of an employee being drug tested in accordance with N.J.S.A. 24:6I-52 shall be required.

[17:30-2.2 Consumer and license holder civil protections

(a) Pursuant to N.J.S.A. 24:6I-51.a, persons and licensed cannabis businesses and testing laboratories shall not be subject to 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 conduct permitted under the Act.

1. Licensed cannabis businesses and testing laboratories and personnel remain subject to civil or criminal penalties for their activities not authorized under the Act, this chapter, or the cannabis business or testing laboratory license.

(b) Nothing in the Act shall be construed to limit any privileges or rights of a registered qualifying patient, designated caregiver, institutional caregiver, or alternative treatment center as provided in the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), or P.L. 2015, c. 158 (N.J.S.A. 18A:40-12.22 et seq.) concerning the use of medical cannabis and medical cannabis products.

(c) Pursuant to N.J.S.A. 24:6I-49, a financial institution shall not engage in discriminatory activities with respect to the banking activities of a cannabis business or a person associated with a cannabis business.

(d) Pursuant to N.J.S.A. 24:6I-53, no contract shall be unenforceable on the basis that manufacturing, distributing, selling, dispensing, possessing, or using any cannabis item is prohibited by Federal law.]

17:30-[2.3] **2.2** Consumer and under-age person prohibitions

(a) [Pursuant to N.J.S.A. 24:6I-52, nothing in the Act] **Nothing in this chapter** is intended to allow driving under the influence of cannabis items or driving while impaired by cannabis items or to supersede laws related to driving under the influence of marijuana or cannabis items or driving while impaired by marijuana or cannabis items.

(b) [Pursuant to N.J.S.A. 24:6I-52, nothing in the Act] **Nothing in this chapter** is intended to permit the transfer of cannabis items, with or without remuneration, to a person under 21 years of age or to allow a person under 21 years of age to purchase, possess, use, transport, grow, or consume cannabis items.

(c) [Pursuant to N.J.S.A. 24:6I-52, nothing in the Act] **Nothing in this chapter** shall prohibit a landlord from prohibiting, or otherwise regulating the consumption, use, display, transfer, distribution, sale, or transportation of cannabis items on or in that property, or portion thereof.

(d) [Pursuant to N.J.S.A. 24:6I-52, nothing in the Act] **Nothing in this chapter** is intended to permit any person to possess, consume, use, display, transfer, distribute, sell, transport, grow, or manufacture cannabis or cannabis items in a school, hospital, detention facility, adult correctional facility, or youth correctional facility.

(e) [Pursuant to N.J.S.A. 24:6I-52, nothing in the Act] **Nothing in this chapter** is intended to permit the smoking, vaping, or aerosolizing of cannabis items in any place [that any other] **in which a Federal, State, or local** law prohibits the smoking of tobacco.

(f) Pursuant to N.J.S.A. 2C:35-10.d, a person under 21 years of age shall not purchase, acquire, accept, or consume a cannabis item, or attempt to do so.

1. A person under 21 years of age shall not enter, or attempt to enter, a cannabis business premises, unless accompanied by and supervised by a parent or legal guardian or otherwise permitted by law.

17:30-2.3 Consumer and license holder civil protections

(a) Pursuant to N.J.S.A. 24:6I-51.a, persons and licensed cannabis businesses and testing laboratories shall not be subject to 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 conduct permitted pursuant to the Act.

1. **Licensed cannabis businesses and testing laboratories and personnel remain subject to civil or criminal penalties for their activities not authorized pursuant to the Act, this chapter, the Commission, or by the cannabis business or testing laboratory license.**

(b) Nothing in this chapter shall be construed to limit any privileges or rights of a registered qualifying patient, designated caregiver, institutional caregiver, or alternative treatment center, as provided in the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), or P.L. 2015, c. 158 (N.J.S.A. 18A:40-12.22 et seq.), concerning the use of medical cannabis and medical cannabis products.

(c) Pursuant to N.J.S.A. 24:6I-49, a financial institution shall not engage in discriminatory activities with respect to the banking activities of a cannabis business or a person associated with a cannabis business.

(d) Pursuant to N.J.S.A. 24:6I-53, no contract shall be unenforceable on the basis that manufacturing, distributing, selling, dispensing, possessing, or using any cannabis item is prohibited by Federal law.

(e) Notwithstanding the provisions at N.J.S.A. 24:6I-52, until such time that the Commission, in consultation with the Police Training Commission established pursuant to N.J.S.A. 52:17B-70, develops standards for a Workplace Impairment Recognition Expert certification, no physical evaluation of an employee being drug tested in accordance with N.J.S.A. 24:6I-52 shall be required.

SUBCHAPTER 3. ORGANIZATION AND OPERATION OF THE COMMISSION

17:30-3.1 Powers, duties, and responsibilities

(a) The Commission shall assume all powers, duties, and functions with regard to the regulation and oversight of activities authorized pursuant to the Act.

(b) The Commission shall exercise all powers incidental, convenient, or necessary to enable the Commission to administer or carry out the provisions of the Act, or any other law of this State that charges the Commission with a duty, function, or power related to personal use cannabis. Powers include, but are not limited to:

1. Issuing subpoenas;
2. Compelling attendance of witnesses;
3. Administering oaths;
4. Certifying official acts;
5. Taking depositions as provided by law;

6. Compelling the production of books, payrolls, accounts, papers, records, documents, testimony, products, equipment, devices, supplies, and waste;
7. Requesting information from cannabis businesses and testing laboratories in order to assess the impact and effectiveness of the Act; and
8. Establishing fees in addition to the application, licensing, and renewal fees, provided that any fee established by the Commission is reasonably calculated not to exceed the cost of the activity for which the fee is charged.

(c) The Commission may exercise the power to purchase, seize, possess, and dispose of cannabis and cannabis items as is necessary to ensure compliance with and enforcement of the provisions of the Act, and any rule adopted pursuant thereto.

(d) The Commission may sue, and be sued, in any court and employ legal counsel to represent the Commission in any proceeding to which it is a party and render legal advice to the Commission upon its request.

(e) The Commission may contract for the services of professional, technical, and operational personnel and consultants as may be necessary to the performance of its responsibilities.

17:30-3.2 Expenses, grants, contributions, use of fees

(a) The Commission may incur additional expenses within the limits of funds available to it in order to carry out its duties, functions, and powers under the Act.

(b) The Commission may accept, from any governmental department or agency, public or private body or any other source, grants or contributions to be used in carrying out the purposes of P.L. 2009, c. 307 (N.J.S.A. 24:6l-1 et seq.).

(c) All fees collected pursuant to P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), including those from qualifying patients, designated and institutional caregivers, and initial, modification, and renewal applications for ATCs shall be used to offset the cost of the Commission's administration of the provisions of P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.).

17:30-3.3 Commission activities associated with the personal use of cannabis

(a) The Commission shall:

1. Regulate the purchase, sale, cultivation, production, manufacturing, transportation, and delivery of cannabis or cannabis items;

2. Grant, refuse, suspend, revoke, cancel, or take actions otherwise limiting licenses or conditional licenses for the sale, cultivation, production, or manufacturing of cannabis items, or other licenses in regard to cannabis items, and to permit, in [the Commission's discretion] **accordance with this chapter**, the transfer of a license between persons or entities;

[3. Investigate and aid in the prosecution of every violation of the statutory laws of this State relating to cannabis and cannabis items and cooperate in the prosecution of offenders before any State court of competent jurisdiction;]

[4.] **3.** Adopt, amend, or repeal rules as necessary to carry out the intent and provisions of the Act;

[5.] **4.** Adopt rules regulating and prohibiting the advertising of cannabis items in a manner that is appealing to minors, that promotes excessive use, that promotes illegal activity, or that otherwise presents a significant risk to public health and safety; and

[6.] 5. Regulate the use of cannabis and cannabis items for scientific, pharmaceutical, manufacturing, mechanical, industrial, and other purposes.

17:30-3.4 Social equity excise fee

(a) In accordance with N.J.S.A. 54:47F-1, the Commission shall impose a Social Equity Excise Fee on the sale or transfer of usable cannabis **or unusable cannabis** by a cannabis cultivator to any other cannabis establishment other than another cannabis cultivator.

1. Such fee shall be implemented in consultation with, and collected by, the Division of Taxation, in the Department of the Treasury.

[(b) The Commission shall set the amount of any imposed Social Equity Excise Fee by providing notice of the fee in the New Jersey Register by November 1, to be effective on January 1 of the next calendar year.]

[(c)] **(b)** Effective August 19, 2021 [(the effective date of this rulemaking)], **until the fee is adjusted pursuant to (c) below**, [an imposed] **the** Social Equity Excise Fee shall be 1/3 of one percent of the Statewide average retail price of an ounce of usable cannabis for consumer purchase, [as determined by the Commission,] during the **current** calendar year [the fee may be imposed], **as determined by the Commission**.

(c) Beginning nine months following the first sale or transfer of usable cannabis subject to a Social Equity Excise Fee by a cannabis cultivator that is not part of an expanded ATC and continuing annually, the excise fee shall be as follows:

1. **If the average retail price of an ounce of usable cannabis in the current calendar year is \$350.00 or more, the excise fee shall be:**

- i. **\$10.00 per ounce of usable cannabis; and**
 - ii. **\$3.00 per ounce of unusable cannabis sold for the purpose of manufacturing;**
- 2. **If the average retail price of an ounce of usable cannabis in the current calendar year is at least \$250.00, but less than \$350.00, the excise fee shall be:**
 - i. **\$30.00 per ounce of usable cannabis; and**
 - ii. **\$8.00 per ounce of unusable cannabis sold for the purpose of manufacturing;**
- 3. **If the average retail price of an ounce of usable cannabis in the current calendar year is at least \$200.00, but less than \$250.00, the excise fee shall be:**
 - i. **\$40.00 per ounce of usable cannabis; and**
 - ii. **\$12.00 per ounce of unusable cannabis sold for the purpose of manufacturing; and**
- 4. **If the average retail price of an ounce of usable cannabis in the current calendar year is less than \$200.00, the excise fee shall be:**
 - i. **\$60.00 per ounce of usable cannabis; and**
 - ii. **\$18.00 per ounce of unusable cannabis sold for the purpose of manufacturing.**

(d) Beginning when the Commission adjusts the Social Equity Excise Fee in accordance with (c) above, the Commission shall provide notice of the fee in the

New Jersey Register by November 1 of the current year, to be effective on January 1 of the next calendar year.

[(d)] **(e)** An excise fee pursuant to this section shall be per ounce of usable cannabis sold or transferred by a cannabis cultivator. Any fractional portion of an ounce sold or transferred shall be subject to the fee on a proportional basis.

[(e)] **(f)** An excise fee pursuant to this section shall not apply to sales to transfers of usable cannabis [by a cannabis cultivator to a licensed ATC] for use in **medicinal** cannabis dispensing pursuant to the Jake Honig Compassionate Use Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), or P.L. 2015, c. 158 (N.J.S.A. 18A:40-12.22 et seq.).

17:30-3.5 Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund

(a) Pursuant to the Act, all fees and penalties collected by the Commission, all tax revenues of retail sales of cannabis items, all tax revenues collected pursuant to the provisions of the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), and all revenues collected for the Social Equity Excise Fee shall be deposited in a special non-lapsing fund, which shall be known as the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund (the Fund), with 15 percent of the monies deposited placed into an account within the Fund to be known as the Underage Deterrence and Prevention Account.

(b) Monies in the Fund shall be appropriated in accordance with N.J.S.A. 24:6I-50.

17:30-3.6 Designated inventory tracking system

(a) The Commission has the authority to require all ATCs and cannabis businesses to use the inventory tracking system designated by the Commission to track the cultivation, manufacturing, distribution, storage, transportation, and retail sale of medical cannabis and cannabis items pursuant to N.J.S.A. 24:6I-22.c.

(b) An ATC or a cannabis business shall:

1. Use plant tags and labels compatible with the Commission-designated system;
and
2. Be responsible for any costs associated with the acquisition of such compatible plant tags and for any costs associated with additional software or hardware that ensures compatibility with the Commission-designated system.

17:30-3.7 Waiver

(a) The Commission, in accordance with the general purposes and intent of the Act and this chapter, may waive a regulatory requirement regarding the operations of a cannabis business, to the extent such waiver does not conflict with any other State law, if in the Commission's determination, such a waiver:

1. Is necessary to achieve the purpose of the Act;
2. Is necessary to provide access to cannabis items to consumers; and
3. Does not create a danger to the public health, safety, or welfare.

17:30-3.8 Petitions for rulemaking; purpose and scope

Unless otherwise provided in this chapter, this subchapter shall constitute the Cannabis Regulatory Commission's rules regarding the disposition of all requests for rulemaking pursuant to N.J.S.A. 52:14B-4(f).

17:30-3.9 Petitions for rulemaking; procedure

(a) As used in this section, "initiate a rulemaking proceeding" means the submission of a notice of proposal to the Office of Administrative Law for publication in the next available issue of the New Jersey Register.

(b) Any interested person may petition the Commission to promulgate, amend, or repeal any rule of the Commission. Such petition must be in writing, signed by the petitioner, and must state clearly and concisely:

1. The full name and address of the petitioner;
2. The reasons for the request;
3. A description of the substance or nature of the rulemaking that is requested and the draft text of the proposed rule or rules;
4. A complete disclosure of the petitioner's interest in the request, including, without limitation, any relevant organizational affiliation or economic interest and the financial effect upon petitioner if the request were brought into effect;
5. The statutory authority under which the Commission may take the requested action; and
6. Any existing Federal or State statutes and rules that the petitioner believes may be pertinent to the request.

(c) Petitions for the promulgation, amendment, or repeal of a rule by the Commission shall be captioned "Petition for Rulemaking Action" and shall be sent by email to [\[CRC.Info@crc.nj.gov\]](mailto:CRC.Info@crc.nj.gov) crc.rules@crc.nj.gov or in hard copy addressed to:

Cannabis Regulatory Commission

Office of the Executive Director

PO Box 216

Trenton, New Jersey 08625-0216

(d) Any document submitted to the Commission that is not in substantial compliance with this section shall not be deemed to be a petition for rulemaking requiring further agency action.

(e) Within 15 days of receipt of a petition in compliance with this section, the Commission will file a notice of petition with the Office of Administrative Law for publication in the New Jersey Register in accordance with N.J.A.C. 1:30-4.1(c). The notice will include the following:

1. The name of the petitioner;
2. The substance or nature of the rulemaking action that is requested;
3. The problem or purpose that is the subject of the request; and
4. The date the petition was received.

(f) Within 60 days following receipt of any such petition, the Commission shall:

1. Deny the petition, giving a written statement of its reasons;
2. Grant the petition and initiate a rulemaking proceeding within 90 days of granting the petition; or

3. Refer the matter for further deliberations which shall be concluded within 90 days of referring the matter for further deliberations. Upon conclusion of such further deliberations, the Commission shall either deny the petition and provide a written statement of its reasons or grant the petition and initiate a rulemaking proceeding within 90 days. The results of these further deliberations will be mailed to the petitioner and submitted to the Office of Administrative Law for publication in the New Jersey Register.

(g) Within 60 calendar days of receiving the petition, the Commission shall mail to the petitioner, and file with the Office of Administrative Law for publication in the New Jersey Register, a notice of action on the petition, which will include:

1. The name of the petitioner;
2. The New Jersey Register citation for the notice of petition, if that notice appeared in a previous New Jersey Register;
3. Certification by the Executive Director and Chair of the Commission that the petition was duly considered pursuant to law;
4. The nature or substance of the Commission's action upon the petition; and
5. A brief statement of reasons for the Commission's action.

17:30-3.10 Extension of public comment period on a proposed rule

(a) The Commission may extend the public comment period on a proposed rule whenever it determines an extension is appropriate.

(b) If, within 30 days of the publication of a notice of proposal, sufficient public interest is demonstrated in an extension of the time for submissions, the Commission shall provide an additional 30-day period for the receipt of submissions by interested parties. No

notice of proposal shall be adopted until after the end of this 30-day extension, if provided.

(c) For purposes of this section, sufficient public interest for granting an extension of the public comment period exists when:

1. One hundred or more individuals have[: i. Communicated] **communicated** the need for the extension of the public comment period in writing, legible and intelligible, to the Commission[;].

[ii.] i. At least 50 of the individuals shall have specified in their written communications, an objection to at least one provision of the proposed rule[; and].

[iii.] ii. All written communications have been directed to the individual who has been designated, on behalf of the Commission, to receive comments in the notice of proposal.

(d) For the purposes of this section, a professional organization, law firm, corporation, partnership, association, or any other organization or groups of persons that submit(s) a request for an extension of the public comment period on behalf of a group of interested parties shall be considered one person.

SUBCHAPTER 4. INDEPENDENT STUDY; COMMISSION REPORTING

17:30-4.1 Independent study

(a) The Commission shall, no later than three years after the date it first organizes, contract with a public research university, as defined at section 3 [of] **at** P.L.1994, c. 48 (N.J.S.A. 18A:3B-3), to conduct an independent study to review:

1. The Commission's organization;
2. The Commission's regulation and enforcement activities;
3. The overall effectiveness of the Commission as a full-time entity; and
4. Whether the regulation and oversight of medical cannabis or personal use cannabis could be more effectively and efficiently managed through a reorganization of the Commission, consolidation of the Commission within the Department of Health or another Executive Branch department, conversion to a part-time Commission, or the transfer of some or all the Commission's operations elsewhere within the Executive Branch.

(b) The Commission shall submit the findings of the independent study, along with the Commission's recommendations for appropriate executive, administrative, or legislative action, to the Governor and, pursuant to section 2 [of] **at** P.L. 1991, c. 164 (N.J.S.A. 52:14-19.1), to the Legislature.

17:30-4.2 Commission reporting

The Commission shall report, to the Governor and the Legislature, information in accordance with N.J.S.A. 24:6I-12 **and Commission bylaws**.

SUBCHAPTER 5. MUNICIPAL AUTHORITY

17:30-5.1 Municipal authority

(a) A municipality may enact an ordinance or regulation [as permitted pursuant to the particular municipality's form of government,] that is not in conflict with the Act or this chapter, and may amend such ordinance or regulation:

1. That establishes a numerical limit on the number of cannabis businesses, provided that any such ordinance or regulation shall specify the maximum number of each class of license that is allowed within the municipality and for which the municipality has established a numerical limit;
2. That governs the location, manner, and times of operation of cannabis businesses, except for the times of operation of a **cannabis** delivery service **or distributor**, including an ordinance or regulation that requires a cannabis business premises to be a certain distance from the closest church, synagogue, temple, or other place used exclusively for religious worship; or from the closest school, playground, park, or child daycare facility;
3. That establishes civil penalties for a violation of such ordinance or regulation; [and]
or
4. That imposes a separate local licensing requirement.

(b) A municipality may enact and amend an ordinance or regulation to prohibit the operation of any one or more classes of cannabis business within the jurisdiction of the municipality pursuant to N.J.S.A. 24:6I-45.b, and such prohibiting ordinance shall apply throughout the municipality.

1. Such ordinance or regulation may include the authorization or prohibition of outdoor cultivation.

(c) If a municipality does not enact a prohibiting ordinance pursuant to N.J.S.A. 24:6I-45.b, **for** any class of cannabis business that is not otherwise prohibited from operating within the municipality [shall be permitted]:

1. The cultivation, manufacturing, selling, and reselling of usable cannabis and cannabis products[; 2. The] **and the** operations to transport in bulk cannabis items by a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, or cannabis delivery service shall be permitted uses in all industrial zones of the municipality; and

[3.] **2.** The selling of cannabis items to consumers from a retail store by a cannabis retailer shall 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 (N.J.S.A. 40:55D-1 et seq.).

(d) Within 28 days of receipt of a license application from the Commission, a municipality shall inform the Commission whether such license application complies with its ordinance or regulation, as may be applicable. Failure of a municipality to respond to the Commission within the designated time period may result in the Commission deeming the license application in compliance with any pertinent ordinance or regulation.

(e) A municipality may provide input to the Commission as to the municipality's preferences for licensure pursuant to N.J.A.C. 17:30-6.3.

(f) A municipality and its governing body entrusted with zoning or the regulation of land use may provide zoning approval of a proposed location of a license applicant's cannabis business premises, which shall consist of a letter or affidavit from appropriate officials of the municipality stating that the location will conform to municipal zoning requirements allowing for activities related to the operations of the proposed cannabis business to be conducted at the location, and any variances granted concerning the operation of an cannabis business.

1. Such municipality and its governing body and appropriate officials entrusted with zoning or the regulation of land use shall consider whether a cannabis business's premises conforms to municipal zoning requirements based on the nature of the cannabis business's primary business operations.

(g) A municipality may demonstrate proof of local support for the suitability of a cannabis business's proposed location by indicating that the intended location is appropriately located or otherwise suitable for activities related to the operations of the proposed cannabis business:

1. Where the municipality has a governing body, with the adoption of a resolution by the governing body; or
2. Where the municipality has no governing body, with a written letter of support from the municipality's executive.

(h) A municipality may provide written approval for a proposed expanded ATC pursuant to N.J.S.A. 24:6I-46.a(3)(a)(ii).

(i) A **county, municipality, or** county or [municipality] **municipal** government official shall [not] **neither** solicit **nor receive** from a cannabis business, and a cannabis business

shall not offer, anything of value, **including a contribution to a political campaign, political party, or political organization as part of a host community agreement, or demand that any payment be made to a designated official, group, or organization** in exchange for zoning approval, proof of local support, or written approval for such cannabis business, or take any other action that would violate N.J.S.A. 40A:9-22.5 of the Local Government Ethics Law.

(j) A municipality may adopt an ordinance imposing a transfer tax or user tax on the sale of any usable cannabis or cannabis products by a cannabis establishment located within the municipality pursuant to N.J.S.A. 40:48I-1, which may include: sales between cannabis establishments, sales of cannabis items to consumers, or any combination thereof[:].

1. The rate of a transfer tax established shall be at the discretion of the municipality, but in no case shall a rate 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; or two percent of the receipts from each sale by a cannabis retailer[: and].
2. The chief financial officer of the municipality shall collect and administer any transfer tax or user tax imposed by ordinance pursuant to N.J.S.A. 40:48I-1, including enforcing the payment of delinquent taxes.

(k) Any State or local law enforcement or regulatory authority or agency may request that cannabis business personnel performing a transport or delivery present a Cannabis Business Identification Card or a copy of a transport order or delivery request.

(l) In no case may a municipality restrict the transportation of cannabis items through, or delivery of cannabis items within, the municipality by adopting an ordinance or any other measure. Any such restriction shall be deemed void and unenforceable.

(m) In accordance with N.J.S.A. 40:55D-18, fees established by a municipality for issuing zoning permits, certifications, or authorizations to cannabis business applicants must be reasonably based on the administrative costs for the issuance of such municipal permit, certificate, or authorization.

SUBCHAPTER 6. CANNABIS BUSINESS LICENSING GENERAL TERMS

17:30-6.1 Cannabis business licensing process; application priority review and approval

(a) The Commission shall, annually, evaluate whether the number of each class of cannabis business is sufficient to meet the market demands of the State and whether the price and availability of cannabis items are discouraging purchases from the illegal market.

(b) The Commission shall accept new license applications and issue additional licenses, as it deems necessary to meet the demands identified at (a) above, except as otherwise provided in this section and section 33 of P.L. 2021, c. 16 (N.J.S.A. 24:6I-46).

1. During the 24-month period after February 22, 2021, the Commission shall not allow more than 37 licensed cannabis cultivators. This number shall include any expanded ATCs.

i. Microbusinesses with cannabis cultivator licenses, **including microbusinesses that have converted into standard cannabis businesses**

- in accordance with N.J.A.C. 17:30-7.15**, shall not count towards this cannabis cultivator license limit of 37; and
- ii. The Commission may accept, review, score, and process additional applications for cannabis cultivators during the 24-month period, provided that there are only 37 cannabis cultivators with licenses.
 2. Following the 24-month period after February 22, 2021, the Commission shall review the limit of 37 cannabis cultivator licenses and issue new **cannabis cultivator** licenses to meet the market demands of the State[,] and may accept new applications as it deems necessary to meet those demands.
 3. The Commission shall issue a sufficient number of cannabis manufacturer, **cannabis retailer, cannabis wholesaler, cannabis distributor, and cannabis delivery service** licenses to meet the market demands of the State and may accept new applications for **such** additional [cannabis manufacturer] licenses as it deems necessary to meet those demands.

[4. The Commission shall issue a sufficient number of cannabis retailer licenses to meet the market demands of the State and may accept new applications for additional cannabis retailer licenses as it deems necessary to meet those demands.]

[5.] **4.** The Commission shall seek to ensure that cannabis retailers have adequate access to licensed sources of cannabis items to discourage purchases from the illegal market.

(c) The Commission may specify the type or class of conditional or annual cannabis business license applications or testing laboratory license applications it shall accept at any given time and when it shall accept them. The Commission may set any geographic

limitations on the acceptance of license applications, provided such limitations are consistent with meeting the market demands of the State.

1. During the period of time that the Commission is accepting a specific class of conditional or annual cannabis business license applications, the Commission shall accept license applications on a continuous rolling basis, which shall be scored, reviewed, and approved [pursuant to (c) above] **in accordance with this chapter.**
2. The Commission shall provide notice of the initial acceptance of license applications in the New Jersey Register, on the Commission website, to the Commission email list, and at a Commission public meeting. Any subsequent changes to the type or class of license applications accepted shall be noticed in the New Jersey Register, on the Commission website, to the Commission email list, and at a Commission public meeting.
3. The notice identified at (c)2 above regarding the acceptance of license applications shall include:
 - i. The types or classes of license applications being accepted;
 - ii. The criteria for eligibility for such license applications;
 - iii. Any geographic limitations on the acceptance of licenses; and
 - iv. If the number of available licenses of a certain class is capped or limited, the number of available licenses of such class.
4. Microbusinesses, **including microbusinesses that have converted into standard cannabis businesses in accordance with N.J.A.C. 17:30-7.15**, shall

not count towards any limitation on the number of cannabis business licenses issued by the Commission.

(d) The Commission shall review, score, and approve conditional and annual cannabis business license applications and issue licenses to applicants that receive a full score or greater, and shall have the full authority to establish the priority by which conditional and annual cannabis business license applications and applicants are reviewed, scored, approved, and issued, such that:

1. Social equity businesses, diversely owned businesses, and impact zone businesses always have priority over other license applicants;
2. [Conditional] **Except where it conflicts with (d)1 above, conditional** license applicants [always] have priority over annual license applicants;
3. [Microbusinesses] **Except where it conflicts with (d)1 above, microbusiness** license applicants [always] have priority over standard cannabis business license applicants;
4. [License] **Except where it conflicts with (d)1 above, license** applicants given bonus points pursuant to N.J.S.A. 24:6I-36.d(2) have priority over license applicants with no bonus points; and
5. The priority of the review, scoring, and approval of license applications and issuance of licenses is consistent with meeting the market demands of the State, the Act, and this chapter.

17:30-6.2 Cannabis business licensing lottery

[(a)] Where the number of applicants with the same number of points in a cannabis business license class or group is greater than the remaining number of licenses available from the Commission, the Commission may conduct a public lottery among the eligible license applicants in such class or group [pursuant to this section.

1. The Commission shall cease accepting applications for the license class(es) or group(s) to be included in the lottery at least 90 days prior to the lottery;
2. All applications for the license class(es) or group(s) to be included in the lottery shall be reviewed and scored prior to the lottery; and
3. The Commission shall provide notice of any lottery for license applications to the license applicants and at least one Statewide media organization, on the Commission website, the Commission email list, and at a Commission public meeting.

(b) When the Commission conducts a public lottery for a class or group of eligible cannabis business license applicants, the Commission shall conduct a lottery for each available license and select one license applicant to approve in each round, until there are no available licenses left.

1. The Commission shall use the lottery to select a waitlist containing the same number of license applicants as there are licenses available, but in no case shall the waitlist contain fewer than three license applicants provided there exist qualified applicants.
2. If the license applicant chosen for approval declines the license, the Commission shall offer the license to the next applicant on the waitlist.

3. If no more applicants remain on the waitlist and there are still licenses available, the remaining licenses shall be returned to the Commission and the Commission shall conduct another lottery in accordance with this section to award the remaining licenses.

(c) The Commission shall conduct a lottery] that is impartial, random, and in a format selected by the Commission.

17:30-6.3 Municipal preference

(a) A municipality may submit its preference(s) for the issuance of licenses to cannabis businesses by writing to the Commission pursuant to the notice required at N.J.A.C.

17:30-6.1(c).

1. Such notice shall be received by the Commission within 28 days of receipt of an application and shall not conflict with any letter of support issued to a license applicant pursuant to N.J.A.C. 17:30-7.10(b)9.

17:30-6.4 Diversely owned businesses

(a) Until such time that the Commission determines that it will develop its own certification process, a “diversely owned business” means a license applicant or a license holder that has been certified as a minority-owned business, as a woman-owned business, as a disabled-veteran-owned business, or as any combination thereof, by the Division of Revenue and Enterprise Services in the Department of the Treasury.

1. A minority-owned business or minority-owned business enterprise is a business that meets the requirements at N.J.S.A. 52:27H-21.18 et seq., including, but not limited to, that:
 - i. At least 51 percent of the ownership interest is held by persons who are minorities; and
 - ii. The management and daily business operations are controlled by one or more of the minorities who own it.
2. A woman-owned business or women-owned business enterprise is a business that meets the requirements at N.J.S.A. 52:27H-21.18 et seq., including, but not limited to, that:
 - i. At least 51 percent of the ownership interest is held by persons who are women; and
 - ii. The management and daily business operations are controlled by one or more of the women who own it.
3. A disabled-veterans-owned business or disabled veteran-owned business enterprise is a business that meets the requirements at N.J.S.A. 52:32-31.2, including, but not limited to, that:
 - i. At least 51 percent of the ownership interest and control is held by persons who are disabled veterans; or
 - ii. The business has been officially verified by the U.S. Department of Veterans Affairs as a service-disabled veteran-owned small business.

(b) A diversely owned business shall submit, in its cannabis business license application, the certification from the Division of Revenue and Enterprise Services, Department of Treasury, pursuant to N.J.S.A. 52:27H-21.20 and 52:32-31.8.

(c) The decision of the Division of Revenue and Enterprise Services to issue a certification in accordance with the rules of the New Jersey Department of the Treasury shall not be substituted by the Commission.

17:30-6.5 Impact zone business

(a) An impact zone business means a license applicant or license holder:

1. That operates a cannabis business that is located, or intended to be located, within an impact zone;
2. Where more than 50 percent of the ownership interest is held by a current resident or residents of an impact zone who have resided there for three or more consecutive years at the time of application; or
3. That presents a plan, along with an attestation, to ensure that:
 - i. At least 25 percent of its employees reside in any of the State's impact zones; and
 - ii. Among the employees who reside in impact zones, at least 25 percent reside in the impact zone nearest to the cannabis business's location or intended location.

(b) For a license issued based upon an application with an impact zone employment plan pursuant to (a)3 above, failure of an impact zone business to meet the requisite percentages of employees from an impact zone within 90 days of the commencement of

operations of a cannabis business may result in the suspension or revocation of a license issued.

(c) An impact zone business shall submit, in its cannabis business license application or renewal **application**, documentation verifying its impact zone business status, including evidence and attestations from any qualifying owner, passive investor, or employee proving the qualification of the person [under] **pursuant to** the criteria at (a) above.

17:30-6.6 Social equity business

(a) “Social equity business” means a license applicant or license holder that meets one of the following criteria:

1. More than 50 percent of the ownership interest of the license applicant or license holder is held by one or more persons that demonstrate one of the following criteria:
 - i. At the time the initial application is submitted, have lived in an economically disadvantaged area for five of the 10 preceding years; and
 - ii. Are, at the time the initial application is submitted and based on the preceding year’s income, a member of a household that has a household income that is 80 percent or less of the average median household income in the State, as determined annually by the U.S. Census Bureau; or
2. More than 50 percent of the ownership interest of the license applicant or license holder is held by one or more persons who are eligible to be pronounced rehabilitated in accordance with N.J.A.C. 17:30-7.12(e), if necessary, and have

been adjudicated delinquent for or convicted of, whether expunged or not, in this State, another state, or the Federal government:

- i. At least two marijuana- or hashish-related disorderly persons offenses; or
- ii. At least one marijuana- or hashish-related indictable offense.

(b) A social equity business shall submit, in its cannabis business license application or renewal **application**, documentation verifying its social equity business status, including an attestation from any qualifying owner or passive investor attesting to the qualification of the person [under] **pursuant to** the criteria at (a) above.

17:30-6.7 Microbusiness

(a) “Microbusiness” means a license applicant’s or license holder’s cannabis business that:

1. Has a smaller footprint than a standard cannabis business, with respect to its business operations, capacity, and quantity of product, pursuant to N.J.S.A. 24:6I-36.f and this section.

(b) There shall not be any cap, limit, or other numerical restriction on the number of microbusinesses authorized to operate a cannabis business, **including microbusinesses that have converted into standard cannabis businesses in accordance with N.J.A.C. 17:30-7.15**. This prohibition on a cap, limit, or other numerical restriction shall apply to every class of license issued.

(c) A microbusiness applicant for a conditional or annual license or a microbusiness license holder:

1. Shall pay 50 percent of the amount of a standard license application, renewal, or other fee;
2. Shall not be required to have an attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with such bona fide labor organization in any license application or as an ongoing material condition of maintaining a license;
3. Shall meet all the following requirements regarding owners, passive investors, principals, and employees:
 - i. One hundred percent of the ownership interest in the microbusiness license applicant or license holder shall be held by current New Jersey resident(s) who have resided in the State for at least the past two consecutive years, at the time of application;
 - ii. At least **51 percent of the owners; 51 percent of the principals; 51 percent of the employees; or** 51 percent of the total number of persons included in the microbusiness license applicant or license holder, including all owners, principals, and employees, shall be residents of either the municipality in which the microbusiness is or will be located, or of a municipality directly bordering such municipality, at the time of the application; and
 - iii. The microbusiness license applicant or license holder shall employ no more than 10 employees at one time, **regardless of the number of hours worked by the employees;**

4. [Shall] **That is a microbusiness cannabis establishment shall** have its entire microbusiness [facility] **physical plant** occupy an area of no more than 2,500 square feet[.];

[i. The microbusiness facility shall include all areas within the premises that are a part of the microbusiness physical plant; and]
5. That is a microbusiness cannabis cultivator shall:
 - i. Have a total cannabis grow **canopy** area that does not exceed 2,500 square feet, measured on a horizontal plane, and 24 feet, measured vertically above that plane; and
 - ii. Possess a total of no more than 1,000 **mature** cannabis plants each month;
6. That is a microbusiness cannabis manufacturer, shall acquire no more than 1,000 pounds of usable cannabis each month; [and]
7. That is a microbusiness cannabis retailer, shall acquire for retail sale no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of cannabis product, or any combination thereof, each month[.]; **and**
8. **That is a microbusiness cannabis wholesaler, shall acquire for resale no more than 1,000 pounds of usable cannabis, or the equivalent amount, in any form of cannabis product, or any combination thereof, each month.**

(d) A microbusiness holding an annual license shall not sell or transfer its license.

(e) A microbusiness holding an annual license may submit an application to convert from a microbusiness to a standard cannabis business and expand beyond the requirements of this section, pursuant to N.J.A.C. 17:30-7.15.

17:30-6.8 Limitations on license applicants, license holders, owners, principals, passive investors, financial sources, management services contractors, and vendor-contractors

(a) The license holder is the party that has responsibility and liability for the conduct of the cannabis [business(s)] **business(es)**.

(b) A license applicant or license holder shall not be established as a trust.

(c) A license applicant or license holder shall only have, at most, one open and pending cannabis business license application for each class of license at any one time and may only hold cannabis business licenses in accordance with the limitations in this section.

1. A license applicant or license holder may abandon a license application, by providing written notice to the Commission, in order to accept another license or submit a new license application.

(d) During the 24-month period following February 22, 2021:

1. A license holder and its owners and principals may concurrently hold one cannabis cultivator and one cannabis manufacturer license;
2. A license holder and its owners and principals may **concurrently** hold one cannabis retailer license and [may not hold any other license concurrent with a cannabis retailer license] **one cannabis delivery service license**;
3. A license holder and its owners and principals may **concurrently** hold **one cannabis wholesaler license and** one cannabis distributor license [and may not hold any other license concurrent with a cannabis distributor license]; **and**

[4. A license holder and its owners and principals may hold one cannabis delivery service license and may not hold any other license concurrent with a cannabis delivery service license; and]

[5.] 4. A license holder and its owners and principals that have an expanded ATC license may concurrently hold a cannabis cultivator, cannabis manufacturer, a cannabis retailer license, [and] additional cannabis retail licenses for each satellite dispensary, **and a cannabis delivery service license; or a cannabis wholesaler license and a cannabis distributor license.**

(e) After the end of the 24-month period following February 22, 2021:

1. A license holder and its owners and principals may concurrently hold one cannabis cultivator, one cannabis manufacturer, one cannabis retailer, and one cannabis delivery service license;
2. A license holder and its owners and principals may **concurrently** hold **one cannabis wholesaler license and** one cannabis distributor license [and may not hold any other license concurrent with a cannabis distributor license]; and
3. A license holder and its owners and principals that have an expanded ATC license may concurrently hold a cannabis cultivator license, a cannabis manufacturer license, a cannabis retailer license, [and] additional cannabis retail licenses for each satellite dispensary, **and a cannabis delivery service license; or a cannabis wholesaler license and a cannabis distributor license.**

(f) A license holder holding a testing laboratory license may hold up to three testing laboratory licenses, but may not hold any cannabis business licenses.

(g) A person or entity shall be an owner of only one license applicant or license holder.

1. Where a person is an owner of a license applicant or license holder, that person's spouse, domestic partner, civil union partner, child, sibling, or parent may

only be an owner of such license applicant or license holder and shall not be an owner of another license applicant or license holder.

(h) A person or entity may hold an ownership interest as a passive investor in more than one cannabis business or testing laboratory license applicant or license holder.

(i) An owner, notwithstanding the amount of capital or assets that such owner contributes to a cannabis business or testing laboratory license applicant or license holder, shall enjoy the customary incidents of ownership and shall share in the profits and losses of such cannabis business or testing laboratory license applicant or license holder proportionate to the owner's percentage of ownership interest in such license applicant or license holder.

(j) An ownership interest may be held directly or indirectly through an intermediary controlled by the holder, such as a shell company or holding company; the presence of such an intermediary shall not change the determination of the actual holder of the ownership interest.

1. An ownership interest may be in stock or securities or other forms;
2. An ownership interest may not include a security interest on a property, a lien, or an encumbrance; and
3. Mere receipt of a percent of revenue or profits in accordance with the terms of an agreement without a right to ownership or equity interest is not ownership interest.

(k) The majority share of the license applicant's ownership interest, including the ownership interest that qualifies it as a diversely owned business, social equity business, impact zone business, or microbusiness, shall remain the same from the date of submission of a conditional license conversion application or submission of an annual

license application until two years after the commencement of cannabis business operations.

1. A transfer of ownership interest, in a license applicant from a deceased owner to their heir shall not be prohibited; and
2. A transfer of ownership interest in a license applicant from a deceased owner to their surviving spouse, domestic partner, or civil union partner, if the license was issued jointly to both the parties, shall not be prohibited.

(l) A person or entity shall be a principal of only one license applicant or license holder.

(m) A principal may have control or decision-making authority over a cannabis business or testing laboratory license applicant, license holder, cannabis business, or testing laboratory directly or indirectly through an intermediary controlled by the principal, such as a shell company or holding company; the presence of such an intermediary shall not change the determination of the actual person or entity exercising control or decision-making authority.

(n) [An] **Nothing in this chapter shall be construed to prohibit an** employee or volunteer [may work] **from working** with more than one license applicant or license holder, at any or all of its cannabis business premises.

(o) An owner, passive investor, principal, employee, or volunteer of a cannabis business or testing laboratory license applicant or license holder shall be at least 21 years of age, except that a person less than 21 years of age who receives the transfer of ownership interest from a deceased owner or passive investor of a cannabis business or testing laboratory license applicant or license holder as an heir may be an owner or passive investor of a cannabis business or testing laboratory license applicant or license holder.

1. Such ownership interest shall be put into a trust with the heir as the beneficiary until the heir is at least 21 years of age.

(p) A management services contractor may contract with and provide management services to up to five license applicants or license holders.

(q) A license applicant or license holder or its owners or principals may not serve as a management services contractor.

(r) A financial source may provide funding to up to seven license applicants or license holders.

(s) A vendor-contractor may contract with and provide services to more than one license applicant or license holder during the licensing process and after the issuance of license(s).

[(t) A vendor-contractor may include, but is not limited to:

1. A landlord that is leasing the land and/or building of a cannabis business premises to a license applicant or license holder;
2. A contract counterparty that is leasing equipment used in the cultivation, manufacturing, retail sale, or destruction of cannabis to a cannabis business license applicant or license holder;
3. A vendor providing materials;
4. An architect;
5. A construction; heating, ventilating, air conditioning, and refrigeration; plumbing; or lighting company;
6. A security company;
7. A lawyer or lobbyist;

8. An accountant; or

9. A consultant providing services, including license application preparation, and operations recommendations regarding cultivation, manufacturing, retail sale, hiring employees, accounting, recordkeeping, or destruction.]

[(u)] **(t)** Remuneration provided by a cannabis business license holder to a management services contractor, financial source, or vendor-contractor may include either a flat fee or a percent of revenue or profits, **but in no case shall remuneration include an ownership interest in the cannabis business license holder.**

[(v)] **(u)** No owner who also has decision-making authority or principal of a license holder operating a licensed microbusiness shall hold any financial interest in another licensed cannabis business, whether or not a microbusiness.

17:30-6.9 Management services agreements

(a) A license applicant or license holder and a management services contractor may, pursuant to this section, contract to implement a management services agreement, which may include, but is not limited to, management or supervision, operations, technical assistance, consulting, hiring employees, accounting, recordkeeping, leasing of equipment or real or intellectual property, [and] **or** provision of goods or materials.

(b) The terms of a management services agreement, including **terms related to** interest rates, returns, and fees, shall be commercially reasonable and consistent with the fair market value for the terms generally applicable to agreements of a comparable nature.

1. The Commission may determine whether a term is commercially reasonable or consistent with the fair market value generally applicable to the services to be

provided [by comparing the amount or percentage with and relying on] **and may consider:**

- i. The current valuation of a similar interest, service, or product in the medical or personal use cannabis market in this State and in other states with legal cannabis markets; and
- ii. The current valuation of a similar interest, service, or product in an industry with operations similar to the cannabis industry, including, but not limited to, horticulture or agriculture, pharmaceutical drug manufacturing, [and] **or** sale of pharmaceutical drugs and alcohol in this State and in other states with such industries.

(c) A management services agreement shall be bargained for between the parties in an arms-length transaction and shall include the ability for either party to terminate the agreement with due notice.

(d) A management services agreement shall [acknowledge] **provide** that the management services contractor and its owners, principals, and staff who are engaged, directly or indirectly, in operating the cannabis business, are supervised in such operations by the license applicant or license holder and its owners and principals.

(e) A management services agreement shall not grant:

1. A security interest in a cannabis business being operated or in any of the assets of the license applicant or license holder; or
2. An ownership interest or any right, including a future or contingent right, to obtain an ownership interest in the cannabis business being operated.

(f) A management services contractor may be granted a future right of first refusal to acquire an ownership interest in a license applicant or license holder that would cause the management services contractor to be an owner, where a management services contractor is qualified pursuant to N.J.A.C. 17:30-6.8 and 7.11 and will cease operations as a management services contractor to become a passive investor or an owner.

(g) The term of a management services agreement shall not exceed five years without an opportunity for the parties to renegotiate the agreement at arms-length.

(h) A management services agreement shall not include any provision that provides the management services contractor with an unfair advantage over the license applicant or license holder or that violates any provisions of this subchapter.

1. Provisions that provide an unfair advantage **over the license applicant or license holder** and are prohibited pursuant to this subsection include, but are not limited to:

- i. Any term of the agreement that is not commercially reasonable or consistent with the fair market value generally applicable to the services to be provided;
- ii. Where a management services contractor receives a percentage of the net profits of the cannabis business being operated, such percentage of the profits is not commercially reasonable or exceeds the percentage of the net profits received by the license applicant or license holder;
- iii. Where the amount of a fee or price charged by the management services contractor for a service, product, intellectual property, lease, or brand provided is not commercially reasonable;

- iv. Where the percentage of the cannabis business's "shelf space" guaranteed for the products of the management services contractor or another entity designated by the management services contractor is not commercially reasonable [and] **or** is excessive, including, but not limited to, a "shelf space" guarantee exceeding 50 percent **of the cannabis business's total "shelf space"**;
- v. A promise by the license applicant or license holder to buy a percentage of its products or materials from the management services contractor or an entity designated by the management services contractor where the percentage is not commercially reasonable and is excessive, including, but not limited to, a promise exceeding 50 percent;
- vi. A promise by the license applicant or license holder not to purchase cannabis, cannabis products, or other products or materials from or sell cannabis, cannabis products, or other products or materials to specifically identified license applicants or license holders or other businesses;
- vii. A promise by the license applicant or license holder of non-competition with other license applicants or license holders;
- viii. Where a penalty upon a license applicant or license holder for noncompliance with the agreement is not commercially reasonable [and] **or** is excessive relative to the degree of and harm caused by the noncompliance, including the surrender of personal assets of the license applicant or license holder owners or principals; or

ix. Where the management services contractor is granted control over the license applicant or license holder such that it may overrule the license applicant's or license holder's owners and principals over the most fundamental decisions of the license applicant or license holder, including its strategic plan, [and] **or** any decision regarding a transfer of ownership interest of an owner.

(i) Prior to the execution of any management services agreement, a license applicant or license holder shall submit to the Commission:

1. A copy of the management services agreement and any related agreements between the parties;
2. Information detailing any remuneration paid or to be paid to the management services contractor by the license applicant or license holder in exchange for the provision of management services; and
3. All submissions required from a management services contractor pursuant to N.J.A.C. 17:30-7.10 and 7.13.

(j) Prior to any material change to a management services agreement, a license applicant or license holder shall:

1. Submit to the Commission, a copy of any proposed material changes to the management services agreement and any related agreements between the parties, any proposed material changes to information detailing any remuneration paid, or to be paid, to the management services contractor by the license applicant or license holder; and any proposed material changes to any previously required submissions.

(k) The Commission shall [confirm] **determine** whether the management services agreement and any material change comply with the Act and this chapter; and shall notify the license applicant or license holder of the Commission's decision.

(l) The license holder shall retain authority to audit, or use an accounting firm to audit, the management services contractor's records relating to its performance under the management services agreement.

17:30-6.10 Financial source agreements

(a) A license applicant or license holder and a financial source may, pursuant to this section, contract to implement a financial source agreement to provide financial assistance.

1. A financial source includes any creditor holding:

- i. A security interest in the license holder, the cannabis business, or the premises;
or
- ii. An outstanding bond, loan, mortgage, trust deed, note, debenture, or other form of indebtedness of the license holder or the cannabis business.

(b) The terms of the financial source agreement, including **terms related to** interest rates, returns, and fees, shall be commercially reasonable and consistent with the fair market value for the terms generally applicable to agreements of a comparable nature.

1. The Commission may determine whether a term is commercially reasonable or consistent with the fair market value generally applicable to the services to be provided [by comparing the amount or percentage with and relying on] **and may consider:**

- i. The current valuation of a similar interest, loan, or product in the medical or personal use cannabis market in this State and in other states with legal cannabis markets; and
- ii. The current valuation of a similar loan, service, or product in an industry with operations similar to the cannabis industry, including, but not limited to, horticulture or agriculture, pharmaceutical drug manufacturing, [and] **or** sale of pharmaceutical drugs and alcohol in this State and in other states with such industries.

(c) A financial source agreement shall be bargained for between the parties in an arms-length transaction and shall include the ability for the borrower to pay off the complete debt at any time with due notice and no penalties for pre-payment.

(d) A financial source agreement shall not grant to a financial source an ownership interest in the license applicant or license holder.

(e) A financial source agreement may grant a future or contingent right to obtain an ownership interest in the cannabis business being operated, where a financial source is qualified pursuant to N.J.A.C. 17:30-7.11 and 6.8.

(f) A financial source agreement shall not include a provision that provides the financial source with an unfair advantage over the license applicant or license holder or that violates any provisions of this subchapter.

1. Provisions that provide an unfair advantage **over the license applicant or license holder** and are prohibited pursuant to this subsection include, but are not limited to:

- i. Any term of the agreement that is not commercially reasonable or consistent with the fair market value generally applicable to the services to be provided;
- ii. Where a financial source receives a percentage of the net profits of the cannabis business being operated, such percentage of the profits is not commercially reasonable or exceeds the percentage of the net profits received by the license applicant or license holder;
- iii. A loan from the financial source to the license applicant or license holder that is not commercially reasonable and is excessive, including, but not limited to, an interest rate exceeding 20 percent;
- iv. Where the percentage of a cannabis business's "shelf space" guaranteed for the products of the financial source or an entity designated by the financial source is not commercially reasonable [and] **or** is excessive, including, but not limited to, a "shelf space" guarantee exceeding 50 percent **of the cannabis business's total "shelf space"**;
- v. A promise by the license applicant or license holder to buy a percentage of its products or materials from the financial source or an entity designated by the financial source where the percentage is not commercially reasonable [and] **or** is excessive, including, but not limited to, a promise exceeding 50 percent **of the cannabis business's products or materials from such entity**;
- vi. A promise by the license applicant or license holder not to purchase cannabis, cannabis products, or other products or materials from or sell cannabis, cannabis products, or other products or materials to specifically identified license applicants or license holders or other businesses;

- vii. A promise by the license applicant or license holder of non-competition with other license applicants or license holders;
- viii. Where a penalty upon a license applicant or license holder for noncompliance with the agreement is not commercially reasonable [and] **or** is excessive relative to the degree of and harm caused by the noncompliance; and
- ix. Where the financial source is granted control over the license applicant or license holder, such that it may overrule the license applicant's or license holder's owners and principals over the most fundamental decisions of the license applicant or license holder, including its strategic plan, [and] **or** any decision regarding a transfer of ownership interest of an owner.

(g) Prior to any financial source agreement taking effect, a license applicant or license holder shall submit to the Commission:

1. A copy of the financial source agreement and any related agreements between the parties;
2. Information detailing any remuneration and interest rate paid or to be paid to the financial source by the license applicant or license holder in exchange for the bond, loan, mortgage, trust deed, note, debenture, or other form of indebtedness; and
3. All submissions required from a financial source pursuant to N.J.A.C. 17:30-7.10 and 7.13.

(h) Prior to any material change to a financial source agreement, including a change of ownership interest or control of the financial source, a license applicant or license holder shall:

1. Submit to the Commission a copy of any proposed material changes to the financial source agreement and any related agreements between the parties, any proposed material changes to information detailing any remuneration and interest rate paid or to be paid to the financial source by the license applicant or license holder; and any proposed material changes to any previously required submissions; and
2. The Commission shall [confirm] **determine** whether the financial source agreement and any material change complies with the Act and this chapter; and shall notify the license applicant or license holder of the Commission's decision.

SUBCHAPTER 7. CANNABIS BUSINESS CONDITIONAL AND ANNUAL LICENSING PROCESS

17:30-7.1 Expanded alternative treatment centers

(a) Pursuant to N.J.S.A. 24:6I-46.a[(e)(a)(ii)]**(3)(a)(ii)**, the Commission shall not require a full application pursuant to N.J.A.C. 17:30-7.10 from an alternative treatment center in order for the ATC to begin engaging in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable.

(b) Notwithstanding (a) above, an ATC that wishes to engage in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable, shall submit to the Commission:

1. A letter of intent notifying the Commission of the licenses sought by the ATC;
2. Municipal approval for each class of license sought by the ATC, which shall include:

- i. The ordinance(s) adopted by the municipality authorizing the operation of each class of cannabis business license being sought by the ATC, or a statement explaining that there exists no municipal ordinance prohibiting the class of cannabis business license and, thus, all classes are allowed pursuant to N.J.S.A. 24:6I-45;
 - ii. An attestation by the ATC that, as a condition of licensure, it shall comply with all restrictions on the location, manner, and times of operation of cannabis businesses established by the municipality; and
 - iii. Zoning approval, a resolution from the municipality's governing body, or a letter from the highest-ranking municipal official, as applicable, that authorizes the ATC to engage in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items at the ATC's current premises;
3. A certification to the Commission that the alternative treatment center has sufficient quantities of medical cannabis and medical cannabis products available to meet the reasonably anticipated needs of registered qualifying patients;
4. A certification to the Commission that the alternative treatment center shall not make operational changes that reduce access to medical cannabis for current and newly registered qualifying patients in order to operate a cannabis establishment, **as a distributor**, or delivery service. Such certification shall include a detailed plan for prioritizing and meeting the needs of registered qualifying patients;

5. A list of owners, principals, management services contractors, financial sources, and vendor-contractors associated with the proposed cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable.

- i. Any new owners, principals, management services contractors, financial sources, or vendor-contractors may be required to comply with the provisions at N.J.A.C. 17:30-7.11, 7.12, and 7.13;

6. An attestation signed by a bona fide labor organization stating that the ATC has entered into a labor peace agreement with such bona fide labor organization; [and]

7. A social equity plan in accordance with N.J.A.C. 17:30-9.4(e) to make a good faith effort to recruit and employ, or contract with as vendor-contractors, persons who would otherwise qualify for the provisions at N.J.A.C. 17:30-6.6(a)1 or 2; and

[7.] **8.** Any other information the Commission deems relevant in determining whether to accept the ATC's certifications.

(c) In determining whether to accept the ATC's certifications pursuant to (b) above, the Commission shall assess:

1. Total qualifying patient enrollment in the Statewide medical cannabis program;
2. Qualifying patient enrollment at the ATC;
3. Statewide inventory and inventory of the ATC;
4. Statewide sales of medical cannabis and medical cannabis products, and sales at the ATC;
5. The current medical cannabis canopy of the ATC;

6. The total medical cannabis canopy needed to serve the ATC's qualifying patients on an ongoing basis;
7. The total medical cannabis canopy needed to serve the total number of qualifying patients in the medical cannabis program on an ongoing basis; and
8. The operational plans and capacity of the ATC to maintain or expand medical cannabis access for qualifying patients.

(d) The Commission shall only accept a certification from an ATC pursuant to (c) above, when an ATC has proven, by clear and convincing evidence, that engaging in the cultivation, manufacturing, retailing, wholesaling, distributing, or delivery of cannabis items, as applicable, shall not impact access for registered qualifying medical cannabis patients and shall not impact the availability of medical cannabis or medical cannabis products.

(e) The Commission shall approve an expanded ATC in accordance with this subchapter where:

1. An ATC has submitted complete and accurate and verifiable information, as determined by the Commission, pursuant to (b) above;
2. The Commission accepts the ATC's certifications, pursuant to (b), (c), and (d) above; and
3. The ATC pays the conversion fee pursuant to N.J.A.C. 17:30-7.17.

(f) The Commission shall issue a written notice of its approval to an expanded ATC.

(g) After the expanded ATC has completed any necessary construction or preparation of an expanded ATC, the expanded ATC shall request an onsite assessment.

(h) The Commission shall conduct an onsite assessment of the expanded ATC and determine whether its premises, operations, and procedures are consistent with its application, and compliant with the Act and this chapter.

(i) If the Commission determines compliance, it shall issue the cannabis license(s) to the expanded ATC.

(j) The Commission may deny an expanded ATC where:

1. The Commission does not accept the ATC's certifications pursuant to (c) and (d) above;
2. The ATC does not meet the requirements [of] **at** (b) above;
3. The ATC fails to provide information, documentation, and assurances as required pursuant to P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.), or this subchapter, or as requested by the Commission;
4. The ATC fails to reveal any material fact pertaining to the ATC's certifications; or
5. The ATC supplies information that is untrue or misleading as to a material fact pertaining to the qualification criteria for an expanded ATC.

(k) If an expanded ATC is denied pursuant to this subchapter, the Commission shall provide the denial to the ATC, in writing, which shall include:

1. Notice of the denial of the expanded ATC and the specific reason for the denial;
and
2. The opportunity to request an administrative hearing within 45 days after the date of the denial.

(l) The final decision on an expanded ATC shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are

vested in, the Appellate Division of the Superior Court pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

(m) An expanded ATC is a cannabis business and subject to all provisions of this chapter that are applicable to cannabis businesses.

(n) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-46.a(e)(3)(ii) and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.2 Conditional cannabis business license application submission and approval or denial

(a) The Commission shall provide notice in the New Jersey Register of the application requirements for conditional license applications in accordance with N.J.A.C. 17:30-6.1 and 17:30-7.3.

1. Such notice shall be compliant with this subchapter, and shall include:

- i. Measures by which the license applicant will be scored;
- ii. Maximum scores for each individual measure; and
- iii. The total score required for a license applicant to be approved for a license.

(b) Within 14 days of receipt of [the] **a complete** conditional license application, the Commission shall forward a copy of an application to the municipality in which the applicant desires to operate a proposed cannabis business.

(c) Not more than 30 days after the receipt of a **complete** conditional license application, the Commission shall make a determination on the application.

1. Such determination may include a determination that the Commission requires more time to adequately review the application.

(d) Applications shall be reviewed for completeness and then scored in accordance with the criteria included in the notice pursuant to N.J.A.C. 17:30-6.1 and 7.3.

(e) The Commission may verify the information contained in the application by:

1. Contacting the license applicant and its owners and principals by telephone, mail, or electronic mail;
2. Conducting an onsite [visit] **assessment**;
3. Requiring a face-to-face meeting; or
4. Requiring the submission of additional materials.

(f) The Commission shall approve a conditional license applicant that:

1. Has submitted a complete conditional license application in accordance with N.J.A.C. 17:30-7.3 and the notice of application acceptance pursuant to N.J.A.C. 17:30-6.1;
2. Has scored sufficiently high to be issued a conditional license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.3;
3. Is qualified to hold a conditional license pursuant to N.J.A.C. 17:30-7.4; and
4. Has submitted application fees pursuant to N.J.A.C. 17:30-7.17.

(g) A license application the Commission deems incomplete because of failure to address all applicable criteria and measures[,], **or** to provide requested information[,], or to present truthful information in the application process shall be disqualified prior to a substantive review of the submission, and such disqualification shall be considered a final agency

decision subject to judicial review pursuant to N.J.A.C. 17:30-17.9. 1. The Commission shall grant a] **shall be returned to the** license applicant **with** the opportunity to cure the deficiencies in a license application and resubmit it.

(h) The Commission may deny a conditional license applicant that:

1. Is not qualified to hold a conditional license pursuant to N.J.A.C. 17:30-7.4;
2. Has not scored sufficiently high to be issued a conditional license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.3.
3. Fails to reveal any material fact pertaining to qualification pursuant to N.J.A.C. 17:30-7.4; [or]
4. Has been determined by the Commission, by clear and convincing evidence, to be unsuitable to hold a conditional cannabis business license[.]; **or**

5. Presents false or intentionally misleading information in the application process.

(i) If an application is denied, the Commission shall provide the **notice of** denial to the applicant, in writing, which shall include:

1. [Notice of the denial of the conditional license and the] **The** specific reason for the denial; and
2. The opportunity to request an administrative hearing within 45 days after the date of the denial.

(j) Such administrative hearing shall take place in the Office of Administrative Law in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1.

1. The record for review shall be the application and any attached supporting documents, **excluding information deemed exempt pursuant to** N.J.S.A. 47:1A-5 et seq., or the common law concerning access to government records. Additional evidence and documentation shall not be considered.

(k) The final decision on an application **pursuant to (f) or (h) above** shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court, pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

17:30-7.3 Conditional cannabis business license application

(a) A conditional license applicant shall submit a complete, separate application for each cannabis business license requested and for each physical address and cannabis business premises at which a license applicant seeks to operate.

(b) A license applicant shall disclose and submit, as part of the conditional license application, the following submissions for the Commission's evaluation:

1. The mailing and physical address of the license applicant's proposed cannabis business premises **or administrative office**;
2. The Federal and State tax identification numbers for the license applicant;
3. Documentation of a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services in the Department of the Treasury;
4. Information about the license applicant entity, including its legal name, any registered alternate name [under which it may conduct business], and a copy of its articles of organization and bylaws;

5. The business plan and management operation profile for the proposed cannabis business;
 6. The plan by which the license applicant intends to obtain appropriate liability insurance coverage for the proposed cannabis business;
 7. A regulatory compliance plan, which shall detail the plan by which the license applicant shall comply with the remaining regulatory requirements to convert to an annual license;
 8. An affidavit that the statements included in the application are true and correct, sworn by the license [holder] **applicant's** representative;
 9. An authorization to release all information pertaining to the license [holder] **applicant**, as requested by the Commission, signed by the license [holder] **applicant's** representative;
 10. A waiver of liability for any damages results to the license holder from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any information acquired during the licensing process, signed by the license [holder] **applicant's** representative;
 11. Any applicable fees required pursuant to N.J.A.C. 17:30-7.17; and
 12. Any other application requirement established by the Commission in a notice of acceptance of application published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1.
- (c) A license applicant shall disclose and submit, as part of the conditional license application, the following submissions relating to qualification, pursuant to N.J.A.C. 17:30-7.4:

1. A list of all owners, principals, and employees of the license applicant, including their names, addresses, dates of birth, resumes, and a photocopy of their **unexpired** driver's licenses or other state or Federal government-issued form of **photo** identification that may be used to prove each person is at least 21 years of age;
2. A list of the owners of the license applicant who have resided in this State for at least two years as of the date of the application, and documentation of such residency;
3. A list of the owners of the license applicant and the percentage of each owner's ownership interest;
4. A list of any proposed management services contractors, financial sources, or vendor-contractors;
5. Personal history disclosure forms for any owners, principals, financial sources, or management services contractors of the license applicant, as applicable;
6. Entity disclosure forms for any owners, principals, financial sources, or management services contractors of the license applicant, including entity formation documents, any proposed or signed management services or financial source agreements, and tax returns, as applicable;
7. Proof that each owner of the conditional license applicant who has decision-making authority has, 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 individual;

8. A certification that each owner of [a] **the** license applicant [applying for a conditional cannabis business license] who has decision-making authority does not have any ownership interest in [a] **any other** license applicant applying for, or a license holder holding, an annual cannabis business license;
9. For each owner, principal, or employee of [a] **the** license applicant [or license holder], as well as each staff member of a license applicant's [or license holder's] management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items, written consent to be fingerprinted and to undergo a criminal history record background check and any evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12;
10. For each owner, principal, and employee of the license applicant, certification confirming the person's submission to the jurisdiction of the courts of the State and pledging to comply with [all of the requirements of] the laws **and rules** of the State pertaining to [the Commission] **personal use cannabis**;
11. For a license applicant that is a diversely owned business, the certification that the license applicant is one or more of: a minority-owned business, women-owned business, or disabled veteran-owned business, as applicable;
12. For a license applicant that is an impact zone business, evidence from any qualifying owner, passive investor, or employee proving the qualification of the person under the impact zone business criteria pursuant to N.J.A.C. 17:30-6.5;

13. For a license applicant that is a social equity business, evidence from any qualifying owner or passive investor attesting to the qualification of the person under the social equity business criteria pursuant to N.J.A.C. 17:30-6.6; and

14. For a microbusiness license applicant, proof that at least 51 percent of the total number of persons included in the microbusiness license applicant [or license holder], including all owners, principals, and employees, are residents of either [of] the municipality in which the microbusiness is, or will be located, or of a municipality bordering such a municipality, at the time of the application.

(d) A conditional license applicant shall provide the Commission with a complete disclosure that includes all true parties of interest.

1. The license applicant [or license holder] shall not attempt to conceal or disguise ownership or other control over its operations in its submissions, and such an attempt shall be grounds for denial of an application.

(e) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.4 Conditional license holder qualification

(a) A license applicant or license holder is qualified to hold a conditional license where:

1. Each owner, principal, employee, management services contractor, and financial source of the license applicant or license holder has complied with N.J.A.C. 17:30-7.12;

2. No owner, principal, employee, or volunteer of the license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
3. No staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying **of** cannabis items [of] **for** the license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
4. At least one owner of the license applicant shall have resided in this State for at least two years as of the date of the application;
5. Each owner in the conditional license applicant who also has decision-making authority has, 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 individual; and
6. Each owner and principal of the license applicant or license holder is eligible to be an owner or principal, respectively, of the license applicant or license holder in accordance with N.J.A.C. 17:30-6.8.

17:30-7.5 Conditional cannabis business license acceptance and issuance

(a) If the Commission approves an applicant applying for a conditional license, the Commission shall provide the applicant with written notice of approval.

(b) Within five business days of receiving notice of approval, a license applicant shall notify the Commission as to whether:

1. It will accept the license; or
2. It will abandon the license, including if accepting the license would violate N.J.A.C. 17:30-6.8 or make the license applicant otherwise ineligible or if the circumstances of the license applicant have changed.

(c) Failure of the applicant to notify the Commission of its decision to accept or abandon the license shall result in the license being deemed abandoned.

[(d) If a license applicant from a lottery declines a license, the license shall be offered to the next applicant on the waitlist, pursuant to N.J.A.C. 17:30-6.2.]

[(e)] **(d)** If the license applicant approved for the conditional license accepts the license and provides to the Commission the conditional [licensing] **application approval** fee pursuant to N.J.A.C. 17:30-7:17, no later than 30 days after giving notice of approval, unless the Commission finds the applicant is not in compliance with this subchapter or the Commission is notified by the relevant municipality that the applicant is not in compliance with its ordinances or regulations in effect at the time of the application, the Commission shall issue the conditional license and provide the conditional license to the license applicant.

[(f)] **(e)** The Commission shall provide, to a denied applicant, the processes available at N.J.A.C. 17:30-7.2(i), (j), and (k).

17:30-7.6 Conditional cannabis license phase

(a) The conditional license phase:

1. Begins on the day that the conditional license is issued to the license applicant;
and
2. Expires 120 days after the day that the conditional license was issued or at the end of an extension.
 - i. A conditional license shall not be renewed, but may be extended pursuant to this section or for good cause, as deemed necessary by the Commission.
 - ii. A conditional license shall expire if replaced with an annual license or can be revoked at the discretion of the Commission.

(b) A conditional license holder may apply for a 45-day extension of the conditional license, and the Commission may grant the extension on a case-by-case basis.

(c) The Commission shall grant an extension of the conditional license where the conditional license holder has submitted a complete conditional license conversion application, during the time the complete conditional license conversion application is under consideration by the Commission.

(d) During the conditional license[s] phase, a conditional license holder shall:

1. Establish control of the proposed site, through lease, purchase, or other means, for the cannabis business;
2. Gain municipal approval; and
3. [Develop and submit] **Submit** a conditional license conversion application.

(e) During the conditional license phase, a conditional license holder shall not engage in purchasing, possessing, selling, cultivating, manufacturing, or selling cannabis or cannabis products.

(f) During the conditional license phase, the conditional license holder may obtain additional resources by adding new loans or gifts from new or existing financial sources not listed in the conditional license application.

(g) During the conditional license phase, the majority share of the ownership interest in the license holder shall remain the same as at the time of license issuance, however:

1. An owner or passive investor of the conditional license holder may transfer ownership interest to another qualified party; and
2. The conditional license holder may add new qualified owners and principals.

(h) Notwithstanding (g) above:

1. A diversely owned business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the diversely owned business criteria, pursuant to N.J.A.C. 17:30-6.4;
2. An impact zone business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the impact zone business criteria, pursuant to N.J.A.C. 17:30-6.5;
3. A social equity business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the social equity business criteria, pursuant to N.J.A.C. 17:30-6.6;
4. A microbusiness conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the microbusiness license criteria, pursuant to N.J.A.C. 17:30-6.7; and
5. A conditional license holder shall not violate the limitations on owners and principals, pursuant to N.J.A.C. 17:30-6.8.

(i) A conditional license holder may apply for, and the Commission may authorize, a change in the location [in] **for** which the license applicant was awarded conditional license approval to a different location, and such new location shall be reflected in the conditional license conversion application.

1. An impact zone business or microbusiness conditional license holder shall not make any change in the location for which the license applicant was awarded conditional license approval that causes the license applicant to no longer comply with the impact zone business criteria, pursuant to N.J.A.C. 17:30-6.5, or the microbusiness criteria, pursuant to N.J.A.C. 17:30-6.7.

i. Any such change in location during the conditional license phase for an impact zone business or microbusiness license applicant that would result in noncompliance with the impact zone business or microbusiness criteria shall result in a denial of the conversion application.

(j) During the conditional license phase, a conditional license holder may also notify the Commission of its intention to abandon the license and such license will be returned to the Commission.

17:30-7.7 Conditional cannabis business conversion application submission; approval; denial; acceptance; inspection; issuance; and commencement of cannabis business operations

(a) The Commission shall provide notice in the New Jersey Register of the application requirements for conditional license conversion applications in accordance with N.J.A.C. 17:30-6.1 and this subchapter.

1. Such notice shall be compliant with this subchapter and shall include:
2. Measures by which the license applicant will be scored;
3. Maximum scores for each individual measure; and
4. The total score required for a license applicant to be approved for a license.

(b) Prior to the expiration of the conditional license phase, a conditional license holder shall submit a conversion application to the Commission for an annual license.

(c) Applications shall be reviewed for completeness and then scored in accordance with the criteria included in the notice pursuant to N.J.A.C. 17:30-6.1 and 7.3.

(d) The Commission may verify the information contained in a conditional conversion application by:

1. Contacting the license applicant and its owners and principals by telephone, mail, or electronic mail;
2. Conducting an onsite [visit] **assessment**; [and]
3. Requiring a face-to-face meeting [and the production of additional identification materials if proof of identity is uncertain.]; **or**
4. **Requiring submission of additional materials.**

(e) At its discretion, the Commission may investigate and may conduct probity review of the license applicant, its owners, principals, and related entities and their finances, ownership, and control structure as is necessary for such verification pursuant to N.J.A.C. 17:30-7.13.

1. The license applicant shall cooperate with the Commission investigation and verification **process** and provide all information requested by Commission staff.

(f) The Commission shall approve a license applicant for conversion to an annual license where the license applicant:

1. Has submitted a complete conditional license conversion application in accordance with N.J.A.C. 17:30-7.8;
2. Has scored sufficiently high to be issued an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.8;
3. Has been deemed qualified for an annual license pursuant to N.J.A.C. 17:30-7.11;
4. Has submitted its conditional conversion application **submission** fee, as applicable, pursuant to N.J.A.C. 17:30-7.17; and
5. Has submitted sufficient information for the Commission to determine that it is implementing the plans, procedures, protocols, actions, or other measures set forth in its conditional license application and is in compliance with all applicable conditions.

(g) A license application the Commission deems incomplete because of failure to address all applicable criteria and measures[,], **or** to provide requested information[,], or to present truthful information in the application process shall be disqualified prior to a substantive review of the submission, and such disqualification shall be considered a final agency

decision subject to judicial review pursuant to N.J.A.C. 17:30-17.9. 1. The Commission shall grant a] **shall be returned to the** license applicant **with** the opportunity to cure the deficiencies in a license application and resubmit it.

(h) The Commission may deny a license [an] applicant for conversion, where the applicant:

1. Is not qualified to hold [a] **an annual** license pursuant to N.J.A.C. 17:30-7.11;
2. Has not scored sufficiently high to convert a conditional license to an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and this subchapter;
3. Fails to reveal any material fact pertaining to qualification pursuant to N.J.A.C. 17:30-7.11; [or]
4. Has been determined by the Commission, by clear and convincing evidence, to be unsuitable to hold an annual cannabis business license pursuant to N.J.A.C. 17:30-7.11[.]; **or**

5. Presents false or intentionally misleading information in the application process.

(i) If an application is denied, the Commission shall provide **notice of** the denial to the applicant, in writing, which shall include:

1. [Notice of the denial of the annual license and the] **The** specific reason for the denial; and
2. The opportunity to request an administrative hearing within 45 days after the date of the denial.

(j) Such administrative hearing shall take place in the Office of Administrative Law in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1.

1. The record for review shall be the application and any attached supporting documents excluding information deemed exempt pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records. [Additional evidence and documentation shall not be considered.]

(k) The final [denial] **decision** of an application, **pursuant to (f) or (h) above**, shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court, pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

(l) Acceptance and issuance of the annual license, inspection of the cannabis business premises, and commencement of cannabis business operations shall proceed in accordance with N.J.A.C. 17:30-7.14.

17:30-7.8 Conditional cannabis business conversion application

- (a) The conversion application shall include the following substantive requirements:
1. All information required pursuant to N.J.A.C. 17:30-7.3, including any updates;
 2. For each proposed location of a license applicant's cannabis business premises **or administrative office**, a description of the proposed location and its surrounding area, including the following:
 - i. The mailing and physical address of the license applicant's proposed location;

- ii. A description of the suitability or advantages of the proposed location; and
 - iii. A site plan of the proposed location, including a floor plan, which may optionally include renderings, architectural plans, or engineering plans;
- 3. For each proposed location of a license applicant's cannabis business premises, evidence of compliance with local codes and ordinances including, but not limited to:
 - i. The distance from the closest church, synagogue, temple, or other place used exclusively for religious worship; or
 - ii. The distance to the closest school, playground, park, or child daycare facility;
- 4. Zoning approval, which shall consist of a letter or affidavit from appropriate officials of the municipality that the location will conform to municipal zoning requirements allowing for activities related to the operations of the proposed cannabis [cultivator, cannabis manufacturer, or cannabis retailer], as will be conducted at the proposed [cannabis] business [premises], and any variances granted concerning the operation of a cannabis business;
- 5. Proof of local support, which shall be demonstrated by a resolution adopted by the municipality's governing body, or where the municipality has no governing body, a written letter of support from the municipality's executive;
- 6. For each proposed location of a license applicant's cannabis business premises, documentation demonstrating that the license applicant will have final control of the premises upon approval of the application, including, but not limited to, a lease agreement, contract for sale, title, deed, or similar documentation;

7. An environmental impact plan, which includes consideration of sustainable alternatives to single-use plastic packaging;
8. A safety and security plan that conforms with N.J.A.C. 17:30-9.10;
9. A community impact[,] **or** social responsibility[, and research statement] **plan**;
10. A workforce development and job creation plan, which includes an optional diversity plan;
11. Standard operating procedures for:
 - i. Adverse event reporting;
 - ii. Quality assurance and quality control;
 - iii. Recall **of cannabis items, as needed or directed**;
 - iv. Packaging and labeling;
 - v. Inventory control, storage, diversion prevention;
 - vi. Recordkeeping;
 - vii. Waste disposal/sanitation;
 - viii. Cultivation, manufacturing, retail sale, delivery, **and** secure transport, as applicable, based on the class of license sought;
 - ix. Accounting and tax compliance; and
 - x. The reporting of test results, as applicable, based on the class of license sought;
12. An attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with such bona fide labor organization.

- i. A conditional license holder operating as a microbusiness is exempted from this requirement;
 - 13. For a social equity business, diversely owned business, [and] or impact zone business, evidence the license applicant is still in compliance with the requirements of the designations; and
 - 14. Any other application requirement established by the Commission pursuant to the notice of acceptance of application published in the New Jersey Register pursuant to N.J.A.C. 17:30-6.1.
- (b) The conversion application shall include the annual license qualification submissions required pursuant to N.J.A.C. 17:30-7.10(d).
- (c) A conditional cannabis business conversion applicant shall provide the Commission with a complete disclosure that includes all true parties of interest.
- 1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions, and such an attempt shall be grounds for denial of an application.
- (d) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.9 Annual cannabis business license application submission, approval, denial

- (a) The Commission shall provide notice of the annual cannabis business license application requirements in accordance with N.J.A.C. 17:30-6.1.
- 1. Such notice shall be compliant with N.J.A.C. 17:30-7.10, and shall include:

- i. Measures by which the license applicant will be scored;
- ii. Maximum scores for each individual measure; and
- iii. The total score required for a license applicant to be approved for a license.

(b) Within 14 days of receipt of [an] **a complete** annual license application, the Commission shall forward a copy of the application to the municipality in which the applicant desires to operate a proposed cannabis business.

(c) Not more than 90 days after the receipt of [an] **a complete** annual license application, the Commission shall make a determination on the application.

1. Such determination may include a determination that the Commission requires more time to adequately review the application.

(d) Applications shall be reviewed for completeness and then scored in accordance with the criteria included in the notice pursuant to N.J.A.C. 17:30-6.1 and 7.10.

(e) The Commission may verify the information contained in an annual license application by:

1. Contacting the license applicant and its owners and principals by telephone, mail, or electronic mail;
2. Conducting an onsite [visit] **assessment**;
3. Requiring a face-to-face meeting; and
4. Requiring the production of additional materials.

(f) At its discretion, the Commission may investigate and may conduct a probity review of the license applicant, its owners, principals, and related entities and their finances, ownership, and control structure as it deems necessary.

1. The license applicant shall cooperate with the Commission investigation and verification process and shall provide all information requested by Commission staff.

(g) The Commission shall approve a license applicant for an annual license [that] **where the applicant:**

1. Has submitted a complete annual license application in accordance with N.J.A.C. 17:30-7.10;
2. Has scored sufficiently high to be issued an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.10;
3. Has been deemed qualified to hold an annual license pursuant to N.J.A.C. 17:30-7.11; and
4. Has submitted its annual license application **submission** fee, pursuant to N.J.A.C. 17:30-7.17.

(h) A license application the Commission deems incomplete because of failure to address all applicable criteria and measures[,], **or** to provide requested information[, or to present truthful information in the application process shall be disqualified prior to a substantive review of the submission, and such disqualification shall be considered a final agency decision subject to judicial review pursuant to this section. 1. The Commission shall grant a] **shall be returned to the** license applicant **with** the opportunity to cure the deficiencies in a license application and resubmit it.

(i) The Commission may deny a license applicant for an annual license that:

1. Is not qualified to hold an annual license pursuant to N.J.A.C. 17:30-7.11;

2. Has not scored sufficiently high to be issued an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.10;
3. Fails to reveal any material fact pertaining to qualification pursuant to N.J.A.C. 17:30-7.11; [or]
4. Has been determined by the Commission, by clear and convincing evidence, to be unsuitable to hold an annual cannabis business license pursuant to N.J.A.C. 17:30-7.11[.]; **or**
- 5. Presents false or intentionally misleading information in the application process.**

(j) If an application is denied, the Commission shall provide **notice of** the denial to the applicant, in writing, which shall include:

1. [Notice of the denial of the annual license and the] **The** specific reason for the denial; and
2. The opportunity to request an administrative hearing within 45 days after the date of the denial.

(k) Such administrative hearing shall take place in the Office of Administrative Law in accordance with the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

1. The record for review shall be the application and any attached supporting documents excluding information deemed exempt pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records. [Additional evidence and documentation shall not be considered.]

(l) The final [denial] **decision** of an application **pursuant to (g) or (i) above** shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

17:30-7.10 Annual cannabis business license application

(a) An applicant for an annual license shall submit a complete, separate application, on forms prescribed by the Commission, for each cannabis business license requested and for each physical address and cannabis business premises at which a license applicant seeks to operate.

(b) A license applicant shall disclose and submit, as part of the annual license applications process, the following materials for the Commission's evaluation:

1. The Federal and State tax identification numbers for the license applicant;
2. Documentation of a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services in the Department of the Treasury;
3. Information about the license applicant, including its legal name, and any registered alternate name [under which it may conduct business];
4. A copy of the documents reflecting the formation of the license applicant entity, including, but not limited to, articles of incorporation or organization, charter, bylaws, stock issuance records, operating agreements, partnership agreements, other formation documents filed with the Secretary of State, and any other documents that govern the legal and ownership structure of the entity;

5. If applicable, documents from the Federal or State government recognizing the license applicant entity's nonprofit status;
6. A description of the proposed location and its surrounding area, including the following:
 - i. The mailing and physical address of the license applicant's proposed location;
 - ii. A description of the suitability or advantages of the proposed location;
 - iii. A site plan of the proposed location, including a floor plan, which may optionally include renderings, architectural plans, or engineering plans;
7. Evidence of compliance with local codes and ordinances including, but not limited to:
 - i. The distance from the closest church, synagogue, temple, or other place used exclusively for religious worship; or
 - ii. The distance to the closest school, playground, park, or child daycare facility;
8. Zoning approval, which shall consist of a letter or affidavit from appropriate officials of the municipality stating that the location will conform to municipal zoning requirements allowing for activities related to the operations of the proposed cannabis [cultivator, cannabis manufacturer, or cannabis retailer to be conducted at the proposed cannabis business premises] **business**, and any variances granted concerning the operation of a cannabis business;
9. Proof of local support, which shall be demonstrated by a resolution adopted by the municipality's governing body, or where the municipality has no governing body, a written letter of support from the municipality's executive;

10. Documentation demonstrating that the license applicant will have final control of the premises upon approval of the application. Documentation includes, but is not limited to, a lease agreement, contract for sale, title, deed, or similar documentation;
11. Where a license applicant will lease the premises, certification from the landlord that the landlord is aware that the tenant's use of the premises will involve activities associated with operations as a cannabis [cultivator, cannabis manufacturer, or cannabis retailer] **business**.
 - i. An application for an annual license that does not include such certification shall be disqualified from consideration;
12. The plan by which the license applicant intends to obtain appropriate liability insurance coverage for the proposed cannabis business;
13. Evidence supporting any of the following bonus point categories, as applicable:
 - i. License applicants that are 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;
 - ii. License applicants that are party to a collective bargaining agreement with a bona fide labor organization that currently represents cannabis workers in another state;
 - iii. License applicants that submit a signed project labor agreement with a bona fide building trades labor organization for the construction or retrofit of the facilities associated with the license applicant;

- iv. License applicants that submit a signed project labor agreement with a bona fide labor organization for any other applicable project associated with the license applicant; [and] **or**
 - v. License applicants that include at least one owner lawfully residing in New Jersey for at least five years as of the date of the application;
14. An operating plan, including, as applicable, a cultivation, manufacturing, [or] retail sale, **wholesaling, distributing, or delivery services** operating plan pursuant to N.J.S.A. 24:6I-36.[c(1)(b)(i)]**d(1)(b)(i)**, (ii), and (iii);
15. A business and financial plan;
16. An environmental impact plan, which shall, at a minimum, include consideration of sustainable alternatives to single-use plastic packaging, efforts to minimize water usage, and any other factor required by the Commission in a notice of application acceptance published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1;
17. A safety and security plan that conforms with N.J.A.C. 17:30-9.10;
18. A community impact[,] **or** social responsibility[, and research statement] **plan**;
19. A workforce development and job creation plan, which may include an optional diversity plan;
20. Standard operating procedures for:
- i. Adverse event reporting;
 - ii. Quality assurance and quality control;
 - iii. Recall **of cannabis items, as needed or directed**;
 - iv. Packaging and labeling;

- v. Inventory control, storage, **and** diversion prevention;
 - vi. Recordkeeping;
 - vii. Waste disposal/sanitation;
 - viii. Cultivation, manufacturing, retail sale, delivery, and/or secure transport, as applicable, based on the class of license sought;
 - ix. Accounting and tax compliance; and
 - x. The reporting of test results, as applicable, based on the class of license sought.
21. An attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with a bona fide labor organization.
- i. This requirement does not apply to a microbusiness applying for an annual license;
22. If a license applicant intends to enter into, or has entered into, a partnership with a re-entry program for the purpose of identifying and promoting employment opportunities for currently or formerly incarcerated people at the cannabis business, the details of such partnership including:
- i. The name of the re-entry program;
 - ii. The employment or training opportunities at the license applicant's cannabis business that will be made available to the re-entry population;
 - iii. Any other initiatives the license applicant will undertake to provide support and assistance to the re-entry population; and

- iv. The training and support offered or provided for the advancement of the re-entry population;
 - 23. An affidavit that the statements included in the application are true and correct, sworn by the license [holder] **applicant's** representative;
 - 24. An authorization to release all information pertaining to the license [holder] **applicant**, as requested by the Commission, signed by the license [holder] **applicant's** representative;
 - 25. A waiver of liability for any damages results to the license holder from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any information acquired during the licensing process, signed by the license [holder] **applicant's** representative; and
 - 26. Any other information the Commission deems relevant in determining whether to grant a license to the applicant.
- (c) The cannabis retailer annual license application shall **additionally** include a certification that the proposed cannabis retailer location is not in or upon any premises which operates a grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food; or any premises in which operates a store that engages in licensed retail sales of alcoholic beverages, as defined at N.J.S.A. 33:1-1.b.
- (d) A license applicant shall disclose and submit, as part of the annual license application, the following submissions relating to its qualification for an annual license, pursuant to N.J.A.C. 17:30-7.11:
- 1. License applicant and cannabis business organizational charts identifying ownership, control, and operational structure, including owners, principals,

management services contractors, managers, as well as all parent companies, subsidiaries, affiliates, predecessors, and successors of the license applicant;

2. A list of all persons that are owners, passive investors, principals, and managers of the license applicant, including their names, addresses, dates of birth, and each owner's and passive investor's percentage of ownership interest;
3. For all persons that are owners or principals of the license applicant, a copy of their **unexpired** driver's license or other photo identification issued by the State, another state, or the Federal government, which shall be proof that the person is at least 21 years of age;
4. For all persons that are owners and principals of the license applicant, a completed Personal History Disclosure Form, including a resume;
5. A list of the persons that are owners of the license applicant who have resided in this State for at least two years as of the date of the application and documentation of such residency;
6. For each owner, principal, or employee of a license applicant or license holder, as well as for each staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items, proof that the person has been fingerprinted and written consent to undergo a criminal history record background check pursuant to N.J.A.C. 17:30-7.12;

7. For any person seeking to become an owner, principal, or employee of a license applicant or license holder who has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d), evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e), if any;
8. For any person seeking to become a staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items who has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d), evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e), if any;
9. For the license applicant and each of its owners, principals, or managers, a list of any **pending or adjudicated** criminal charges or convictions;
10. A list of entities that are owners, passive investors, principals, and management services contractors of the license applicant, including their names, addresses, and each owner's and passive investor's percentage of ownership interest;
11. For all entities that are an owner, principal, or management services contractor of a license applicant, a completed Entity Disclosure Form;
12. For all persons or entities that hold at least 10 percent aggregate ownership interest in, or are a member of the executive team of a management services contractor of a license applicant, their names, addresses, dates of birth, positions held, percentage of ownership interest in the management services contractor entity, and a completed Personal History Disclosure Form for each person.

- i. Except that for a person or entity holding ownership interest in or control over a management services contractor that is a qualified institutional investor, a completed Personal History Disclosure Form for each person is not required;
13. Any management services agreement, pursuant to N.J.A.C. 17:30-6.9;
14. A list of all parent companies, subsidiaries, affiliates, predecessors, and successors of the license applicant;
15. A list that describes, beginning with the formation of the license applicant entity, any and all events such as sales, mergers, business combinations, or consolidations involving the entity, including all former names of the entity;
16. A list of all financial sources, including qualified institutional investors, holding debt of the license applicant.
- i. The nature, type, terms, covenants, and priorities of all outstanding debts of the license applicant, including, but not limited to, bonds, loans, mortgages, trust deeds, debentures, lines of credit, notes issued or executed, or to be issued or executed, or other forms of indebtedness of the license applicant or on its behalf;
 - ii. A completed Entity Disclosure Form for each financial source, except a qualified institutional investor; and
 - iii. A completed Personal History Disclosure Form for each financial source that is a person;
17. Any proposed or executed contract, term sheet, agreement, or side letter between an owner, principal, or financial source and another party that relates to the ownership and control structure, assets, liabilities, real or intellectual property,

revenue, funding or capitalization, royalties, or profit, or future profit, of the license applicant or comparable documents that change the legal structure of the license applicant, including any financial source agreement, pursuant to N.J.A.C. 17:30-6.10;

18. A list of all vendor-contractors with whom the license applicant has contracts or agreements;

19. For the license applicant and each of its owners, principals, managers, management services companies, parent companies, subsidiaries, affiliates, predecessors, or successors:

- i. A list of any organizations that hold or previously held permits, licenses, or other authorizations to participate in the cultivation, manufacturing, sale, or distribution of medical cannabis or cannabis in any jurisdiction, including a foreign jurisdiction, where the person or entity serves or served as an owner, principal, or employee for six or more months;

20. For the license applicant and each of its parent companies, subsidiaries, affiliates, predecessors, or successors:

- i. A list of any previous violation of, or judgment, order, consent decree, consent order, sanction, or penalty pertaining to any state or Federal statute, regulation, or code; and
- ii. A list of all pending litigation or past litigation that concluded in the last five years, whether in the State or in another jurisdiction, in which the entity was involved;

21. A list of every financial institution at which the license applicant has had an account in the last five years;
22. A list of bankruptcy or insolvency proceedings by the license applicant, and each of its parent companies, subsidiaries, affiliates, predecessors, or successors, and a copy of any bankruptcy decree as a result of the same;
23. A list of any charitable contributions **made** by the license applicant in the last five years;
24. A list of stocks held by the license applicant;
25. For each owner, principal, management services contractor, and employee of the license applicant, certification confirming the person's or entity's submission to the jurisdiction of the courts of the State and agreeing to comply with all [of the requirements of the] laws **and rules** of the State pertaining to [the Commission] **personal use cannabis**;
26. For a license applicant that is a diversely owned business, the certification that the license applicant is a minority-owned business, woman-owned business, or disabled veteran-owned business, in accordance with N.J.A.C. 17:30-6.4;
27. For a license applicant that is an impact zone business, an attestation from any qualifying owner, passive investor, or employee attesting to their qualification under the impact zone business criteria, pursuant to N.J.A.C. 17:30-6.5;
28. For [all] **a** license applicant[s, including] **that is** a social equity business, an attestation from any qualifying owner or passive investor attesting to the qualification of the person under the social equity business criteria, pursuant to N.J.A.C. 17:30-6.6;

29. For a microbusiness license applicant, proof that at least 51 percent of the total number of persons included in the microbusiness, including all owners, principals, and employees, are residents of either of the municipality in which the microbusiness is, or will be located, or of a municipality directly bordering such a municipality, at the time of the application;

30. An affirmation that the license applicant exercised reasonable care to confirm its submission information and the ability of each person or entity in its submission to serve as an owner or principal without violating N.J.A.C. 17:30-6.8; and

31. Any other application requirement established by the Commission in a notice of acceptance of application published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1.

(e) A license applicant shall provide the Commission a complete disclosure pursuant to (d) above that includes all true parties of interest.

1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions.

(f) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 or this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.11 Qualification for **an** annual cannabis business license

(a) A license applicant or license holder is qualified to hold an annual license where:

1. Each owner, principal, employee, or volunteer of a license applicant or license holder, as well as each staff member of a license applicant's or license holder's

management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items has submitted a criminal history background check pursuant to N.J.A.C. 17:30-7.12;

2. No owner, principal, employee, or volunteer of a license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(d);
3. No staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items of the license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
4. At least one owner of the license applicant has resided in this State for at least two years as of the date of the application;
5. Each owner and principal of the license applicant or license holder is eligible to be an owner or principal, respectively, of the license applicant or license holder in accordance with N.J.A.C. 17:30-6.8;
6. If a diversely owned business, the license applicant or license holder fulfills all of the diversely owned business requirements, pursuant to N.J.A.C. 17:30-6.4;
7. If an impact zone business, the license applicant or license holder fulfills all of the impact zone business requirements, pursuant to N.J.A.C. 17:30-6.5;

8. If a social equity business, the license applicant or license holder fulfills all of the social equity business ownership requirements, pursuant to N.J.A.C. 17:30-6.6;
9. If a microbusiness, the license applicant or license holder fulfills all of the microbusiness ownership requirements, pursuant to N.J.A.C. 17:30-6.7;
10. No employee of any State, county, or local government entity involved in the process of reviewing, processing, or making determinations with regard to cannabis business license applications has any direct or indirect financial interest in the license applicant or license holder; and
11. The license applicant or license holder has not provided anything of value to an employee of any State, county, or local government entity involved in the process of reviewing, processing, or making determinations with regard to license applications in exchange for reviewing, processing, or making any recommendations with respect to a license application.

(b) A license applicant or license holder is not qualified to hold a license where the license applicant or license holder:

1. Does not meet the requirements at (a) above;
2. Fails to provide information, documentation, and assurances as required pursuant to P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.), or this subchapter or as requested by the Commission, including failure to provide a required criminal history record background check or to cooperate with the Commission in its investigation of the [conditional] license applicant;
3. Fails to reveal any material fact pertaining to qualification;

4. Supplies information that is untrue or misleading as to a material fact pertaining to the qualification criteria for a [conditional] license; or
5. Has been determined by the Commission to be unsuitable to hold a cannabis business license pursuant to (c) below.

(c) The Commission may determine a license applicant or license holder is unsuitable pursuant to (b)5 above, where the license applicant or license holder has demonstrated:

1. [A] **To be a** danger to the public health, safety, and general welfare of the State;
or
2. A history of:
 - i. Distributing marijuana to minors;
 - ii. Involvement with organized crime;
 - iii. Diverting marijuana from personal use or cannabis states to other states;
 - iv. Engaging in trafficking of controlled substances not authorized by the Act or this chapter, or other illegal activity; or
 - v. Engaging in violence or the use of firearms as part of cannabis business operations.

(d) If the person is determined to be not qualified for an annual license, such disqualification shall be considered a final agency action subject to judicial review pursuant to N.J.A.C. 17:30-[17.9]**20.10**, and the Commission shall provide **notice of** the determination to the person in writing, which shall include:

[1. Notice of the determination of disqualification, including when disqualification is due to a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) or the determination of the absence of sufficient evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);]

[2.] 1. The specific reason for the disqualification, including any conviction that constitutes the basis for the disqualification; and

[3.] 2. Information about appeal rights pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

17:30-7.12 Criminal history background check

(a) Each owner, principal, employee, or volunteer of a cannabis business or testing laboratory license applicant or license holder or staff member of a license applicant's or license holder's management services contractor shall provide written consent to submit to a criminal history background check pursuant to the Act and shall comply with procedures established by the Division of State Police pursuant to N.J.A.C. 13:59 for obtaining readable fingerprint impressions.

1. The license applicant, or license holder, as applicable, shall bear the cost for the criminal history background check, including all costs of fingerprinting and administering and processing the check.
2. For a management services contractor, only staff members that participate in obtaining, possessing, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items on behalf of a license applicant or license holder shall be required to consent and comply with a criminal history record background check.

(b) A person who is required to undergo a criminal history background check pursuant to this section who refuses to consent to, or cooperate in, the securing of a check of criminal history and background information shall [not be considered by the Commission for participation in] **be deemed unqualified as** a license applicant or license holder.

(c) Where the criminal history background information demonstrates that a person has been convicted of a disqualifying conviction pursuant to (d) below, the Commission shall find the person disqualified from holding a license and shall not approve the person for participation in a license applicant or license holder.

(d) A disqualifying conviction is a conviction:

1. Of an indictable offense under this State's law, or equivalent offense under Federal law or any other state's law, that is substantially related to the qualifications, functions, or duties for which the license is required[: i. That shall], **which** includes:

[(A)] i. N.J.S.A. 2C:35-4.1.b (Booby traps in manufacturing or distribution facilities);

[(B)] ii. N.J.S.A. 2C:35-6 (Employing a juvenile in a drug distribution scheme, or a similar indictable offense involving the use of a minor to dispense or distribute a controlled dangerous substance or controlled substance analog);

[(C)] iii. N.J.S.A. 2C:35-8 (Distribution to persons under age 18);

[(D)] iv. N.J.S.A. 2C:35-11.1 (Counterfeit drugs, medical devices);

[and]

[(E)] v. N.J.S.A. 2C:36-5 (Delivering drug paraphernalia to person under 18 years of age); [and] **or**

[ii.] vi. [That may include any] **Any** State, other state, or Federal offense involving fraud, deceit, or embezzlement **as a necessary element of the offense**; and

2. Where not more than five years have passed since the date of that conviction, satisfactory completion of probation or parole, or release from incarceration, whichever is later.

(e) Notwithstanding the provisions at (c) above to the contrary, a person required to consent to a criminal history background check pursuant to (a) above shall not be disqualified on the basis of any disqualifying conviction disclosed by a criminal history record background check if the person has affirmatively demonstrated to the Commission clear and convincing evidence of rehabilitation. In determining whether clear and convincing evidence of rehabilitation exists, the Commission shall [conduct a thorough review of any disqualifying conviction and] consider [and examine] the following factors:

1. [The] **With respect to the license applicant or license holder, the** nature and responsibility of the position that the person with a conviction would hold, has held, or currently holds;
2. The nature and seriousness of the crime or offense;
3. The circumstances under which the crime or offense occurred;
4. The date of the crime or offense;
5. The age of the person when the crime or offense was committed;
6. Whether the crime or offense was an isolated or repeated incident;
7. Any social conditions that may have contributed to the commission of the crime or offense; and
8. Any evidence of rehabilitation, including good conduct [in prison] **while incarcerated** or in the community, counseling or psychiatric treatment received, acquisition of additional academic or vocational schooling, successful participation

in correctional work-release programs, or the recommendation of those who have had the person under their supervision.

(f) Notwithstanding the provisions at (c) above to the contrary, the Commission may, in its discretion, offer provisional authority for a person to be an owner, principal, or employee of a cannabis business or testing laboratory license applicant or license holder for a period not to exceed three months if the person submits to the Commission a sworn statement attesting that the person has not been convicted of any disqualifying conviction.

1. Such person's provisional status does not guarantee a person's qualification.
2. Submission of a false attestation shall result in a determination of the person's disqualification, the revocation of the person's provisional status and any Cannabis Business Identification Card and may result in permanent ineligibility for the person to participate in a license applicant or license holder.
3. If a license applicant or license holder demonstrates a pattern of submission of such false attestations, the Commission may sanction the license applicant or license holder pursuant to N.J.A.C. 17:30-[17]20, including with civil monetary penalties.

(g) In accordance with the provisions of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1, any individual disqualified from owning, operating, or being employed by a cannabis business or testing laboratory license applicant or license holder shall be given an opportunity to challenge the accuracy of the disqualifying criminal history record prior to being permanently disqualified from participation.

1. Such challenges shall be made within 20 days of the disqualification.

17:30-7.13 Probity review

(a) After the receipt of an application from a license applicant, as part of verification and probity review, the Commission, at its discretion, may require additional information and the submission, by the license applicant, of supporting documents and other evidence before **making a final decision on the application or** issuing a license.

(b) At the discretion of the Commission, an owner, passive investor, management services contractor, or financial source may be required to submit documentation verifying the source of the funds provided to the license applicant, including, but not limited to, a promissory note, credit facility, debt instrument, guarantor agreement, or loan agreement, as well as closing documents.

(c) At the discretion of the Commission, the following persons or entities may be required to submit to a financial probity review:

1. Owners;
2. Principals;
3. Members of a governing body that governs an owner or a principal of a license applicant or license holder that is an entity;
4. Management services contractors contracting with a license applicant;
5. Any person or entity that holds at least 10 percent aggregate ownership interest in or who is a member of the executive team of a management services contractor contracting with a license applicant or license holder;
6. Financial sources that are not a qualified institutional investor;

7. Any person or entity that holds at least 10 percent aggregate ownership interest in or who is a member of the executive team of a financial source entity that is not a qualified institutional investor; and
8. Vendor-contractors.

(d) Financial probity review for a person for the purposes of verification for a license application and qualification for a license may include submission of:

1. A state driver's license, or other photo identification issued by the State, another state, or the Federal government;
2. A passport;
3. Any college diploma, transcript, or letter from a registrar providing confirmation of [graduation] **a person's status at an academic or educational institution;**
4. Ownership documents for any vehicles, aircraft, or boats owned by the person or the person's business;
5. Any professional licenses held, and any documents related to sanctions imposed or known investigations in connection with those licenses;
6. Any criminal record history[, along with a police report and disposition,] and any information regarding rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
7. Documentation for any business, aside from the license applicant, in which the person currently holds at least 25 percent ownership interest, including, but not limited to, partnership papers, operating agreements, and stock registry-stock certificates;
8. Summary of any pending litigation or past litigation that concluded during the previous five years, other than divorce, in which the person was involved, including

docket number, venue, cause of action, named litigants, a copy of the complaint, and disposition or current status;

9. Any employment contract or offer letter between the license applicant and the person;
10. Most recently filed individual State, Federal, and foreign tax returns including Schedule K1, and, if applicable, most recently filed letter requesting an extension;
11. Most recently filed business State, Federal, and foreign tax returns for any business, aside from the license applicant, in which the person holds more than 50 percent ownership interest;
12. [All most recently issued] **Any** W-2 and 1099 forms **for the prior three tax years**;
13. Current account statement for any personal bank account, including a money market account, for which the person has signatory authority;
14. An original deed and purchase settlement statement, for any real estate property in which the person has an ownership interest;
15. The declaration page of any cash value life insurance policy held by the person and the names of all beneficiaries, including the name, trustee, and beneficiaries of any trust;
16. Current account statement for any pension or retirement account held by the person, including any 401k;
17. Current account statement for any account held by the person that holds securities, including a brokerage or investment account;
18. Any notes or loans receivable in the person's name;
19. Any notes or loans payable in the person's name;

20. Any documents relative to any contingent liabilities in which the person serves as a guarantor;
21. Any liens, judgments, or taxes payable levied against the person; and
22. Additional identifying information about the person's immediate family, including, but not limited to, marriage, death, and birth certificates.

(e) Financial probity review for an entity for the purposes of verification of license application submissions and qualification may include submission of:

1. Entity organizational chart;
2. Entity business formation documents;
3. List and summary of all fines or sanctions imposed by any agency regulating cannabis on the entity in any jurisdiction and the circumstances surrounding such fines or sanctions;
4. Summary of any pending litigation or past litigation that concluded during the previous five years in which the entity or its subsidiaries was involved, including docket number, court name, cause of action, named litigants, a copy of the complaint, and disposition or current status;
5. Documentation for any company, aside from the license applicant, in which the entity currently holds at least 25 percent ownership interest, including, but not limited to, partnership papers, operating agreements, and stock registry-stock certificates;
6. Most recently filed individual State, Federal, and foreign tax returns including Schedule K1, and, if applicable, most recently filed letter requesting an extension;

7. Most recently filed business State, Federal, and foreign tax returns for any business, aside from the license applicant, in which the entity holds more than a 50 percent ownership interest;
8. Minutes of the meetings of and resolutions passed by the entity's governing board for the previous two calendar years;
9. Most recently filed annual financial reports of the entity that are required to be filed [by] **with** a national securities exchange or over the counter market;
10. Unaudited balance sheet and income statement or audited financial statement of the entity for the 24 months previous to the application;
11. Monthly bank statements for the previous year for all entity bank accounts related to the license applicant;
12. Any notes or loans receivable in the entity's name;
13. Any notes or loans payable in the entity's name;
14. Any liens, judgments, or taxes payable levied against the entity;
15. Where the entity is a publicly traded corporation or a private capital fund, a complete list of persons and entities with any ownership interest in the entity; and
16. Any other information the Commission deems relevant in determining whether to grant a license to the applicant.

(f) Probity review materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 or this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.14 Annual cannabis business license acceptance; inspection; issuance; commencement of operations

(a) After the Commission approves a license applicant applying for an annual license pursuant to N.J.A.C. 17:30-7.9, the Commission shall give written notice of approval to the applicant.

(b) Within [seven] **five** business days after receiving notice of approval, a license applicant shall notify the Commission as to whether it will:

1. Accept the license; or
2. Abandon the license, including if accepting the license would violate N.J.A.C. 17:30-6.8 or make the license applicant otherwise ineligible or if the circumstances of the license applicant have changed.

(c) Failure of the applicant to notify the Commission of its decision pursuant to (b) above, to accept or abandon the license, shall result in the license being deemed abandoned.

(d) If a license applicant from a lottery abandons a license, the license shall be offered to the next license applicant on the waitlist, pursuant to N.J.A.C. 17:30-6.2.

(e) If the license applicant accepts the annual license, it shall submit the annual [licensing] **license application approval** fee, pursuant to N.J.A.C. 17:30-7.17.

(f) A license applicant shall have 365 days from the date of the notice of approval to request a final onsite assessment pursuant to (h) below.

(g) The license applicant has a continuing duty to seek approval for or report changes in the information submitted as part of the annual license application, pursuant to N.J.A.C. 17:30-9.2.

1. If a material change occurs to an application that is otherwise complete, the Commission may deem the application incomplete pending further review.

(h) After the license applicant has completed construction and preparation of its cannabis business premises **or administrative office**, the license applicant shall request, in writing, that the Commission conduct a final onsite assessment.

(i) The Commission shall conduct a final onsite assessment of the cannabis business and shall determine whether the cannabis business premises **or administrative office**, operations, plans, procedures, protocols, and actions are consistent with the annual license application and compliant with the Act, this chapter, and any additional requirements provided by the Commission.

(j) No later than 30 days after **a cannabis business successfully passes** such onsite assessment, unless the Commission finds the applicant is not in compliance with this subchapter or the Commission is notified by the relevant municipality that the applicant is not in compliance with its ordinances or regulations in effect at the time of the application, the Commission shall issue the annual license and provide the annual license to the license applicant.

1. An annual license shall be valid for one year from its date of issuance and may be renewed annually.

(k) If the Commission determines that the annual license applicant is not compliant [pursuant to (g) above] **with this chapter**, or the license applicant does not undergo a successful final onsite assessment yielding a determination of compliance pursuant to (i) above within 365 days of the notice of approval, the Commission shall decline to issue the annual license approval and the license shall be returned to the Commission.

(l) Within 14 days of the issuance of an annual license, the license holder shall notify the Commission, in writing, of a proposed opening date for the cannabis business.

17:30-7.15 Annual microbusiness license conversion process; approval; denial; issuance

(a) After at least one year of operation, a microbusiness holding an annual license may apply to the Commission to convert to a standard cannabis business [and expand its physical plant and capacity beyond the limitations established at N.J.A.C. 17:30-6.7].

(b) The Commission shall review such application and verify the information contained in such application is truthful.

1. The license applicant shall cooperate with the Commission investigation and verification process and provide all information requested by Commission staff.

(c) The Commission shall approve [an annual] **a** microbusiness [license conversion applicant] for conversion to [an annual] **a** standard cannabis business license if its application:

1. Is complete;

[2. As applicable, demonstrates that the license holder is projected to exceed the operational restrictions of a microbusiness pursuant to N.J.A.C. 17:30-6.7;]

[3.] **2.** Includes:

i. [A] **Where applicable, a** renovation or relocation plan that specifically addresses quality control procedures for the protection of cannabis and cannabis products from any contamination during the construction process and any other criteria the Commission requires;

- ii. A recitation of the microbusiness's cultivation, manufacturing, or sales, as applicable, of the 180 days preceding the application, and an explanation for the request to [expand business capacity and its justification by the projected needs of the consumers it will serve] **convert to a standard cannabis business;**
 - iii. An amended version of the most recent annual microbusiness license application or renewal that provides an overview of the license holder's proposed changes, including:
 - [(A)] **(1)** A proposed site plan demonstrating the license holder's ability to operate [at an expanded capacity and physical plant] **as a standard cannabis business;** and
 - [(B)] **(2)** A proposed business plan demonstrating the license holder's ability to [cultivate, manufacture, or sell cannabis or cannabis products at an expanded capacity] **operate as a standard cannabis business;**
 - iv. An attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with such bona fide labor organization;
 - v. Submission of a [converted standard cannabis business license licensing] **microbusiness conversion application submission** fee pursuant to N.J.A.C. 17:30-7.17; and
 - vi. Any other information the Commission deems relevant in determining whether to grant a conversion to the applicant; and
2. Complies with all provisions of the Act and this chapter.

(d) If the Commission determines that the criteria at (c) above have not been met, the Commission shall deny the [annual microbusiness license] conversion application and the license holder shall continue to operate **as a microbusiness** in compliance with the provisions at N.J.A.C. 17:30-6.7.

(e) If an application is denied, the Commission shall provide **notice of** the denial to the applicant, in writing, which shall include [notice of the denial of the annual standard cannabis business license and] the specific reason for the denial.

(f) The final decision on an application shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

(g) The Commission shall provide written notice of approval to the microbusiness, authorizing the license holder to convert to a standard cannabis business [and expand its capacity and physical plant].

(h) [Prior to issuing an amended license] **After approving an application**, the Commission may conduct an onsite assessment of the cannabis business [and shall] **to** determine whether the cannabis business premises **or administrative office**, operations, plans, procedures, protocols, and actions are compliant with the Act, this chapter, and any requirements or conditions provided by the Commission, and whether they are being implemented.

(i) [After the Commission has conducted any verification pursuant to (b) above, and if] **If** the Commission has determined compliance pursuant to (h) above, the Commission shall issue an amended license to the license applicant **reflecting that the licensee is a standard cannabis business**.

1. The requirements specific to a microbusiness, pursuant to N.J.A.C. 17:30-6.7 shall no longer apply to such license holder.

(j) If the Commission determines that the license holder is not compliant pursuant to (h) above, the license holder shall continue to operate **as a microbusiness** in compliance with N.J.A.C. 17:30-6.7.

(k) Notwithstanding a **microbusiness's** converted operations, any microbusiness authorized to [expand] **become a standard business** in accordance with this subchapter shall be counted towards the percentages of licenses that are designated for and only issued to microbusinesses pursuant to N.J.S.A. 24:6I-36.f.(1).

17:30-7.16 Renewals

(a) A license holder holding an annual license, including an annual license converted from a conditional license, shall renew such annual license annually.

(b) The Commission may renew a license subject to conditions set forth in this chapter.

(c) A license holder shall submit a renewal application and the annual licensing fee pursuant to N.J.A.C. 17:30-7.17 no later than 90 days prior to the expiration of the current cannabis business license. **Submission within 90 days of expiration of the current cannabis business license may result in a lapse in the cannabis business's licensure and subject the cannabis business to enforcement action.**

(d) Pursuant to (c) above, the following may be grounds for denial of a license renewal application:

1. Failure to provide truthful, correct, and current information;
2. Failure to maintain compliance with the Act or this chapter;

3. Failure to maintain its diversely owned business, impact zone business, social equity business, or microbusiness status; [or]

4. The inclusion of a person or entity not deemed qualified to hold a license[.]; or

5. The commission of three or more major violations within the preceding 12 months.

(e) Renewal materials submitted to the Commission pursuant to N.J.S.A. 24:6I-7.2 or this section shall not be considered a public record pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.17 Cannabis business and testing laboratory fees

(a) The following fees shall be paid by conditional license applicants or license holders, as applicable:

- | | |
|---|-------|
| 1. Conditional microbusiness license application submission fee | \$100 |
| 2. Conditional standard cannabis business license application submission fee | \$200 |
| 3. Conditional microbusiness license application approval fee | \$400 |
| 4. Conditional standard cannabis business license application approval fee | \$800 |
| 5. Conditional microbusiness license conversion application submission fee | \$100 |
| 6. Conditional standard cannabis business license conversion application submission fee | \$200 |
| 7. Conditional microbusiness license conversion application approval fee | \$400 |
| 8. Conditional standard cannabis business license conversion application approval fee | \$800 |

(b) Submission fees represent 20 percent of the total application fee and shall be payable by all conditional license applicants.

(c) Approval fees represent 80 percent of the total application fee and shall only be payable by successful conditional license applicants.

(d) The following licensing fees shall be paid by license applicants or license holders, as applicable:

1. Annual microbusiness license application submission fee \$200
2. Annual standard cannabis business license application submission fee \$400
3. Annual microbusiness license application approval fee \$800
4. Annual standard cannabis business license application approval fee \$1,600
5. Expanded ATC certification fee:
 - i. Medical cannabis cultivator expansion \$400,000
 - ii. Medical cannabis manufacturer expansion \$300,000
 - iii. Medical cannabis dispensary expansion \$100,000
 - iv. Vertically integrated ATC with three dispensaries \$1,000,000
 - v. Vertically integrated ATC with two dispensaries \$900,000
 - vi. Vertically integrated ATC with one dispensary \$800,000
6. Annual microbusiness cannabis cultivator initial or renewal licensing fee \$1,000
7. Annual standard cannabis cultivator initial or renewal licensing fee
 - i. Tier I \$5,000
 - ii. Tier II \$10,000
 - iii. Tier III \$20,000
 - iv. Tier IV \$30,000

- v. Tier V \$40,000
- vi. Tier VI \$50,000
- 8. Annual microbusiness cannabis manufacturer initial or renewal licensing fee
\$1,000
- 9. Annual standard cannabis manufacturer initial or renewal licensing fee:
 - i. With premises up to 10,000 square feet \$20,000
 - ii. With premises greater than 10,000 square feet [premises] \$30,000
- 10. Annual microbusiness cannabis retailer initial or renewal licensing fee \$1,000
- 11. Annual standard cannabis retailer initial or renewal licensing fee \$10,000
- 12. Annual microbusiness cannabis wholesaler initial or renewal licensing fee \$1,000**
- 13. Annual standard cannabis wholesaler initial or renewal licensing fee \$10,000**
- 14. Annual microbusiness cannabis distributor initial or renewal licensing fee \$1,000**
- 15. Annual standard cannabis distributor initial or renewal licensing fee \$3,000**
- 16. Annual microbusiness cannabis delivery service initial or renewal licensing fee \$1,000**
- 17. Annual standard cannabis delivery service initial or renewal licensing fee \$3,000**

[12.] 18. [Annual microbusiness license] Microbusiness conversion application submission fee	\$200
[13.] 19. [Annual microbusiness license] Microbusiness conversion application approval fee	\$800
[14.] 20. Testing laboratory license application submission fee	\$400
[15.] 21. Testing laboratory license application approval fee	\$1,600
[16.] 22. Testing laboratory initial or renewal licensing fee	\$4,000
[17.] 23. Background investigation fee	
i. Financial source	\$1,000
ii. Management services contractor	\$1,000
iii. Each owner or principal of cannabis business or testing laboratory	\$250
[18.] 24. Cannabis Business Identification Card issuance fee	\$25

(e) Submission fees represent 20 percent of the total application fee and shall be payable by all annual license applicants.

(f) Approval fees represent 80 percent of the total application fee and shall only be payable by successful annual license applicants.

(g) An expanded ATC shall pay initial or renewal licensing fees in accordance with the license(s) it holds, pursuant to (d) above.

(h) Annual initial or renewal licensing fees at (d) above shall include an annual license converted from a conditional license.

(i) For [the licensing fees in] the first year of operation for a cannabis business following the initial issuance of the cannabis business's license(s), the amount due in annual

licensing fee shall be [reduced] **calculated** by subtracting the amount of **annual** application submission and approval fees submitted pursuant to this subchapter from the total amount of annual licensing fees due for the cannabis business.

1. Background investigation fees shall not be considered application fees pursuant to this subsection.

(j) The following material change fees shall be paid by **annual** license holders, as applicable:

1. The fee to apply for a change of location of a cannabis business premises is:
 - i. Standard cannabis business annual [license holder]: \$10,000; or
 - ii. Microbusiness [license holder]: \$1,000;
2. The fee to apply for a change or modification of the cannabis business' capacity or physical plant is \$2,000;
 - i. This fee shall not apply to a microbusiness converting to a standard cannabis business pursuant to N.J.A.C. 17:30-7.15; and
3. The fee to apply for the transfer of more than 50 percent of ownership interest in a license holder is \$20,000.
 - i. Any financial source, management services contractor, owner, or principal may be required to pay background investigation fees as part of an ownership interest transfer.

(k) Fees shall be paid by certified check, money order, or any other form of payment approved by the Commission, and made payable to the "Treasurer, State of New Jersey."

(l) Fees shall be deposited in the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund established pursuant to N.J.S.A. 24:6I-50.

(m) Conditional license applicants or license holders and social equity business license applicants or license holders shall be exempt from any background investigation fee at [(d)17] **(d)23** above.

SUBCHAPTER 8. CANNABIS BUSINESS IDENTIFICATION CARDS

17:30-8.1 [Commissioner] **Commission** issuance of Cannabis Business Identification Cards; expiration

(a) Every owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or a testing laboratory that accesses the premises of a cannabis business or handles cannabis on behalf of a license holder or testing laboratory and every cannabis handler pursuant to N.J.S.A. 24:6I-44.a shall be required to register with the Commission and be issued a Cannabis Business Identification Card.

(b) As part of the registration, the Commission shall verify that the person who is requesting a Cannabis Business Identification Card:

1. Is at least 21 years of age;
2. Has completed a training course, whether from a license applicant, a license holder, or a third-party that has been approved by the Commission and provides education on, at a minimum, the following topics:
 - i. History of cannabis use, prohibition, and legalization;
 - ii. Common cultivation techniques and strain/cultivar varieties;
 - iii. Chemotypes of cannabis;
 - iv. Packaging, labeling, and advertising;
 - v. Cultivation and manufacturing processes;

- vi. Health education regarding the risks of cannabis use and over-use, including cannabis dependency;
 - vii. The medical use of cannabis; and
 - viii. Laws and rules pertaining to cannabis, including the Act and this chapter;
- 3. Has authorized a criminal history background check pursuant to N.J.A.C. 17:30-7.12(d) and does not have any disqualifying convictions that have not been found to be rehabilitated; and
 - 4. Has paid the Cannabis Business Identification Card fee, pursuant to N.J.A.C. 17:30-7.17.

[(c) The Commission shall issue each requesting person that is qualified pursuant to (a) above, a Cannabis Business Identification Card after the Commission receives a completed application with required documents, which include, but are not limited to:]

(c) Requests for a Cannabis Business Identification Card shall include:

- 1. A copy of the requesting person's driver's license or other unexpired photo identification issued by the State, another state, or the Federal government; and
- 2. Proof of criminal record background check, and where a person has a disqualifying conviction, proof of rehabilitation, pursuant to N.J.A.C. 17:30-7.12.

(d) A requesting person that [is qualified pursuant to (a) above] **meets the requirements of this subchapter shall be issued a Cannabis Business Identification Card, but** shall not begin working at the cannabis business or handling cannabis items at a testing laboratory before the Commission issues a Cannabis Business Identification Card and the card is in the registrant's physical possession.

(e) Cannabis Business Identification Cards expire one year after the date of issuance, except a Cannabis Business Identification Card issued to cannabis business personnel with provisional approval, which shall expire three months after issuance.

(f) Cannabis Business Identification Cards shall contain:

1. The name of the person;
2. The name of the cannabis business or testing laboratory;
3. The dates of issuance and expiration; and
4. A photograph of the cardholder.

(g) The Commission may suspend, revoke, or refuse to renew a Cannabis Business Identification Card if the person who is applying for or who holds the card violates any provision of the Act or this chapter; makes a false statement to the Commission; or refuses to cooperate in any investigation by the Commission.

(h) A Cannabis Business Identification Card issued [under] **pursuant to** this section is a personal privilege and authorizes work described in this section only for the cardholder.

17:30-8.2 Notice to Commission when employment or affiliation ceases

[The] **A** cannabis business or testing laboratory shall notify the Commission within 10 business days of the date that a qualified person pursuant to N.J.A.C. 17:30-8.1(a) ceases to work at or be affiliated with the cannabis business or testing laboratory.

17:30-8.3 Surrender of a Cannabis Business Identification Card

Any Cannabis Business Identification Card holder shall surrender to the Commission the Cannabis Business Identification Card if they have been deemed no longer qualified to validly use or possess the card for any reason.

SUBCHAPTER 9. CANNABIS BUSINESS LICENSE HOLDER MATERIAL CONDITIONS AND REQUIREMENTS

17:30-9.1 Cannabis business premises

(a) A cannabis business shall conduct all operations authorized by the Act and this chapter at the address(es) identified on the license(s) issued by the Commission.

1. The cannabis business license shall identify the physical address of the cannabis business premises **or administrative office**.
2. All cannabis business premises, and the principal **or administrative** office of a cannabis business license holder shall be located within the State of New Jersey.
3. The Commission shall conduct an onsite assessment pursuant to N.J.A.C. 17:30-~~[17.3]~~**20.3** of each proposed cannabis business premises **or administrative office** prior to license issuance.

[4. A cannabis business conducting curbside retail sales in accordance with N.J.A.C. 17:30-12.4 shall be considered to be compliant with the requirements of this subsection.]

(b) A license holder may apply to change the location of the cannabis business premises **or administrative office**, pursuant to N.J.A.C. 17:30-9.2.

(c) For a microbusiness **cannabis establishment**, pursuant to N.J.A.C. 17:30-6.7, the entire physical plant shall occupy an area of no more than 2,500 square feet.

(d) The license holder shall display its license issued by the Commission in a conspicuous location at each cannabis business premises **or administrative office** at all times when the license holder is engaged in conduct authorized pursuant to the Act and this chapter involving cannabis.

17:30-9.2 Changes to license applicant or license holder; approval and notice; provisional approval

(a) Cannabis business license holders shall submit an application for an amended license, along with the applicable fee, if any, pursuant to N.J.A.C. 17:30-7.17, for the following material changes, a change:

1. In ownership, which shall include:
 - i. Addition or removal of owners or passive investors;
 - ii. Change in license holder entity structure, including any related mergers, acquisitions, or creation of new related entities;
 - iii. Change in ownership structure or ownership interest that results in a change of owner, pursuant to N.J.A.C. 17:30-9.3; and
 - iv. Any other changes to the ownership and financial information provided to the Commission pursuant to N.J.A.C. 17:30-7.10 and 7.13;
2. Of management services contractor [and] **or** the terms of any management services agreement; pursuant to N.J.A.C. 17:30-6.9;

3. Of financial source [and] **or** the terms of a financial source agreement (FSA) pursuant to N.J.A.C. 17:30-6.10;
4. Of location;
5. Of modification of capacity, physical plant, [or] premises, **or administrative office**;
or
6. Of name of the cannabis business.

(b) Failure to seek approval for such material changes pursuant to (a) above may result in sanctions upon the license holder pursuant to N.J.A.C. 17:30-[17]**20**, including civil penalties, or suspension or revocation of any license issued to the license holder.

17:30-9.3 Transfers of ownership interest

(a) From the submission of a conditional license conversion application or an annual license application to at least two years after the cannabis business commences operations, a license holder holding an annual license shall not make any change to more than 50 percent of its ownership interest, except that[a transfer of the ownership interest license applicant or license holder from a deceased owner to the deceased]:

1. [Owner's] **A transfer of ownership interest in a license applicant or license holder from a deceased owner to their** heir shall not be prohibited; **and**
2. [Owner's] **A transfer of ownership interest in a license applicant or license holder from a deceased owner to their** surviving spouse, domestic partner, or civil union partner, if the license was issued jointly to both the parties, shall not be prohibited.

(b) From the submission of the conditional license conversion application or an annual license application to **at** least two years after the cannabis business commences operations, a license holder may add new loans from new or existing financial sources or gifts.

(c) Until at least two years after the cannabis business commences operations, a diversely owned business license holder shall maintain all conditions required to qualify as eligible for its diversely owned business certification.

(d) Until at least two years after the cannabis business commences operations, a social equity business license holder shall maintain the conditions required to qualify for its social equity business status.

(e) A license holder operating as a microbusiness shall not transfer ownership interest such that the license holder no longer qualifies as a microbusiness.

(f) If the cannabis business ceases operations during the two-year period after the cannabis business commences operations, the license holder may not transfer the license to another entity; the license will be considered to be abandoned and will be returned to the Commission.

(g) A cannabis business license holder shall not provide, transfer, or sell, or offer to provide, transfer, or sell any ownership interest to or employ or offer to employ any Commission member or employee restricted from such transactions by the provisions of sections 33 through 35 of P.L. 2019, c. 153 (N.J.A.C. 24:6I-26 through 28).

(h) The Commission retains discretion to determine when a transfer of ownership interests has occurred.

17:30-9.4 Ongoing material conditions and general requirements applicable to cannabis business license holders

(a) No person or entity shall operate a cannabis business without a Commission-issued license.

(b) A cannabis business shall only be operated under the name on the license, which shall be the legal entity name as found on the New Jersey business registration of the license holder.

(c) A license holder and its owners, principals, employees, management services contractors, financial sources, and vendor-contractors shall:

1. Maintain qualification to hold a license pursuant to N.J.A.C. 17:30-7.4, as applicable;
2. Comply with the Act and this chapter; and
3. Cooperate with the Commission and its staff.

(d) Upon request of the Commission, a license applicant or license holder shall provide, for any submission to the Commission, a redacted copy that may be released to the public.

1. Redactions shall be limited to information that is likely to be found to be exempted from the definition of a public record pursuant to N.J.S.A. 47:1A-1 et seq., or the common law on public records.

(e) A license holder shall make a good faith effort to recruit and employ, **or contract with, as vendor-contractors**, persons who would otherwise qualify for the provisions at N.J.A.C. 17:30-6.6(a)1 or 2. **A “good faith effort” means that the license applicant or license holder shall demonstrate that it took all necessary and reasonable**

steps to achieve employee and vendor-contractor participation by the persons who are among the qualifying groups, which by their scope, quality, quantity, intensity, and appropriateness to the objective, could reasonably be expected to obtain sufficient participation from such persons.

- 1. Good faith efforts shall extend beyond merely interviewing candidates from qualifying groups to include documentation of follow-up and offers of employment and contracting.**
- 2. Good faith efforts shall include sufficient written documentation of the license applicant's efforts to recruit qualifying persons, including a list of the names, addresses, and contact information of all potential employees and contractors, identifying those who qualify pursuant to N.J.A.C. 17:30-6.6(a)1 or 2, and whether they have accepted an employment or contracting offer, and the dates of contact.**
- 3. Good faith efforts may include:**
 - i. Coordinating meetings, including meetings in economically disadvantaged areas, at which qualifying persons could be informed of the employment and contracting opportunities;**
 - ii. Advertising in general circulation, trade association, and minority-focused media concerning the opportunities for persons who have been affected by the criminalization of cannabis to participate in the regulated cannabis industry; and**
 - iii. Contacting minority-, women-, and veteran-owned business organizations and educational institutions concerning the**

opportunities for persons who have been affected by the criminalization of cannabis to participate in the regulated cannabis industry.

- 4. The cannabis business shall submit monthly progress reports that include specifics on the good faith efforts being made to ensure the cannabis business's social equity plan as presented in its application or certification to the Commission is being achieved. The Commission may request additional information from the cannabis business to assist in making a determination on whether good faith efforts are being made.**

(f) A microbusiness license holder shall employ no more than 10 employees.

(g) The maintenance of a labor peace agreement with a bona fide labor organization by a licensed cannabis business, including an expanded ATC, shall be an ongoing material condition of the cannabis business's license.

1. A microbusiness is exempted from this requirement.

(h) Where a majority of the employees of a cannabis business, including an expanded ATC, have voted to join a bona fide labor organization, failure to enter, or to make a good faith effort to enter, into a collective bargaining agreement within 200 days of the opening of such licensed cannabis business, may result in the suspension or revocation of the cannabis business's license.

1. A microbusiness is exempted from this requirement.

(i) A license holder shall maintain sanitary conditions throughout the cannabis business premises.

(j) A cannabis business shall seek to prevent the escape of odors associated with cannabis over the boundary of the property. Failure to engage in such an effort may result in sanctions, including civil monetary penalties.

(k) A license holder shall implement a plan to increase sustainability in its operations, which may include, but is not limited to:

1. A waste reduction plan;
2. A water usage reduction plan;
3. Biodynamic farming;
4. A sustainable packaging plan that reduces or eliminates the use of single-use plastics and promotes the use of recyclable or [green] **environmentally friendly** packaging; or
5. A plan to use [some amount of] renewable energy to power its operations.

(l) A visitor entering a cannabis business premises must be accompanied by an escort with a Cannabis Business Identification Card at all times, except in the consumer area of a cannabis retailer.

1. A vendor-contractor's staff shall be considered to be a visitor during any time present at a cannabis business premises, except if the person **is a management services contractor or other cannabis handler that** possesses a Cannabis Business Identification Card, **in accordance with N.J.A.C. 17:30-8.1(a).**

(m) An expanded ATC issued cannabis business licenses pursuant to N.J.A.C. 17:30-7.1 shall be authorized to use the premises for all activities under the Act and the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), without being required to establish or maintain any physical barriers or separations

between operations related to the medical use of cannabis and operations related to personal use of cannabis items.

1. As a condition of licensure, an expanded ATC shall meet the anticipated treatment needs of registered qualifying patients before meeting the retail requests of consumers, and the expanded ATC shall not make operational changes that reduce access to medical cannabis for registered qualifying patients in order to operate a cannabis business.
2. If the Commission finds an expanded ATC does not have sufficient quantities of medical cannabis or medical cannabis products available to meet the reasonably anticipated needs of qualifying patients, the Commission may issue fines, limit retail sales, temporarily suspend the expanded ATC's cannabis business licenses, or issue any other penalties included at N.J.A.C. 17:30-[17]**20**.
3. [Prior] **Not fewer than 90 days prior** to the date on which the expanded ATC's cannabis business license is set to expire after its first year of operations, in order to renew its cannabis business license pursuant to N.J.A.C. 17:30-7.16, an expanded ATC shall:
 - i. Certify to the Commission as to the continued material accuracy of the expanded ATC's previously approved ATC license application and its compliance with the provisions of the Act regarding its operations concerning cannabis or cannabis items; and
 - ii. Submit a new written approval from the municipality in which the expanded ATC is located, approving the continued operations as a cannabis business.

4. After the end of the second year of expanded ATC's licensure, the license renewal process pursuant to N.J.A.C. 17:30-[16]**7.16** shall be followed.
5. Nothing shall authorize an alternative treatment center that has not been licensed as an expanded ATC pursuant to N.J.A.C. 17:30-7.1 to:
 - i. Provide cannabis items to a person who is not a registered qualifying patient;
 - ii. Purchase or acquire cannabis items in a manner or from a source not permitted [under] **by** the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.); or
 - iii. Operate on the same premises as a cannabis **business** license applicant or license holder.

17:30-9.5 Prohibitions applicable to **a** cannabis business

- (a) A license holder shall not allow any cannabis item or alcohol to be consumed on the premises **or administrative offices** of the cannabis business, or in public areas in the vicinity of such premises **or administrative offices**.
- (b) Sales of food, beverages, alcohol, or tobacco on the premises of a cannabis business are prohibited[.], **except that sales of food to personnel of such cannabis business on the premises in an area separated from the physical plant are permitted.**
- (c) Entry onto the premises of a cannabis business by a person who is under the age of 21 is prohibited, unless the individual is accompanied by and supervised by a parent or legal guardian or is otherwise permitted by law.
- (d) A license holder and its personnel and agents shall not sell or give for consumption any cannabis items to a person under 21 years of age.

(e) Pursuant to N.J.A.C. 17:30-9.4(b), a cannabis business shall not use, display, advertise, or operate under any alternate name, including, but not limited to, any doing business as **an alternate** name, nor shall it hold itself out to be an entity operating under an alternate name.

1. This prohibition shall not apply to any alternative treatment center that was issued a permit prior to the effective date of P.L. 2019, c. 153 (N.J.S.A. 24:6I-5.1 et seq.), and any alternative treatment center that was issued a permit subsequent to July 2, 2019, pursuant to an application submitted prior to that effective date, provided that the ATC's alternate name was authorized by the Commission prior to August 19, 2021, [the effective date of this section,] and that the ATC does not change its name or alternate name subsequent to August 19, 2021[, the effective date of this section]. **An ATC that changes its name of alternate name on or after August 19, 2021, shall be subject to the prohibition on the use or alternate names.**

17:30-9.6 Cannabis business operations manual

(a) Each cannabis business shall develop, implement, and maintain, on the premises **or at the administrative office**, an operation manual that addresses, at a minimum, the following:

1. Procedures for the oversight of the cannabis business, which shall include:
 - i. Adverse event reporting;
 - ii. Quality assurance and quality control;
 - iii. Recall of cannabis items, as needed or directed;

- iv. Packaging and labeling of cannabis items;
 - v. Inventory control, storage, **and** diversion prevention;
 - vi. Waste disposal/sanitation;
 - vii. Accounting and tax compliance; and
 - viii. Reporting of test results, as applicable, based upon the class of license sought;
- 2. Procedures for safely cultivating, manufacturing, **wholesaling, distributing, delivering,** or selling cannabis, as applicable;
 - 3. Procedures to ensure accurate recordkeeping, including inventory procedures to ensure that quantities cultivated do not suggest redistribution;
 - 4. Employee, visitor, and facility security policies;
 - 5. Safety procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies, and personal safety and crime prevention techniques; and
 - 6. A description of the cannabis business's:
 - i. Hours of operation and after-hour contact information;
 - ii. Fee schedule;
 - iii. Confidentiality and privacy standards regarding cannabis business operations and consumers, as applicable;
 - iv. For a cannabis retailer, criteria for refusing service to a consumer pursuant to unacceptable behavior; and
 - v. Procedures for ensuring consumers comply with cannabis business age verification policies.

(b) The license holder shall ensure that the operations manual of the cannabis business is available for inspection by the Commission, upon request.

17:30-9.7 Cannabis business recordkeeping

(a) A cannabis business shall maintain a system of recordkeeping that will permit the identification for purposes of recall of any batch of cannabis or lot of cannabis products from consumers when such cannabis items are found to be unsafe for use.

1. As part of this system, the cannabis business shall ensure that the container that contains the cannabis item at any stage in the process of cultivation, manufacturing, and [distribution] **sales** bears an identifying name and number, and that the final packaged cannabis item contains all labeling information required pursuant to N.J.A.C. 17:30-[13.3]**16.3**, to make it possible to determine the complete manufacturing history of the packaged cannabis item.

(b) A cannabis business shall maintain a complete and accurate confidential record of all sales of usable cannabis or cannabis products, including the cannabis business to whom the cannabis item is sold, if applicable, and the quantity, variety, form, and cost of the cannabis item.

1. Such records shall be kept and maintained for four years, either on-premises or at an off-site facility, in written or electronic form.
2. In order to ensure that individual privacy is protected, a cannabis retailer shall not collect and retain any personal information from consumers other than information typically acquired in a financial transaction conducted by the holder of a Class C retail license concerning alcoholic beverages, as set forth at N.J.S.A. 33:1-12.

(c) A cannabis business shall retain every written report from a testing laboratory for any cannabis item that the cannabis business cultivated, manufactured, **wholesaled**, or sold to a consumer.

(d) A cannabis business shall maintain the following administrative records, as applicable:

1. An organizational chart;
2. A general description of any facilities to be used as [a] **the** cannabis business premises **or administrative offices** and a floor plan identifying the square footage available and descriptions of the functional areas of the cannabis business; and
3. The standards and procedures by which the cannabis business determines the price it charges for usable cannabis or cannabis products and a record of the prices charged.

(e) A cannabis business shall maintain business records, including manual or digital records of assets and liabilities; monetary transactions; and journals, ledgers, and supporting documents, including agreements, checks, invoices, and vouchers, that the cannabis business keeps as its books of accounts.

(f) The Commission may request an audit of the financial records of a cannabis business by an independent certified public accountant approved by the Commission.

1. The cannabis business or testing laboratory shall bear all costs related to such audit;
2. Such audit shall be concluded within a reasonable period, as determined by the Commission; and
3. Results of a required audit shall be forwarded to the Commission.

(g) A cannabis business shall maintain documentation of any occurrence that is reported pursuant to N.J.A.C. 17:30-9.11 in an auditable form for at least two years after the reporting of such occurrence.

(h) If cannabis is disposed of or destroyed, a cannabis business shall maintain, for at least two years after the disposal, a written record of the date, the quantity disposed of, the manner of disposal, and the persons present during the disposal, with their signatures.

(i) A cannabis business shall maintain a personnel record for each owner, principal, management services contractor, employee, and volunteer of the license holder that includes, at a minimum, copies of the following, as applicable:

1. An application for employment or to volunteer;
2. A current Cannabis Business Identification Card;
3. Driver's license or other State-issued or Federally issued photo identification;
4. Certification confirming the person's or entity's submission to the jurisdiction of the courts of the State and agreeing to comply with [all of the requirements of] the laws **and rules** of the State pertaining to [the Commission] **personal use cannabis**;
5. Documentation of verification of references;
6. Documentation of submission of fingerprint impressions for compliance with a criminal history record background check;
7. Job or role description or contract that includes the duties, authority, responsibilities, qualifications, and supervision of the job or role;
8. Documentation of all required training and the signed statement of the person indicating the date, time, and place that **the** individual person received such training and the topics discussed, including the name and title of presenters;

9. Documentation of periodic performance evaluations; and

10. Documentation of any disciplinary action taken.

(j) The license holder shall maintain personnel records, including, but not limited to, those **listed** at (i) above:

1. For the purposes of this subsection, for at least 12 months after termination of the person's affiliation with the cannabis business; and
2. For all other business purposes, in accordance with their business practice.

17:30-9.8 Cannabis business training

(a) In addition to any workplace trainings required by law, each owner and principal of a license holder that handles cannabis and each employee and volunteer and any management services contractor staff of a license holder shall complete at least eight hours of ongoing training each calendar year.

(b) The training pursuant to (a) above shall be tailored to the roles and responsibilities of the person's job or role function and shall include:

1. State and Federal laws regarding cannabis;
2. State and Federal laws regarding privacy and confidentiality;
3. Informational developments in the field of cannabis;
4. The proper use of security measures and controls that have been adopted; and
5. Specific procedural instructions for responding to an emergency, including a robbery or workplace violence.

(c) In order to provide such training pursuant to (a) above, a cannabis business shall either:

1. Develop, implement, and maintain on the premises, **or at the administrative office**, a training curriculum; or

2. Enter into contractual relationships with outside resources capable of meeting personnel training needs.

(d) A person shall not begin working at the cannabis business or handling cannabis items at a testing laboratory before completing initial trainings in accordance with N.J.A.C. 17:30-8.1(b), unless otherwise approved by the Commission.

17:30-9.9 Cannabis business workplace alcohol and drug policy and smoke-free workplace policies; employee assistance program

(a) A cannabis business may establish, implement, and adhere to any of the following policies governing conduct of personnel while performing work for the cannabis business:

1. A written smoke-free workplace policy;
2. A written policy prohibiting cannabis business personnel from possessing, consuming, or being under the influence of an illicit controlled dangerous substance or alcohol; or
3. A written policy prohibiting cannabis business personnel from consuming or being under the influence of cannabis at the workplace, provided that no cannabis business shall infringe upon the rights of qualifying patients [under] **pursuant to** P.L. 2019, c. 153 (N.J.S.A. 24:6I-5.1 et seq.).

(b) The license holder shall ensure that policies pursuant to (a) above are available to the Commission, upon request.

(c) The license holder shall maintain a contract with an approved New Jersey employee assistance program.

17:30-9.10 Security

(a) Each cannabis business shall provide effective controls and procedures to guard against unauthorized access to the **cannabis business** premises or the **cannabis business's** electronic systems, theft, and diversion of cannabis. Such controls may include, but are not limited to, systems to protect against electronic records tampering.

(b) At a minimum, each cannabis business shall:

1. Install, maintain in good working order, and operate a safety and security alarm system at its **cannabis business** premises that will provide suitable protection against theft and diversion and that provides, at a minimum:
 - i. Immediate automatic or electronic notification to alert cannabis business personnel and State or local police agencies to an unauthorized breach of security or an alarm or system failure at the cannabis business; and
 - ii. A backup system that activates immediately and automatically upon a loss of electrical support and that immediately issues either automatic or electronic notification to State or local police agencies of the loss of electrical support;
2. Implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing cannabis and the theft of cannabis;
3. Implement security measures that protect the **cannabis business** premises, consumers, and cannabis business personnel;
4. Establish a protocol for **the** testing and maintenance of the security alarm system;

5. Conduct maintenance inspections and tests of the security alarm system at the cannabis [business's authorized location] **cannabis business premises** at intervals not to exceed 30 days from the previous inspection and test and promptly implement all necessary repairs to ensure the proper operation of the alarm system;
6. In the event of a failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours:
 - i. Notify the Commission pursuant to N.J.A.C. 17:30-9.11; and
 - ii. Provide alternative security measures approved by the Commission or close the authorized [physical addresses] **cannabis business premises** impacted by the failure or malfunction until the security alarm system is restored to full operation;
7. Keep access from outside the **cannabis business** premises to a minimum and ensure that access is well controlled;
8. Limit entry into areas where cannabis is held to authorized personnel; and
9. Equip interior and exterior premises with electronic monitoring, video cameras, and panic buttons.
 - i. A video surveillance system shall be installed and operated **at the cannabis business premises** to clearly monitor all critical control activities of the cannabis business and shall be in working order and operating at all times. The cannabis business shall provide access for remote viewing by the Commission. This system shall be approved by the Commission prior to license issuance.
 - ii. The original tapes or digital pictures produced by this system shall be stored in a safe place with a 30-day archive;

10. Keep the outside areas of the **cannabis business** premises and its perimeter well-lighted.

- i. Exterior lighting must be sufficient to deter nuisance and criminal activity and facilitate surveillance and must make reasonable efforts to not disturb surrounding businesses or neighbors; and
- ii. The video surveillance system shall be supported by adequate security lighting, which shall illuminate all entrances and exits, and which may be modified, as necessary, to include motion control sensors to protect cultivation light-dark cycles, as applicable; and

11. Provide law enforcement and neighbors within 100 feet of the cannabis business **premises** with the name and phone number of a staff member to notify during and after operating hours to whom they can report problems with the establishment.

(c) The security alarm system and video surveillance system pursuant to (b) above shall be continuously monitored, 24 hours a day, seven days a week.

1. Monitoring of the security alarm system and video surveillance system may be conducted off-site.

(d) Subsections (b) and (c) above do not apply to the administrative office of a cannabis distributor or delivery service where cannabis items are not possessed or stored.

17:30-9.11 Reportable events involving risk of inventory loss

(a) A cannabis business, upon becoming aware of a reportable loss, discrepancies identified during inventory, diversion, or theft, whether or not the cannabis, funds, or other

lost or stolen property is subsequently recovered and/or the responsible parties are identified, and action taken against them, shall:

1. Immediately notify appropriate law enforcement authorities by telephone; and
2. Notify the Commission no later than three hours after discovery of the event.

(b) The cannabis business shall notify the Commission within 24 hours by telephone, followed by email notification within five business days of any of the following:

1. An alarm activation or other event that requires a response by public safety personnel;
2. A breach of security;
3. The failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours; and
4. Corrective measures taken, if any.

17:30-9.12 Accessibility of cannabis item storage areas

(a) A cannabis business shall limit access to cannabis item storage areas to the minimum number of authorized personnel necessary to maintain safe and orderly operations.

1. When it is necessary for visitors to be present in or [passthrough] **pass through** cannabis item storage areas, the cannabis business shall provide for adequate observation of the area by cannabis business personnel whom the license holder specifically authorized by policy or job description to supervise the activity.
2. The cannabis business shall, in its standard operating procedures, identify the personnel with authorization to access the storage area.

(b) Each cannabis business shall securely store finished usable cannabis and cannabis products that are ready for sale in a locked area, which may include a locked room, cage, or safe, with adequate security and limited access.

1. For purposes of this subsection, "adequate security," at a minimum, shall be assessed, established, and maintained based on:
 - i. The quantity of cannabis items kept on-hand;
 - ii. The cannabis business's inventory system for tracking and distributing cannabis items;
 - iii. The number of owners, principals, employees, volunteers, management services contractor staff, or vendor-contractors who have or could have access to the cannabis items;
 - iv. The geographic location of the cannabis business and its associated environmental characteristics, such as the remoteness of the premises from local populations and the relative level of crime associated with the area;
 - v. The scope and sustainability of the security alarm system; and
 - vi. The findings of root cause analyses of any breaches of security and/or inventory discrepancies for cannabis items at that location.

17:30-9.13 Inventory

(a) Each cannabis business, at a minimum, shall:

1. Utilize the inventory tracking system designated by the Commission pursuant to N.J.A.C. 17:30-3.12.

- i. Cannabis businesses shall utilize any plant tags, product identification tags, or stamps designated by the Commission pursuant to N.J.A.C. 17:30-[3.12]**3.6** and 13.4.
 - ii. Cannabis business shall be responsible for any fees associated with plant tags, product identification tags, or stamps designated by the Commission;
2. Conduct an initial comprehensive inventory of all cannabis in the possession of the cannabis business, including cannabis available for cultivation **or manufacturing**, finished usable cannabis available for sale, immature and mature cannabis plants, [and] unusable cannabis, **and each type of cannabis product** at the authorized **cannabis business** premises on the date the cannabis business first engages in the cultivation, manufacturing, **wholesaling**, or sale of cannabis.
 - i. An inventory shall include damaged, defective, expired, or adulterated cannabis awaiting disposal, including the name, the quantity, and the reasons for which the cannabis business is maintaining the cannabis.
 - ii. The initial comprehensive inventory shall be reported to the Commission utilizing the inventory tracking system;
3. Establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating **cannabis**, **and** stored[,] usable[,] and unusable cannabis;
4. Update product inventories on at least a daily basis;
5. Conduct a monthly inventory audit of [cultivated] **cultivating cannabis**, **and** stored[,] usable[,] and unusable cannabis;

6. Conduct a comprehensive annual inventory audit at least once every year from the date of the previous comprehensive inventory; and

7. Promptly transcribe inventories.

(b) The record of an inventory conducted pursuant to this section shall include, at a minimum, the date of the inventory, a summary of the inventory findings, and the name, signature, and title of the persons who conducted the inventory.

17:30-9.14 Destruction or disposal of cannabis waste and hazardous waste; expiration of license procedures

(a) [When a license holder disposes of or destroys cannabis, the] **A license holder shall [destroy it or render it unusable and] manage non-hazardous unusable cannabis, cannabis waste, or cannabis items, including returned, recalled, or usable cannabis or cannabis products that have expired, by either: destroying the material through incineration; or rendering the material unrecoverable, unrecognizable, and useless for diversion, and then disposing of the material by either transporting it off-site as solid waste or composting it on-site.**

1. **If a license holder chooses to destroy the material by incineration, it shall ensure the material is transported in accordance with (a)3 below, to a New Jersey Department of Environmental Protection-authorized incinerator and is actually incinerated.**

2. **If a license holder chooses to dispose of the material as solid waste or compost, the license holder:**

- i. In a secured, locked area on the cannabis business premises that is visible to a security camera, shall render the material unrecoverable, unrecognizable, and useless for diversion, by:**

 - (1) Finely shredding or grinding the cannabis or cannabis waste;**

and
 - (2) Mixing the shredded or ground cannabis waste with safe, non-toxic, biodegradable material, such as soil or cat litter, so the resulting mixture is at least 50 percent non-cannabis waste by volume;**
- ii. Shall store the mixed cannabis waste in a secure, locked container or space until it can be disposed; such container may be outside the facility, provided it is within view of a security camera; and**
- iii. Shall dispose of such mixed cannabis waste by:**

 - (1) Ensuring the material is transported in accordance with (a)3 below, to a solid waste disposal facility holding the applicable solid waste permit from the New Jersey Department of Environmental Protection and is disposed of; or**
 - (2) Composting it on-site, in a secure, locked container or space, as approved by the Commission, at a facility owned by the cannabis business and operated in compliance with all applicable New Jersey Department of Environmental Protection statutes and rules, provided all materials in the mixture are compostable materials.**

3. For the transportation of non-hazardous solid waste that is unusable cannabis, cannabis waste, or cannabis items to a facility for destruction or disposal, a license holder shall either register as a Self Generator Solid Waste Transporter to transport the waste itself, in accordance with N.J.A.C. 7:26-3.2(a) and 16.3, or use standard solid waste collection and contract with a vendor-contractor that is a licensed and registered Commercial (A901) Solid Waste Transporter, in accordance with N.J.S.A. 13:1E-126 et seq., to transport the mixed cannabis waste on its behalf.
4. The license holder and any person transporting, destroying, or disposing of the mixed cannabis waste shall comply with N.J.A.C. 7:26-2, 2B, and 3 and the county or district Solid Waste Management Plan for the county or district in which the premises are located, in accordance with N.J.A.C. 7:26-6.

(b) A license holder shall dispose of any waste that is considered hazardous pursuant to N.J.A.C. 7:26G-6.1, in accordance with all applicable New Jersey Department of Environmental Protection statutes and rules.

1. A license holder shall make an accurate determination as to whether the discarded cannabis or cannabis waste is a hazardous waste, in accordance with 40 CFR 262.11(a) through (d).

(c) The license holder shall create and maintain a written record of the **destruction or disposal** of the cannabis by the cannabis business and weigh the cannabis and update it in the inventory prior to **destruction or disposal** [or destruction.], **including any information required at N.J.A.C. 17:30-9.7.**

[(b)] (d) A license holder may, in accordance with this chapter, sell its inventory to another licensed cannabis business before its license expires. If a license expires without being renewed or is revoked, the license holder shall:

1. Immediately discontinue any production or sale of cannabis items;
2. Weigh any cannabis in its inventory and update it in the inventory prior to disposal or destruction;
3. Destroy or dispose of all unused cannabis or surplus inventory **still** in its possession [by providing it to the Commission for destruction] within 72 hours of the license expiring **and provide proof to the Commission of such destruction or disposal**; and
4. Create and maintain a written record of the disposal of the cannabis.

[(c)] (e) Within 10 business days after destroying **or disposing of** the cannabis, the license holder **or former license holder** shall notify the Commission, in writing, of the amount of cannabis destroyed **or disposed of**, including the form, weight, quantity, and any other information requested by the Commission.

17:30-9.15 Secure transport

(a) A cannabis business may securely transport cannabis items to another cannabis business **premises**, or it may use a licensed cannabis distributor for such transport.

(b) A [license holder] **cannabis business** may transport between multiple cannabis business premises [or to another cannabis business] anywhere in the State using a delivery vehicle pursuant to this section.

(c) A cannabis business shall ensure each delivery vehicle is equipped with:

1. A secure lockbox or secure cargo area, which shall be used for the sanitary and secure transport of cannabis[;].

i. **In transit, cannabis items shall be locked and stored in the secure lockbox or secure cargo area until the cannabis business staff member arrives at the receiving cannabis business;**

2. A Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle, either permanently or temporarily affixed to the delivery vehicle while the delivery vehicle is in operation.

i. The device shall remain active and in the possession of the cannabis business staff member at all times during transport.

ii. At all times, the originating cannabis business **or the cannabis distributor** shall be able to identify the geographic location of all delivery vehicles that are transporting [its] cannabis items and shall provide that information to the Commission, upon request; and

3. Functioning heating and air conditioning systems appropriate for maintain correct temperatures for storage of cannabis and cannabis products.

(d) A cannabis business shall maintain current hired and non-owned automobile liability insurance sufficient to insure all delivery vehicles in the amount of at least \$1,000,000 per occurrence or accident.

(e) A cannabis business shall ensure that a delivery vehicle bears no markings that would either identify or indicate that the vehicle is used to transport cannabis.

(f) [Upon request, a] **A** cannabis business shall provide the Commission with information regarding any delivery vehicles, including the vehicle's make, model, color, vehicle identification number, license plate number, and vehicle registration.

(g) A cannabis business shall staff each delivery vehicle with at least one cannabis business staff member.

1. The cannabis business staff member shall not leave cannabis items in an unattended delivery vehicle unless the vehicle is locked and equipped with an active vehicle alarm system. In no case shall cannabis items be left in a delivery vehicle overnight or outside the operating hours of the cannabis business conducting the transport.
2. The cannabis business staff member shall have access to a secure form of communication with the cannabis business, such as a cellular telephone, at all times that the delivery vehicle contains cannabis items.
3. The cannabis business staff member shall possess their Cannabis Business Identification Card **and their valid non-probationary driver's license appropriate to the type of delivery vehicle driven** at all times **during transport** and shall present [it] **them** to Commission staff or law enforcement officials, upon demand.
4. Before transport, the cannabis business staff member shall create a physical or electronic copy of the transport request. During transport, the cannabis business staff member shall maintain a [such] copy of the transport request and shall make it available, upon request, to State and local law enforcement, and State and local regulatory authorities and agencies.

5. Only Cannabis Business Identification Card holders shall be allowed in a delivery vehicle.

6. During transport, the cannabis business staff member driving the delivery vehicle shall comply with this section and all New Jersey laws, rules, and regulations for the operation of vehicles on public roadways.

(h) All transport of cannabis items shall be conducted by a person. A transport of cannabis items shall not be made through the use of an unmanned vehicle, which shall include a drone.

(i) A cannabis business shall ensure that transports are completed in a timely and efficient manner.

1. The cannabis business staff member shall only travel between originating cannabis business premises and receiving cannabis business premises and shall not deviate from the delivery path described in this subsection, except in the event of emergency, or as necessary, for rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route or operation of the vehicle unsafe, impossible, or impracticable.
2. The process of transport begins when the cannabis business staff member leaves the originating cannabis business premises with the purchase order of cannabis items and ends when the cannabis business staff member furnishes the cannabis items to the receiving cannabis business premises.

(j) Each cannabis business shall maintain a written or electronic record of each transport of cannabis; for each transport, such record shall include:

1. The date and time that the transport began and ended;

2. The name, Cannabis Business Identification Card number, and signature of the cannabis business staff member performing the transport;
3. The weight of the cannabis or cannabis items transported;
4. The batch number of the usable cannabis or the lot number of the cannabis product, the name of the strain/cultivar, and the form of the cannabis product; and
5. The signature of the cannabis business staff member of the receiving cannabis business attesting to receipt of the goods.

(k) A cannabis business shall report any vehicle accidents, diversions, losses, or other reportable events that occur during transport to the Commission in accordance with N.J.A.C. 17:30-9.11.

(l) A municipality may not restrict the transportation of cannabis items through, or within, that municipality by adoption of a municipal ordinance or any other measure, and any restriction to the contrary shall be deemed void and unenforceable.

(m) Where a transport is attempted and not completed and the cannabis item remains in the possession of the cannabis business personnel conducting the transport, the personnel shall return the cannabis item to the originating cannabis business. The cannabis business may [repackage and] restock the product, logging the product's amended status in the business's internal inventory. Such items must be in new, unopened condition prior to restocking.

(n) While engaging in the secure transport of cannabis items, cannabis paraphernalia, and related supplies, a cannabis distributor or other cannabis business may also transport other unrelated non-Federally regulated goods or shipments in the delivery vehicle where all cannabis items, cannabis

paraphernalia, and related supplies are segregated from the non-Federally regulated goods or shipments, in their own separate secure lockbox or secure cargo area.

(o) A cannabis business, including a cannabis distributor, shall provide the Commission with a list of all cannabis business staff members that will be driving delivery vehicles for secure transport, documentation that they have received training for the position, and verification that they have valid non-probationary driver's licenses appropriate to the type of delivery vehicle driven.

17:30-9.16 Cannabis business complaint process

(a) A cannabis business shall establish standard operating procedures for receiving and recording complaints associated with usable cannabis or cannabis products that it has cultivated, manufactured, sold, or distributed that shall include:

1. A process for submission of a complaint to the cannabis business;
2. A procedure for notifying all cannabis businesses that participated in the supply chain of the product identified in the complaint;
3. A procedure for reviewing the complaint;
4. A procedure for investigating the complaint;
5. A procedure for the review and approval of the findings by cannabis business personnel that are responsible for quality control; and
6. A procedure for follow-up action of any investigation performed and a response to the complainant.

(b) Based on the procedures established at (a) above, a cannabis business shall make a determination as to whether the complaint may be evidence of an adverse event.

(c) A cannabis business shall establish procedures for complaints involving adverse events, which shall include:

1. Collecting data necessary to investigate the adverse event, including, but not limited to:
 - i. Noting the identifiable consumer who is reported to have experienced the adverse event;
 - ii. Noting the initial reporter of the adverse event or identifying that the initial reporter requests to remain anonymous;
 - iii. Noting the identity of the specific usable cannabis or cannabis product used, if known, including batch or lot number, and the name of the cannabis business that sold the product to the identifiable consumer; and
 - iv. A description of the adverse event based on information received from the identifiable consumer at (c)1i above, and the initial reporter at (c)1ii above;
2. Reporting the adverse event to the Commission within [seven days] **48 hours** of becoming aware of the adverse event, including all information and data collected pursuant to this subchapter;
3. Reporting the adverse event to all cannabis businesses who participated in the supply chain of the product involved in the adverse event or the products batch or lot;
4. Investigating the adverse event to determine:

- i. If there was a deviation from the standard operating procedure in the cultivation of the batch or the manufacturing of the lot, which shall be done by reviewing cultivation or manufacturing logs; and
 - ii. If the batch or lot meets specifications, which shall be done by submitting parts of the retention samples of the batch or lot to a testing laboratory for testing;
- 5. Determining if an adverse event requires a product recall; and
- 6. A procedure for communicating the adverse event standard operating procedure to:
 - i. Cannabis business staff members;
 - ii. Consumers of the cannabis business; and
 - iii. Other cannabis businesses that purchase cannabis items from or provide cannabis items to the cannabis business.

(d) Adverse events shall be reported to the Commission within 48 hours.

(e) The review and investigation of a complaint or adverse event, and the findings and follow-up action of any investigation performed, must extend to all related batches or lots and relevant records and to all cannabis businesses involved in the supply chain of the product identified in the complaint.

- 1. Related batches or lots may include, but are not limited to, batches or lots of the same product, other batches or lots processed on the same equipment or during the same time period, or other batches or lots produced using the same components or packaging components.

(f) The cannabis business must keep a written record [for four years] of the complaint or adverse event and its investigation, including:

1. Identification and batch or lot number of the product;
2. Date the complaint was received and the name, address, or telephone number of the complainant, if available.
 - i. Anonymous complaints shall be logged even when no name, address, or telephone number is provided;
3. Nature of the complaint including, if known, how the product was used;
4. All notifications provided to the Commission, other cannabis businesses, consumers, and to the public;
5. Names of all personnel involved in the complaint process and their roles;
6. Findings of the investigation and follow-up action taken when an investigation is performed; and
7. Response to the complainant, if applicable.

(g) Such records required at (f) above shall be kept and maintained for four years, either on-premises or at an off-site facility, in written or electronic form.

17:30-9.17 Cannabis business recall process

(a) A cannabis business shall develop and implement a recall plan addressing at a minimum:

1. Factors that necessitate a recall procedure, including if testing laboratory testing analysis finds that the batch or lot fails to meet specifications;
2. Personnel responsible for initiating and implementing a recall;
3. Notification protocols, including as required at N.J.A.C. 17:30-9.16; and

4. Receipt, handling, and disposition of returned usable cannabis or cannabis products.

(b) A cannabis business shall establish a standard operating procedure for publicly communicating a recall of usable cannabis or cannabis products manufactured from that usable cannabis or other cannabis products that present a probability that exposure to the product could cause serious adverse health consequences or temporary or medically reversible adverse health consequences; this standard operating procedure shall include:

1. A mechanism to contact all consumers who have, or could have, obtained the usable cannabis or cannabis products manufactured from that usable cannabis or other cannabis products from the cannabis business, which communication must include information on the procedure for return of the recalled product and an offer to pay reimbursement for the recalled product;
2. A mechanism to contact all cannabis businesses that receive cannabis items from or provide cannabis items to the cannabis business;
3. Instructions for the return or destruction of any recalled cannabis items by consumers or cannabis businesses;
4. Procedures for the issuance of refunds in conjunction with a recall; and
5. Communication and outreach through traditional and social media, as necessary and appropriate.

(c) The cannabis business shall collect all recalled cannabis items that are returned, have cannabis business personnel that supervise quality control review it, track it in inventory control, and segregate it in quarantine until the Commission authorizes disposal, at which point the cannabis business shall dispose of it in a manner that ensures that it is unusable.

- (d) The cannabis business should periodically conduct a mock recall to assess the effectiveness of the recall plan.
- (e) The Commission may, at its discretion, order a cannabis business to undertake a recall.
- (f) A cannabis business shall comply and cooperate with any recalls ordered by the Commission.

SUBCHAPTER 10. CANNABIS CULTIVATOR AUTHORIZED CONDUCT

17:30-10.1 Cannabis cultivator premises

- (a) In no case shall a cannabis cultivator operate or be located on 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 (N.J.S.A. 54:4-23.1 et seq.).
- (b) A cannabis cultivator shall produce cannabis only at the cannabis business premises authorized in the license, including any indoor or outdoor areas.
 - 1. All cannabis cultivation shall take place in an enclosed, locked area or facility, which includes, where a cannabis cultivator is engaging in outdoor cultivation, the outdoor grow area structures authorized pursuant to N.J.A.C. 17:30-10.3.
 - 2. Access to such enclosed, locked area or facility shall be limited to an owner, principal, employee, volunteer, of a license holder or the staff members of a license holder's management services contractor that possesses a Cannabis Business Identification Card and are authorized by the cannabis business to access the facility.
- (c) A cannabis cultivator shall comply with N.J.A.C. 8:21-3A.8 and 3A.9.

(d) A cannabis cultivator microbusiness shall have a total cannabis grow **canopy** area that does not exceed 2,500 square feet, measured on a horizontal plane, and 24 feet, measured vertically above that plane.

17:30-10.2 Cannabis cultivator authorized conduct; prohibitions

(a) A cannabis cultivator holding a Class 1 Cannabis Cultivator license issued by the Commission shall be authorized to:

1. Possess, propagate, germinate, plant, cultivate, grow, harvest, dry, cure, process, [and] package, **dispose of, and destroy** cannabis; and
2. Transport, transfer, distribute, supply, and sell this usable or unusable cannabis to other cannabis cultivators or to cannabis manufacturers, or sell usable cannabis to cannabis wholesalers, or cannabis retailers.

(b) A cannabis cultivator holding a Class 1 Cannabis Cultivator license issued by the Commission shall not be authorized to:

- i. Manufacture or otherwise create cannabis products; or
- ii. Transport, transfer, distribute, supply, or sell cannabis, usable cannabis, cannabis products, paraphernalia, or related supplies to consumers.

(c) Where a cannabis cultivator sells unusable cannabis to other cannabis cultivators or to cannabis manufacturers **for the purposes of manufacturing**, the cannabis cultivator shall ensure such unusable cannabis does not have any mold, rot, or disease, and that it meets specifications in quality control testing.

(d) A cannabis cultivator shall not be limited in the number of strains/cultivars of cannabis cultivated.

(e) A cannabis cultivator shall comply with applicable laws and rules of the New Jersey Department of Agriculture and attendant inspection and enforcement activities.

(f) A cannabis cultivator may label cannabis it cultivates as "organic" if the cannabis cultivator meets the organic program standards as defined at N.J.A.C. 2:78.

(g) In accordance with N.J.S.A. 54:47F-1A, a cannabis cultivator shall collect, from the purchasing or acquiring cannabis establishment, any Social Equity Excise Fee imposed by the Commission on the sale or transfer of usable cannabis by such cannabis cultivator to any other cannabis establishment other than another cannabis cultivator and be personally liable for such fee.

(h) A cannabis cultivator microbusiness shall possess no more than 1,000 **mature** cannabis plants each month.

17:30-10.3 Additional outdoor cultivation requirements

(a) Outdoor cultivation may be permitted, where the license holder complies with the Act and this chapter, and where approved by the municipality in which the cannabis business is located.

1. Outdoor cultivation may occur in a full greenhouse with rigid walls, a partial greenhouse, a hoop house, or other non-rigid structure, or an expanse of open or cleared ground fully enclosed by a physical barrier.

(b) The outdoor grow area shall be situated to maintain the greatest achievable level of privacy and security.

(c) The property that contains an outdoor grow area and the outdoor grow area itself shall each be securely surrounded by fencing and locked gates on the entire perimeter,

constructed in accordance with the Uniform Construction Code, to prevent access to the grow area by unauthorized persons.

1. Fencing shall be constructed of metal chain links or another similarly secure material and shall measure at least eight feet from the ground to the top. All support posts shall be securely anchored. Fencing shall meet the requirements of the relevant municipal code provisions.

2. Locks on gates shall be commercial-grade, non-residential door locks.

(d) The outdoor grow area shall be protected by a security alarm system and 24-hour video surveillance system that is continuously monitored and capable of detecting power loss, pursuant to N.J.A.C. 17:30-9.10, to ensure surveillance of the entire perimeter of the grow area and overall portions of the security fences and all gates.

17:30-10.4 Cannabis cultivator production management tiers

(a) All cannabis cultivators shall be assigned a cultivation production management tier at license issuance and reassigned at renewal, as necessary.

(b) The cannabis cultivator shall accurately calculate its plant count and mature cannabis plant grow canopy area.

1. Square footage of a mature cannabis plant grow canopy area is measured horizontally, starting from the outermost point of the furthest plant in a grow canopy area and continuing around the outside of all plants located within the mature cannabis plant grow canopy area.

2. If a vertically tiered or shelving system is included in the cultivation area, the surface area of each tier or shelf must be included in calculating the grow canopy area.
3. A mature cannabis plant grow canopy area is the total square feet in which a cannabis cultivator plants and grows cannabis plants, and does not include areas exclusively used for harvesting, drying, curing, packaging, labeling, or storing cannabis.

(c) The following are the cannabis cultivator cultivation production management tiers:

1. Microbusiness Cultivator. A cannabis cultivator with a microbusiness license:
 - i. May cultivate and possess no more than 1,000 mature cannabis plants each month; and
 - ii. May cultivate an unlimited number of immature cannabis plants, germinated seeds, cuttings, or clones;
 - iii. In a [facility] **physical plant** occupying an area that does not exceed 2,500 square feet; and
 - iv. In a total grow canopy area that does not exceed 2,500 square feet, measured on a horizontal plane, and 24 feet, measured vertically above that plane.
2. Tier I Cultivator. A cannabis cultivator with a Tier I Cultivator license may cultivate in a mature cannabis plant grow canopy area that does not exceed 10,000 square feet.
3. Tier II Cultivator. A cannabis cultivator with a Tier II Cultivator license may cultivate in a mature cannabis plant grow canopy area that is greater than 10,000 square feet, but does not exceed 25,000 square feet.

4. Tier III Cultivator. A cannabis cultivator with a Tier III Cultivator license may cultivate in a mature cannabis plant grow canopy area that is greater than 25,000 square feet, but does not exceed 50,000 square feet.
5. Tier IV Cultivator. A cannabis cultivator with a Tier IV Cultivator license may cultivate in a mature cannabis plant grow canopy area that is greater than 50,000 square feet, but does not exceed 75,000 square feet.
6. Tier V Cultivator. A cannabis cultivator with a Tier V Cultivator license may cultivate in a mature cannabis plant grow canopy area that is greater than 75,000 square feet, but does not exceed 100,000 square feet.
7. Tier VI Cultivator. A cannabis cultivator with a Tier VI Cultivator license may cultivate in a mature cannabis plant grow canopy area that is greater than 100,000 square feet, but does not exceed 150,000 square feet.
8. Expanded ATC Cultivator. An expanded ATC cultivator with a cannabis cultivator license may cultivate medical cannabis and personal use cannabis in a combined mature cannabis plant grow canopy area that does not exceed 150,000 square feet.

(d) A cannabis cultivator applying for a conditional or annual standard cannabis business license may choose its tier in its application and shall include an explanation of the anticipated demand for its products that justify such tier choice.

17:30-10.5 Packaging, labeling, release for distribution

(a) A cannabis cultivator shall place a legible, permanently affixed label containing the information specified at N.J.A.C. 17:30-[13.3]**16.3** on each package of finished usable cannabis that is ready for sale.

(b) A cannabis cultivator shall only release for distribution and transfer to another cannabis business cannabis that has been properly processed, tested, packaged, sealed, and labeled in accordance with the provisions at N.J.A.C. 17:30-[13.2]**16.2** and [13.3]**16.3**.

17:30-10.6 Cannabis cultivator recordkeeping

(a) A cannabis cultivator shall maintain records identifying the source of each ingredient used in the cultivation of cannabis. Records identifying the source of each ingredient shall include:

1. The date of receipt of the ingredient;
2. The vendor-contractor's name and address;
3. The name of the ingredient and the vendor-contractor's control number or other identifying number or symbol, if any, used by the vendor-contractor to identify the ingredient; and
4. The grade and quantity of said ingredient.

(b) A cannabis cultivator shall keep and maintain for four years in an [on- or off premises] **on-premises** or **off-site** facility, **in written or electronic form**, a complete and accurate record of:

1. All sales of cannabis flowers, cannabis leaves, and immature cannabis plants;

2. The number of ounces of cannabis flowers produced;
3. The number of ounces of cannabis leaves produced;
4. The number of immature cannabis plants produced; and
5. The dates of all sales and production as enumerated at (b)1 through 4 above, including [and] the name of the purchasing entity for each sale.

17:30-10.7 Cannabis cultivator storage of cannabis; quarantine

(a) A cannabis cultivator shall establish and implement a standard operating procedure for quarantine of any cannabis seed, cutting, clone, immature cannabis plant, batch of cannabis, or cultivation material or component whose suitability for use or distribution is in question, including the conditions described at (b) below, to prevent its use and distribution pending disposition by quality control personnel.

(b) A cannabis cultivator shall have at least the following storage areas, which must be segregated from each other:

1. Storage for newly received cultivation materials or components and newly received cannabis seeds, cuttings, clones, immature cannabis plants, or usable cannabis;
2. Batches of usable cannabis awaiting release for distribution for personal use, pending written reports confirming they meet specifications;
3. Any usable cannabis suspected, but not yet confirmed to be contaminated, including usable cannabis returned as part of a complaint or recall process;
4. Usable cannabis, components, or materials that have been confirmed to be contaminated, including, but not limited to, usable cannabis that fails testing or is returned as part of a recall, and shall be stored with cannabis waste in a waste

disposal room until destroyed and rendered [unusable] **unrecoverable and unrecognizable**, in accordance with N.J.A.C. 17:30-9.14.

17:30-10.8 Cannabis cultivator inventory

(a) A cannabis cultivator shall be authorized to acquire a reasonable initial and ongoing inventory of cannabis seeds, cuttings, clones, and immature cannabis plants and paraphernalia.

(b) A cannabis cultivator shall limit its inventory of cannabis seeds, cuttings, clones, immature cannabis plants, and usable cannabis to reflect the current market needs of consumers.

17:30-10.9 Cannabis cultivator quality control; pesticide use limited

A cannabis cultivator shall not apply any pesticide as defined pursuant to the provisions at N.J.A.C. 7:30, in the cultivation of cannabis, except that a pesticide that has been deemed to be minimum risk by the United States Environmental Protection Agency in accordance with 40 CFR 152.25(f) and exempted from the Federal Insecticide, Fungicide, and Rodenticide Act may be applied.

SUBCHAPTER 11. CANNABIS MANUFACTURER AUTHORIZED CONDUCT

17:30-11.1 Cannabis manufacturer premises

(a) All manufacturing of cannabis shall take place in an enclosed indoor, [and] locked **area or** facility.

(b) Access to the enclosed indoor, [and] locked **area or** facility shall be limited to Cannabis Business Identification Cardholders when acting **on behalf of the cannabis manufacturer** within the scope of their **responsibilities as an** owner, principal, employee, [or] volunteer, [responsibilities on behalf of the cannabis manufacturer] **management services contractor, or staff member of the license holder.**

(c) A cannabis manufacturer shall have an area specifically designated for the safe and orderly manufacturing of cannabis products.

(d) A cannabis manufacturer shall ensure that:

1. All manufacturing areas are well-lighted and ventilated and are maintained in a clean and sanitary condition;
2. Heating and air conditioning systems are controlled to avoid decomposition of chemicals;
3. Sewage, trash, and other refuse in and from the cannabis manufacturer and immediate product manufacturing area are maintained, and disposed of, in a timely, safe, and sanitary manner; and
4. The manufacturing area is easily accessible to hot and cold running water, exclusive of the bathroom sink; soap or detergent; and air dryers or single-source towels.

(e) A cannabis manufacturer operating as a microbusiness shall have a physical plant that does not exceed 2,500 square feet.

17:30-11.2 Cannabis manufacturer authorized conduct; prohibitions

(a) A cannabis manufacturer holding a Class 2 Cannabis Manufacturer license issued by the Commission shall be authorized to:

1. Purchase or otherwise obtain **usable and unusable** cannabis from a cannabis cultivator or cannabis manufacturer **or usable cannabis from a cannabis wholesaler;**
2. Purchase or otherwise obtain cannabis products from [other] **another** cannabis manufacturer[s] **or a cannabis wholesaler;**
3. Develop, produce, manufacture, prepare, or otherwise create and package cannabis products; [and]
4. Possess, transfer, transport, distribute, supply, or sell **usable and unusable** cannabis and cannabis products to [other] **another** cannabis manufacturer[s], or usable cannabis and cannabis products to **a cannabis** wholesaler[s] or **a** cannabis retailer[s.]; **and**
- 5. Dispose of or destroy cannabis and cannabis products.**

(b) A cannabis manufacturer holding a Class 2 Cannabis Manufacturer license issued by the Commission shall not be authorized to:

1. Cultivate cannabis; or
2. Transport, transfer, distribute, supply, or sell cannabis, cannabis products, paraphernalia, or related supplies to consumers.

(c) A cannabis manufacturer shall only manufacture cannabis products in forms approved by the Commission, pursuant to N.J.A.C. 17:30-11.5.

(d) A microbusiness cannabis manufacturer shall acquire no more than 1,000 pounds of usable cannabis each month.

17:30-11.3 Cannabis manufacturer equipment

(a) A cannabis manufacturer shall possess equipment of appropriate design and capacity to the type of manufacturing performed, which shall be suitably located to facilitate operations for the intended use, cleaning, and maintenance of the equipment.

(b) Equipment surfaces that contact ingredients shall not be reactive, additive, or adsorptive, such that those surfaces could alter the safety, identity, strength, quality, and purity of the cannabis product.

(c) Equipment used in manufacturing cannabis products shall be thoroughly cleaned and sanitized after each use, and, when necessary, prior to use, in order to prevent cross-contamination of ingredients and preparations.

(d) Equipment used in manufacturing cannabis products shall be stored in a manner to prevent cross-contamination of ingredients and preparations.

(e) Automated, mechanical, or electronic equipment may be used in manufacturing cannabis products. All equipment utilized in manufacturing cannabis products shall be inspected, maintained, and validated at appropriate intervals, consistent with manufacturer's recommendations, to ensure the accuracy and reliability of equipment performance.

17:30-11.4 Quality control

- (a) A cannabis manufacturer shall establish cannabis product specifications to ensure the identity, strength, quality, and purity of the cannabis product, and to ensure that the cannabis product has been manufactured, packaged, labeled, and stored under conditions to prevent contamination by impurities or foreign substances.
- (b) A cannabis manufacturer shall establish procedures to ensure quality control over its manufacturing process.
- (c) A cannabis manufacturer shall establish laboratory testing to ensure quality control over its manufacturing process, pursuant to N.J.A.C. 17:30-[15 and 16]**19**.

17:30-11.5 Prohibited manufacturing; authorized forms; authorized amounts

- (a) A cannabis manufacturer shall not manufacture cannabis products that contain drug products that appear on the Federal Food and Drug Administration's List of Drug Products Withdrawn or Removed from the Market for Reasons of Safety or Effectiveness, codified at 21 CFR 216.24.
- (b) A cannabis manufacturer may manufacture oil for use in an electronic smoking device as vaporized formulation, in a pressurized metered dose inhaler, or in topical or oral formulations.
- (c) A cannabis manufacturer is authorized to manufacture the following forms:
 - 1. A cannabis concentrate, either in solid form, **including “wax” and “shatter,”** or in liquid form as oil, either as cannabis extract or as resin extracted using non-chemical processes;

2. A cannabis-infused product, either in solid form or liquid form, containing either usable cannabis or cannabis concentrate along with an additional ingredient that includes, but is not limited to:
 - i. Vaporized formulation;
 - ii. Drops, tinctures, and other sublabial and sublingual forms;
 - iii. Oral lozenges and other buccal forms;
 - iv. Ingestible forms, which shall only include syrups, pills, tablets, capsules, **oral suspensions**, and chewable forms; [and]
 - v. Topical formulations and transdermal forms; **and**
 - vi. Suppositories; and**
3. Any other form authorized by the Commission, including a form authorized in accordance with the Commission's power to waive requirements pursuant to N.J.A.C. 17:30-3.13.

(d) A cannabis manufacturer shall manufacture cannabis products such that:

1. Each package of finished cannabis product shall, for inhalable products, contain no more than $\frac{1}{4}$ ounce or 7.09 grams of usable cannabis or equivalent weight dependent on form;
2. Each package of finished cannabis product shall, for ingestible products, contain no more than 100 mg of active THC;
3. Each single serving of a cannabis product shall contain no more than 10 mg of active THC, or the equivalent weight as best determined based on THC potency, dependent on form.

- i. Each single serving of a cannabis product shall have a cannabinoid concentration that is within [95] **90** to [105] **110** percent of the specified milligram serving size claimed for that cannabis product.
 - ii. Each single serving shall be demarcated in accordance with N.J.S.A. 24:6I-35.a(8)(g);
4. No ingestible product shall be in the shape of, or a shape bearing the likeness or containing characteristics of, a realistic or fictional human, animal, or fruit, or part thereof, including artistic, caricature, or cartoon renderings;
5. A commercially manufactured or trademarked food product shall not be used as an ingestible product, provided that a commercially manufactured or trademarked food product may be used as a component of an ingestible product or part of a product's recipe, so long as the commercially manufactured or trademarked food product is used in a way that renders it unrecognizable in the final ingestible product and the product is not advertised as containing the commercially manufactured or trademarked food product; and
6. Each ingestible product shall have a universal symbol marked, stamped, or imprinted directly on it, in accordance with N.J.S.A. 24:6I-35.a(8)(h).

17:30-11.6 Ingredients in cannabis products

(a) A cannabis manufacturer must ensure all ingredients included in the products are compliant with the standards in this section and used only within the ingredient manufacturer's recommendations.

(b) All ingredients used to manufacture cannabis products shall be United States Pharmacopeia–National Formulary (USP–NF), analytical reagent (AR), certified American Chemical Society (ACS), or Food Chemicals Codex (FCC) grade substances. If a USP-NF, AR, ACS, or FCC grade substance ingredient is not available, the cannabis manufacturer shall establish the purity and safety of the ingredient by reasonable means, which may include lot analysis, manufacturer reputation, or reliability of source study.

(c) Components used in the manufacturing of cannabis products, such as aliquots, triturates, stock solutions, buffering agents, or isotonic solutions may be prepared in advance and stored as cannabis manufacturer stock. The preparation of such products shall be documented in accordance with the requirements outlined in this subchapter.

(d) Inactive and active ingredients for inhalable products shall be as follows:

1. Inactive ingredients for vaporized formulations shall be as follows:

i. Vaporized formulations may not include inactive ingredients that are additives, cutting agents, and artificial flavorings known to be harmful including, but not limited to:

(1) Polyethylene glycol (PEG);

(2) Propylene glycol (PG);

(3) Vegetable glycerin, glycerine, or glycerol (VG);

(4) Vitamin E acetate or tocopherol acetate (VEA);

(5) Acetic acid; or

(6) Any other ingredient listed in the August 5, 2019, published Food and Drug Administration Established List of Harmful and Potentially Harmful Constituents in Tobacco Products and Tobacco Smoke, or the Food and

Drug Administration Notice of Proposed Additions to the Established List of Harmful and Potentially Harmful Constituents in Tobacco Products and Tobacco Smoke, which is incorporated herein by reference, as amended and supplemented; **and**

- ii. Any inactive ingredient used in a vaporized formulation must be listed as an allowable ingredient in products using the Respiratory (Inhalation) Route of Administration, as published by the Food and Drug Administration Inactive Ingredients Database, through June 30, 2021, which is incorporated herein by reference, as amended and supplemented; and must be used in an amount less than or equal to the “Potency Amount” allowed for the ingredient[;].

[iii.] **(1)** Except that medium-chain triglyceride oil (MCT) may be used in a vaporized formulation in less than or equal to 13 percent of the vaporized formulation; [and]

[iv.] **2.** Inactive ingredients for oil intended for inhalation using a pressurized metered dose inhaler may include an inactive ingredient, including a pressurized propellant, that is listed as an allowable ingredient in products using the Respiratory (Inhalation) Route of Administration and the Aerosol, Metered Dosage Form in the Food and Drug Administration Inactive Ingredients Database, and that is used in an amount less than or equal to the “Potency Amount” allowed for the ingredient; and

[2.] **3.** Permitted active ingredients for cannabis products intended for inhalation and vaporized formulations shall be as follows:

- i. Cannabis products intended for inhalation and vaporized formulations may include oil, cannabis-derived ingredients including terpenes, and botanically-derived terpenes.

(1) Except that the total amount of terpenes in a cannabis product intended for inhalation or vaporized formulation may not exceed 10 [percent] **percent** of the product.

(e) A cannabis manufacturer may seek a waiver to an inactive ingredient requirement at (d)1 above by providing evidence that demonstrates the safety of the ingredient in aerosol form for the inhalation route of administration within the maximum potency per unit dose, including, but not limited to:

[i.] **1.** Peer-reviewed studies, especially studies that demonstrate the safety of the ingredient after heating and in combination with cannabis concentrate; and

[ii.] **2.** Approval for use as an allowable ingredient in products using the inhalation route of administration by an international body or government agency in another country equivalent to the Food and Drug Administration or another U.S. state department of health.

(f) Any inactive ingredient used in an ingestible cannabis product must be listed as an allowable ingredient in products using the Oral, Buccal, or Sublingual Routes of Administration, as applicable, in the Food and Drug Administration Inactive Ingredients Database and must be used in an amount less than or equal to the “Potency Amount” allowed for the ingredient.

(g) Any inactive ingredient used in a dermal cannabis product must be listed as an allowable ingredient in products using the Topical and Transdermal Routes of

Administration, as applicable, in the Federal Food and Drug Administration Inactive Ingredients Database and must be used in an amount less than or equal to the “Potency Amount” allowed for the ingredient.

(h) Food and Drug Administration documents, incorporated by reference in this section, may be accessed as follows:

1. The most recently published Food and Drug Administration Established List of Harmful and Potentially Harmful Constituents in Tobacco Products and Tobacco Smoke is available at <https://www.fda.gov/tobacco-products/rules-regulations-and-guidance/harmful-and-potentially-harmful-constituents-tobacco-products-and-tobacco-smoke-established-list>;
2. The Food and Drug Administration Notice of Proposed Additions to the Established List of Harmful and Potentially Harmful Constituents in Tobacco Products and Tobacco Smoke (August 5, 2019) is available at <https://www.federalregister.gov/documents/2019/08/05/2019-16658/harmful-and-potentially-harmful-constituents-in-tobacco-products-established-list-proposed-additions>; and
3. The most recently published Food and Drug Administration Inactive Ingredients Database is available at <https://www.fda.gov/drugs/drug-approvals-and-databases/inactive-ingredients-database-download>.

17:30-11.7 Cannabis electronic smoking devices

(a) A cannabis manufacturer that acquires an electronic smoking device for the purpose of distributing it to a cannabis retailer or cannabis wholesaler must ensure this device is

made with ingredients and manufacturing processes compliant with the standards in this section and is reasonably safe for its intended use.

1. The cannabis manufacturer shall establish the reasonable safety of all electronic smoking devices through reasonable means, which may include manufacturer reputation, reliability of source study, and independent product testing results.

(b) An electronic smoking device, excluding the battery, shall not, in homogenous material, contain:

1. More than 100 parts per million (ppm) of cadmium; and
2. More than 1,000 ppm of lead, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ether, bis(2-ethylhexyl) phthalate, butyl benzyl phthalate, dibutyl phthalate, or diisobutyl phthalate.

(c) An electronic smoking device battery shall not contain more than 0.0005 percent of mercury and 0.002 percent of cadmium by weight.

(d) The electronic smoking device shall be manufactured:

1. According to the current Good Manufacturing Practice (cGMP) requirements for medical devices, pursuant to 21 CFR Part 820;
2. In a manufacturing facility with ISO 13485 certification; and
3. Using, for any component or mouthpiece that comes in contact with the vaporized formulation, food contact materials listed as indirect food additives at 21 CFR 174-190.

(e) The electronic smoking device shall not exceed 500 degrees Fahrenheit and four volts during intended use and shall be equipped to automatically shut off if those conditions are exceeded.

(f) A cannabis manufacturer that acquires an electronic smoking device for the purpose of distributing it to another cannabis business shall maintain certificates of analysis, material data safety sheets, or other records demonstrating the full composition of each ingredient or component used in the manufacture of the electronic smoking device.

17:30-11.8 Expiration dates

(a) The expiration date is the date after which **usable cannabis or** a cannabis product shall not be sold. The expiration date shall be determined from the date the **usable cannabis is cultivated or** cannabis product is manufactured.

(b) After stability testing has commenced pursuant to N.J.A.C. 17:30-[16.5]**19.5**, a **cannabis cultivator or** cannabis manufacturer shall determine the expiration date based on stability testing information. The expiration date limits established in this section may be exceeded only when there is supporting valid scientific stability testing information that is directly applicable to the specific cannabis product.

1. “Directly applicable to the specific cannabis product” shall mean that the stability tested product and the other product shall share characteristics, such as concentration range, pH, excipients, vehicle, or water content.

(c) In the absence of stability testing information pursuant to N.J.A.C. 17:30-[16.5]**19.5** that is applicable to a specific **usable cannabis or** cannabis product, the following are the maximum expiration dates for cannabis products that are packaged in airtight, light-resistant containers and stored at controlled room temperature, unless otherwise indicated at (c)1 below:

1. For water-containing formulations (prepared from ingredients in solid form), the expiration date shall not be later than 14 days for liquid preparations when stored at cold temperatures between two degrees and eight degrees Celsius (36 degrees and 46 degrees Fahrenheit); and
2. For all other formulations **and for usable cannabis**, the expiration date shall not be later than six months from the manufacture **or cultivation** date.

17:30-11.9 Packaging; labeling; release for distribution

(a) A cannabis manufacturer shall place a legible, permanently affixed label containing the information specified at N.J.A.C. 17:30-[13.3]**16.3** on each package of finished cannabis product.

(b) A cannabis manufacturer shall only release for distribution and transfer cannabis products to another cannabis business, cannabis products that have been properly processed, tested, packaged, sealed, and labeled in accordance with the provisions at N.J.A.C. 17:30-[13.2]**16.2** and [13.3]**16.3**.

17:30-11.10 Cannabis manufacturer storage of cannabis; cannabis products; quarantine

(a) A cannabis manufacturer shall have at least the following storage areas, segregated from each other:

1. Storage for newly received manufacturing materials, including newly received usable or unusable cannabis, ingredients to be used in manufacturing, and any cannabis-infused products or cannabis concentrates received from other cannabis manufacturers;

2. Lots of cannabis products awaiting release for distribution for personal use pending written reports confirming they meet specifications;
3. Any usable cannabis or cannabis products suspected, but not yet confirmed to be contaminated, including cannabis products returned as part of a complaint or recall process; and
4. Cannabis products, components, or materials that have been confirmed to be contaminated, such as usable cannabis or cannabis products that fail testing or are returned as part of a recall, shall be stored with cannabis waste in a waste disposal room until destroyed or rendered [unusable] **irrecoverable and unrecognizable**, as applicable, pursuant to N.J.A.C. 17:30-9.14.

(b) A cannabis manufacturer shall establish and implement a standard operating procedure for quarantine of any batch of usable cannabis, lot of cannabis concentrates or cannabis-infused products, or component whose suitability for use or distribution is in question, including the conditions described at (a)3 and 4 above, to prevent its use and distribution, pending disposition by quality control personnel.

17:30-11.11 Health and safety standards

(a) A cannabis manufacturer shall:

1. Enter into an on-site consultation agreement with the New Jersey Department of Labor and Workforce Development, Division of Public Safety and Occupational Safety and Health, Occupational Safety and Health On-Site Consultation Program (Consultation Program) established pursuant to 29 CFR Part 1908 and in accordance with the Consultation Program's procedures identified on its website

at

http://lwd.dol.state.nj.us/labor/lssc/employer/Occupational_Safety_and_Health_Onsite_Consultation_Program.html;

2. Cooperate fully with the Consultation Program in the consultation process;
3. Permit the Consultation Program full access to evaluate the cannabis manufacturer premises and operations and to interview cannabis manufacturer staff on an ongoing basis;
4. Correct, to the satisfaction of the Consultation Program, health and safety hazards that the Consultation Program may find and identify in its written report; and
5. Maintain ongoing cooperation with the Consultation Program and continue to correct, to the satisfaction of the Consultation Program, health and safety hazards that the Consultation Program may find and identify in subsequent written reports.

(b) The Commission shall not authorize a cannabis manufacturer to commence operations, or recommence operations, unless and until the cannabis manufacturer:

1. Corrects, to the satisfaction of the Consultation Program, imminent dangers and serious hazards that the Consultation Program identifies; and
2. Demonstrates ongoing progress and cooperation, to the satisfaction of the Consultation Program, in the correction of other-than-serious hazards in accordance with a schedule and action plan of correction accepted by the Consultation Program.

(c) A violation of (b) above shall result in enforcement actions pursuant to N.J.A.C. 17:30-[17]20, which may include civil monetary penalties or summary suspension.

17:30-11.12 Manufacturing personnel: manufacturing supervisor

(a) A cannabis manufacturer shall designate a manufacturing supervisor who will be responsible for ensuring compliance with this subchapter, including ensuring that:

1. Cannabis products have been properly prepared, labeled, controlled, stored, sold, and distributed in accordance with the provisions of this standard;
2. All aspects of the manufacturing process are documented and that accurate manufacturing records for all cannabis products prepared by the cannabis manufacturer are maintained;
3. Manufacturing personnel are capable of, and qualified to perform, their assigned duties;
4. Ingredients used in manufacturing have their expected identity, strength, quality, and purity consistent with the requirements in this standard;
5. Cannabis products are manufactured with acceptable strength, quality, and purity, are packaged with appropriate packaging and labeling, and are prepared in accordance with good manufacturing practices;
6. Critical processes are recorded and validated to ensure that procedures will consistently result in the expected strength, quality, and purity in the finished cannabis products;
7. The manufacturing environment is suitable for its intended purpose;
8. Appropriate stability testing pursuant to N.J.A.C. 17:30-[16.5]**19.5** is performed, or is determined from literature, for establishing reliable expiration dating to ensure that the finished cannabis products have their expected strength, quality, and purity, at least until the labeled expiration date;

9. Manufacturing conditions and standard operating procedures are in place to minimize the potential for errors; and

10. Adequate procedures and records exist for investigating and correcting failures or problems in manufacturing, quality control, or in the cannabis product itself.

(b) Personnel employed by the cannabis manufacturer shall have appropriate education and/or experience to assume responsibility for positions that would affect compliance with this subchapter.

(c) The manufacturing supervisor shall report any confirmed failure of a cannabis product to meet the standard of acceptable strength, quality, purity, packaging, and labeling to the Commission within 24 hours of incident confirmation.

17:30-11.13 Cannabis manufacturer recordkeeping; audit trail; manufacturing record

(a) A cannabis manufacturer shall maintain records identifying the source of each ingredient used in the manufacturing of cannabis. Records identifying the source of each ingredient shall include:

1. The date of receipt of the ingredient;
2. The vendor-contractor's name and address;
3. The name of the ingredient and the vendor-contractor's control number or other identifying number or symbol, if any, used by the vendor-contractor to identify the ingredient; and
4. The grade and quantity of said ingredient.

(b) A cannabis manufacturer shall maintain a manufacturing record for each cannabis product; the record shall contain the following information:

1. Selection of all ingredients and documentation of source, lot/batch numbers, and expiration dates of all ingredients used;
2. Verification that **the** ingredients comply with the master formulation record;
3. Verification that the cannabis product label complies with the requirements set forth at N.J.A.C. 17:30-11.9;
4. Verification that the cannabis product is complete and ready for sale;
5. [Strength] **Name and strength** of the cannabis product;
6. Date of preparation;
7. Name of the person(s) who performed each step of the manufacturing process and the manufacturing supervisor who verified the preparation of the cannabis product;
8. Reference(s) for formulation, if available;
9. Total quantity of cannabis product, including number of servings, manufactured in each lot;
10. Detailed steps of the manufacturing process to ensure that the exact same cannabis product can be duplicated at a future date;
11. Type of container used when the cannabis product has specific storage requirements;
12. Expiration date of the cannabis products consistent with the requirements set forth in this subchapter;
13. Results of quality control procedures; and
14. Instructions for use, storage, and handling of the cannabis product.

[(d)] **(c)** The cannabis manufacturer shall follow all recordkeeping requirements as set forth at N.J.A.C. 17:30-9.7.

SUBCHAPTER 12. CANNABIS WHOLESALER AUTHORIZED CONDUCT

17:30-12.1 Cannabis wholesaler premises

(a) The cannabis wholesaler shall warehouse and store finished usable cannabis and cannabis products only at the cannabis business premises authorized in the license in an enclosed indoor, locked area or facility.

(b) Access to the enclosed indoor, locked area or facility shall be limited to Cannabis Business Identification Cardholders when acting on behalf of the cannabis wholesaler within the scope of their responsibilities as owner, principal, employee, volunteer, management services contractor, or staff member of the license holder.

(c) A cannabis wholesaler shall ensure that:

1. All cannabis item storage areas are well-lit and ventilated and are maintained in clean and sanitary condition; and

2. Heating and air conditioning systems are controlled to ensure products are stored in the appropriate temperature range for each type of product.

(d) A cannabis wholesaler operating as a microbusiness shall have a physical plant that does not exceed 2,500 square feet.

17:30-12.2 Cannabis wholesaler authorized conduct

(a) A cannabis wholesaler holding a Class 3 Cannabis Wholesaler license issued by the Commission shall be authorized to:

- 1. Purchase, or otherwise obtain, cannabis items from another cannabis wholesaler, a cannabis cultivator, or a cannabis manufacturer for the purpose of resale to another cannabis wholesaler, a cannabis manufacturer, or a cannabis retailer;**
- 2. Possess, store, warehouse, transport, and dispose of or destroy cannabis items; or**
- 3. Sell or otherwise transfer cannabis items to another cannabis wholesaler, a cannabis manufacturer, or a cannabis retailer.**

(b) A cannabis wholesaler holding a Class 3 Cannabis Wholesaler license issued by the Commission shall not be authorized to:

- 1. Cultivate or package cannabis;**
- 2. Produce, manufacture or otherwise create, or package cannabis products; or**
- 3. Transport, transfer, distribute, supply, or sell cannabis, cannabis items, paraphernalia, or related supplies to consumers.**

(c) A cannabis wholesaler shall only sell usable cannabis and cannabis products that are packaged and labeled in accordance with N.J.A.C. 17:30-16.2 and 16.3.

- 1. The cannabis wholesaler shall perform a visual examination of the packaged usable cannabis and cannabis products to ensure the finished**

product has compliant packaging and labeling and has not been adulterated or contaminated.

(d) A microbusiness cannabis wholesaler shall acquire for resale no more than 1,000 pounds of usable cannabis, or the equivalent amount, in any form of cannabis product, or any combination thereof, each month.

17:30-12.3 Cannabis wholesaler recordkeeping

(a) A cannabis wholesaler shall keep a complete and accurate record of all cannabis item purchases and sales by the wholesaler, including the date of sale or purchase and the purchasing or selling entity.

- 1. Such records shall be kept and maintained for four years, either on-premises or at an off-site facility, in written or electronic form.**

(b) A cannabis wholesaler license holder shall collect and report to the Commission for each calendar year at least the following statistical data:

- 1. The number of ounces of usable cannabis purchased and sold;**
- 2. The number of ounces of cannabis products purchased and sold;**
- 3. The total number of cannabis item sales transactions; and**
- 4. Such other information as the Commission may require in the administration and enforcement of this chapter.**

SUBCHAPTER 13. CANNABIS DISTRIBUTOR AUTHORIZED CONDUCT

17:30-13.1 Cannabis distributor premises

(a) If a cannabis distributor stores unusable cannabis and cannabis items, it shall store them only at the cannabis business premises authorized in the license in an enclosed indoor, locked area or facility.

(b) Access to the enclosed indoor, locked area or facility shall be limited to Cannabis Business Identification Cardholders when acting on behalf of the cannabis distributor within the scope of their responsibilities as an owner, principal, employee, volunteer, management services contractor, or staff member of the license holder.

(c) If a cannabis distributor stores unusable cannabis and cannabis items, a cannabis distributor shall ensure that:

1. All cannabis and cannabis item storage areas are well-lit and ventilated and are maintained in clean and sanitary condition; and

2. Heating and air conditioning systems are controlled to ensure products are stored in the appropriate temperature range for each type of product.

(d) If a cannabis distributor does not store unusable cannabis and cannabis items, it is required to maintain an administrative office at the location authorized in the license where it conducts operations to transport cannabis and cannabis items in bulk and is not required to maintain a cannabis business premises.

1. When a cannabis distributor does not store unusable cannabis and cannabis items, it shall possess unusable cannabis and cannabis items only at the originating and receiving cannabis businesses and in the delivery vehicle, and not at the administrative office.

17:30-13.2 Cannabis distributor authorized conduct

(a) A cannabis distributor holding a Class 4 Cannabis Distributor license issued by the Commission shall be authorized to:

- 1. Transport intrastate unusable cannabis between cannabis cultivators and cannabis manufacturers;**
- 2. Transport intrastate cannabis items between cannabis establishments;**
- 3. Possess and engage in temporary storage of cannabis or cannabis items, as necessary to carry out transportation activities; and**
- 4. Dispose of or destroy cannabis items.**

(b) A cannabis distributor holding a Class 4 Cannabis Distributor license issued by the Commission shall not be authorized to:

- 1. Cultivate or package cannabis;**
- 2. Produce, manufacture or otherwise create, or package cannabis products;**
- 3. Transport, transfer, distribute, supply, or sell cannabis, cannabis items, paraphernalia, or related supplies to consumers;**
- 4. Purchase or resell cannabis or cannabis items; or**

5. Transport or possess cannabis or cannabis items outside the State of New Jersey.

(c) A cannabis distributor shall only transport usable cannabis and cannabis products that are packaged and labeled in accordance with N.J.A.C. 17:30-16.2 and 16.3.

(d) There shall be no limit on the amount of cannabis plants or cannabis items that a microbusiness cannabis distributor may possess for the purposes of transportation each month.

17:30-13.3 Cannabis distributor recordkeeping

(a) A cannabis distributor shall keep a complete and accurate record of all cannabis and cannabis item, secure transport trips by the distributor, including the date of the secure transport trip, the cannabis or cannabis items transported, the sending and receiving of cannabis businesses, and any information required pursuant to N.J.A.C. 17:30-9.15(j).

- 1. Such records shall be kept and maintained for four years, either at the cannabis business premises or administrative office or at an off-site facility, in written or electronic form.**

(b) A cannabis distributor license holder shall collect and report to the Commission for each calendar year at least the following statistical data:

- 1. The number of ounces of usable cannabis transported;**

- 2. The number of ounces of cannabis products transported;**
- 3. The total number of cannabis item transport trips; and**
- 4. Such other information as the Commission may require in the administration and enforcement of this chapter.**

17:30-13.4 Cannabis distributor storage of cannabis items

(a) If a cannabis distributor stores cannabis items, all cannabis items shall be stored in an enclosed indoor, locked area pursuant to N.J.A.C. 17:30-9.12, where access to such area is limited to an owner, principal, employee, or volunteer of a license holder or staff members of a license holder's management services contractor that possesses a Cannabis Business Identification Card when acting in their official capacity.

(b) If a cannabis distributor does not store cannabis items, all cannabis items shall be possessed by the cannabis distributor only at the sending and receiving cannabis businesses and in the delivery vehicle, and not stored at the administrative office.

17:30-13.5 Cannabis distributor inventory

The inventory of a cannabis distributor, during secure transport and in storage, shall be dependent on the sending and receiving cannabis businesses. A cannabis distributor shall not acquire cannabis items outside of a secure transport trip.

SUBCHAPTER [12.] **14.** CANNABIS RETAILER AUTHORIZED CONDUCT

17:30-[12.1]**14.1** Cannabis retailer premises

(a) A cannabis retailer premises shall not be located in, or upon, any premises in which operates:

1. A grocery store, delicatessen, indoor food market, or other store engaging in retail sales of food; or
2. A store that engages in licensed retail sales of alcoholic beverages, as defined at N.J.S.A. 33:1-1.b.

(b) A cannabis retailer shall sell cannabis[,] only at the cannabis business premises authorized in the license, including any indoor or outdoor areas, including as provided at N.J.A.C. 17:30-[12.4]**14.4.** A purchase made through the Internet [site] **website** of a cannabis retailer shall be considered to have been conducted at the cannabis retailer's premises.

(c) A cannabis retailer operating as a microbusiness shall have a physical plant that does not exceed 2,500 square feet.

17:30-[12.2]**14.2** Cannabis retailer authorized conduct; prohibitions

(a) A cannabis retailer shall be authorized to:

1. Purchase or acquire usable cannabis from cannabis cultivators, **cannabis manufacturers, cannabis wholesalers,** or cannabis retailers;

2. Purchase or otherwise obtain cannabis products and related supplies from cannabis manufacturers, cannabis wholesalers, or cannabis retailers;
3. Purchase or acquire paraphernalia **and related supplies**;
4. Possess, display, transport, [and] transfer, **distribute, supply, sell, and furnish** usable cannabis, cannabis products, paraphernalia, and related supplies[; and 5. Distribute, supply, sell, or furnish usable cannabis, cannabis products, paraphernalia, and related supplies] to a consumer [or], to other cannabis retailers, **or to delivery services, based on purchase orders from consumers.**

- i. A cannabis retailer may furnish usable cannabis, cannabis products, paraphernalia, and related supplies to cannabis [business] **retailer delivery or cannabis delivery service** personnel for delivery to a consumer consistent with the requirements at N.J.A.C. 17:30-[12.8.]**14.8; and**

5. Dispose of or destroy cannabis items.

(b) A cannabis retailer shall not be authorized to:

1. Cultivate cannabis; or
2. Produce, manufacture, or otherwise create cannabis products.

(c) A cannabis retailer may sell usable cannabis and cannabis products to consumers in any authorized form, in accordance with N.J.A.C. 17:30-11.2(c).

1. A cannabis retailer shall only sell usable cannabis and cannabis products that are packaged and labeled in accordance with N.J.A.C. 17:30-[13.2]**16.2** and [13.3]**16.3.**

(d) A cannabis retailer shall not allow persons under the age of 21 to purchase cannabis items or to enter or remain on the premises of a cannabis retailer unless

accompanied by a parent or legal guardian and shall ensure similar restrictions are enacted on any [internet site] **Internet website** operated by the cannabis business.

[(e)] A cannabis retailer shall not allow persons under the age of 21 to purchase cannabis items]

[(f)] **(e)** A cannabis retailer shall only sell cannabis items directly to a consumer.

[(g)] **(f)** Each cannabis retailer shall maintain and make available on its Internet website, if any, a standard price list that shall apply to all usable cannabis, cannabis products, paraphernalia, and related supplies sold by the cannabis retailer.

[(h)] **(g)** Each cannabis retailer shall consider whether to make interpreter services available to the population served, including for individuals with a visual or hearing impairment.

1. The cannabis retailer shall assume the cost of providing such interpreter services.
2. The Commission shall provide assistance to any cannabis retailer that seeks to provide such services in locating appropriate interpreter resources.

[(i)] **(h)** A microbusiness cannabis retailer shall acquire no more than 1,000 pounds of usable cannabis, or the equivalent amount, in any form of cannabis product, or any combination thereof, for retail sale to consumers each month.

17:30-[12.3]14.3 Cannabis retailer sale to a consumer

(a) Before allowing entrance to a cannabis retailer, and additionally prior to selling or serving cannabis items to a consumer, for each transaction, cannabis retailer personnel

shall examine any one of the following pieces of photographic identification and shall confirm the consumer is of legal age to purchase cannabis:

1. The person's United States passport; other country's passport; or proper government-issued documentation for international travel, provided it is lawful to use as identification in the United States;
2. The person's motor vehicle driver's license, whether issued by New Jersey or by any other state, territory, or possession of the United States, or the District of Columbia, provided the license displays a picture of the person;
3. A New Jersey identification card issued by the New Jersey Motor Vehicle Commission; or
4. Any other identification card issued by a state, territory, or possession of the United States, the District of Columbia, or the United States that bears a picture of the person, the name of the person, the person's date of birth, and a physical description of the person.

(b) In order to ensure that individual privacy is protected:

1. A consumer is not required to provide a cannabis retailer with personal information other than government-issued identification as set forth at (a) above in order to determine the consumer's identity and age;
2. A cannabis retailer shall not collect and retain any personal information about a consumer other than information typically acquired in a financial transaction conducted by the holder of a Class C retail license concerning alcoholic beverages as set forth at N.J.S.A. 33:1-12; and

3. The cannabis retailer shall not keep a copy of the consumer's photographic identification.

(c) Cannabis retailer personnel shall log that the examination of photographic identification and confirmation of legal age pursuant to (a) above occurred in a record, and the cannabis retailer shall maintain such record and it shall be available for inspection by the Commission.

(d) The cannabis retailer shall not sell to a consumer in a single sales transaction:

1. More than **28.35 grams (one ounce)** of usable cannabis;

[2. The equivalent of more than one ounce of usable cannabis as a cannabis-infused product in solid, liquid, or concentrate form;]

[3.] **2. More than five grams of solid cannabis concentrate or five mL of liquid cannabis concentrate (oil); [or]**

3. Vaporized formulation containing more than five mL of liquid cannabis concentrate (oil);

4. Multiple ingestible cannabis-infused products containing an aggregate total of more than 1,000 mg of THC; or

[4.] **5. [Some combination thereof, not to exceed] More than 28.35 grams (one ounce), or the equivalent, of some combination of** usable cannabis and cannabis products.

(e) The cannabis retailer shall make a good faith effort to prevent a consumer from exceeding one ounce of usable cannabis or the equivalent weight in cannabis products, in multiple sales transactions.

(f) The cannabis retailer shall only sell to consumers cannabis items that have been properly tested, packaged, sealed, and labeled in accordance with the provisions at N.J.A.C. 17:30-[13.2]**16.2** and [13.3]**16.3**.

(g) A cannabis retailer shall provide the consumer with a receipt that includes, at a minimum:

1. Its name, address, license number, and telephone number;
2. The date of retail sale; and
3. The cannabis items purchased and their purchase price.

(h) A cannabis retailer selling an electronic smoking device to the consumer shall provide a supplemental information document that:

1. Lists all ingredients or materials used to manufacture the electronic smoking device;
2. Provides instructions to consumers on how to use the electronic smoking device safely as part of intended usage based on manufacturer's recommendations, which shall include, but not be limited to, a recommended number of seconds per dose; and
3. States, "Electronic smoking devices and vaporized formulations of cannabis are not approved by the Food and Drug Administration and have not been proven to be safe for use in humans. Consumers should consider alternative methods for the administration of cannabis."

(i) A cannabis retailer shall provide information on the safe use of cannabis items to consumers prior to each purchase, such as the information on Safe and

Responsible Consumption provided on the Commission website,
www.nj.gov/cannabis.

[(i)] **(j)** A cannabis retailer shall offer to provide a copy of the written report from the testing laboratory pursuant to N.J.A.C. 17:30-[16.6]**19.6** as a supplemental informational document to the adult consumer.

[(j)] **(k)** The cannabis retailer shall collect any tax from a consumer required by the Act and this chapter.

17:30-[12.4]**14.4** Curbside retail sales

(a) A cannabis retailer may conduct curbside retail sales in accordance with this section upon approval of the Commission.

(b) Prior to initiating curbside retail sales, the cannabis business shall provide the Commission with, and shall seek approval from the Commission on, standard operating procedures regarding:

1. Taking cannabis item orders, verifying photographic identification, and receiving payment;
2. Logging transactions in the Commission-designated inventory management system, and, as applicable, the internal inventory management system; and
3. Security needed to accommodate curbside retail sales.

(c) When a cannabis retailer conducts curbside retail sales:

1. A consumer shall place an order with the cannabis retailer in advance;
2. Usable cannabis and cannabis products shall be labeled in the cannabis retailer's premises prior to retail sale on the exterior of the facility;

3. The cannabis retailer shall provide a consumer with an approximate pick-up time to reduce traffic around the premises;
4. Prior to making a retail sale, cannabis retailer personnel shall conduct an in-person visual verification of the consumer's photographic identification;
5. All transactions shall be appropriately logged in the Commission-designated inventory management system, and as applicable, the internal inventory management system in accordance with N.J.A.C. 17:30-9.7 and 9.13; and
6. All transactions shall be conducted in a secure and monitored manner in accordance with N.J.A.C. 17:30-9.10.

(d) The cannabis retailer shall notify the municipality in which it is located and local law enforcement that it intends to conduct curbside retail sales.

17:30-[12.5]14.5 Cannabis retailer recordkeeping; reporting

(a) A cannabis retailer shall keep a complete and accurate record of all cannabis item **purchases and sales [and], including deliveries, made to consumers or other cannabis businesses** by the retailer or a cannabis delivery service acting on its behalf, **including the date of purchase and delivery sale, the cannabis items purchased or sold, and the purchasing or selling entity, and any information, as required at N.J.A.C. 17:30-14.8(l).**

1. Such records shall be kept and maintained for four years, either on-premises or at an off-site facility, in written or electronic form.

(b) A cannabis retailer license holder shall collect and report to the Commission for each calendar year at least the following statistical data:

1. The number of consumers who purchased each cannabis item sold by the cannabis retailer;
2. Total number of cannabis item transactions;
3. Taxes collected; and
4. Such other information as the Commission may require in the administration and enforcement of this chapter.

17:30-[12.6]**14.6** Cannabis retailer consumer education

(a) A cannabis retailer shall, prior to the opening date of the cannabis business, establish and implement policies describing its plans for providing information and communicating to consumers as to:

1. Limitations of the right to possess and use cannabis items pursuant to the Act and this chapter;
2. Potential side effects of cannabis use;
3. The differing strengths of cannabis items sold;
4. Safe techniques for use of cannabis items and paraphernalia, noting the potential variations in feeling the effects of cannabis;
5. Alternative methods and forms of consumption or inhalation by which one can use cannabis items;
6. Signs and symptoms of substance abuse;
7. Opportunities to participate in substance abuse programs; and
8. Information on tolerance, dependence, and withdrawal.

(b) A cannabis retailer shall maintain, and make available for distribution to consumers, an adequate supply of up-to-date informational materials addressing the matters identified in the policies developed pursuant to (a) above.

1. Informational materials must be available for inspection by the Commission upon request.

17:30-[12.7]14.7 Cannabis retailer storage

All cannabis items shall be stored in an enclosed indoor, locked area pursuant to N.J.A.C. 17:30-9.12 where access to such area is limited to an owner, principal, employee, or volunteer of a license holder or staff members of a license holder's management services contractor that possesses a Cannabis Business Identification Card when acting in their official capacity.

17:30-[12.8]14.8 Home delivery

(a) A license holder holding a Class 6 Cannabis Delivery license may be authorized by a cannabis retailer to deliver cannabis items to consumers on behalf of that cannabis retailer, **based on purchase orders**.

(b) As approved by the Commission and pursuant to N.J.S.A. 24:6I-44.j, on behalf of a cannabis retailer, cannabis [business] **retailer** delivery personnel or a cannabis delivery service **personnel** may deliver cannabis to a consumer at a residence.

1. Cannabis retailers **or cannabis delivery services** may engage in delivery in any region and may institute geographic and hourly restrictions on where and when they opt to deliver to consumers.

2. Any such restrictions shall be reported to the Commission and listed on the cannabis retailer's **or cannabis delivery service's** Internet website.
3. Cannabis retailers **or cannabis delivery services** may change those restrictions; provided, however, that the cannabis retailer **or cannabis delivery service** gives advance notice of seven days to the Commission [and], **the cannabis retailer gives advance notice of seven calendar days to** the municipality in which the cannabis retailer is located[, the cannabis retailer notifies consumers], and the cannabis retailer **or cannabis delivery service** posts the changed restrictions online **and at their cannabis business premises or administrative office**.
4. If servicing different geographic areas on different days or at different times, cannabis retailers **or cannabis delivery services** shall implement a regular schedule to the extent practicable.

(c) Orders shall be placed in advance **by a consumer, either directly with a cannabis retailer, or with a cannabis delivery service that provides the purchase order to a cannabis retailer**, and cannabis items **in the purchase order** shall be assembled for delivery at the cannabis retailer premises, **and then provided to the cannabis retailer delivery or cannabis delivery service personnel**.

1. When a consumer places an order for delivery for the first time with a cannabis retailer **or cannabis delivery service**, the cannabis retailer **or cannabis delivery service** may validate the consumer's age by phone or through online means, provided, however that an in-person verification is conducted by cannabis [business] **retailer delivery or cannabis delivery service** personnel prior to sale **and furnishing the ordered items**.

(d) In transit, cannabis items shall be locked and stored in a sanitary and secure lockbox in the delivery vehicle until cannabis [business] **retailer delivery or cannabis delivery service** personnel arrive at the delivery address.

(e) When outside of the vehicle to conduct a delivery, or when leaving the vehicle for any other reason, cannabis [business] **retailer delivery or cannabis delivery service** personnel shall lock the delivery vehicle and the secure lockbox and engage the vehicle alarm system.

(f) Deliveries may be conducted by a single person; provided, however, that another person that is cannabis retailer or cannabis delivery service personnel, preferably a supervisor, has access to real-time GPS tracking of the delivery vehicle.

(g) A cannabis delivery service and cannabis retailer shall only deliver:

1. To a residence, including a temporary residence, in this State;
2. To a legal consumer whose age has been verified by an examination of the consumer's photographic identification; and
3. A cannabis item in-person and shall not use an unmanned vehicle.

(h) A cannabis retailer or cannabis delivery service shall not leave cannabis items unattended, such as on a porch or stoop, and shall not deliver in mailboxes or to post office boxes or to any residence located on land owned by the Federal government or any residence on land or in a building leased by the Federal government.

(i) At the door of the consumer, cannabis [business] **retailer delivery or cannabis delivery service** personnel shall conduct an in-person visual verification of the photographic identification of the consumer prior to furnishing purchased cannabis items.

(j) Cannabis [business] **retailer delivery or cannabis delivery service** personnel may make multiple deliveries in one trip and shall travel only between the cannabis retailer premises and residential delivery addresses, except in the event of emergency or dangerous road conditions or as necessary for sanitization, rest, fuel, or vehicle repair stops.

1. A cannabis retailer **or cannabis delivery service** shall ensure that deliveries are completed in a timely and efficient manner.

2. During delivery, the cannabis retailer delivery or cannabis delivery service personnel driving the delivery vehicle shall comply with this section and all New Jersey laws, rules, and regulations for operation of vehicles on public roadways.

(k) All transactions, including the information at (l) below, shall be appropriately logged in the Commission-designated inventory management system and, as applicable, the cannabis retailer's **and cannabis delivery service's** internal inventory in accordance with N.J.A.C. 17:30-9.7 and 9.13 and other corresponding rules.

(l) A cannabis retailer **and cannabis delivery service** shall maintain delivery records, which includes the following information for every delivery conducted by the cannabis retailer or on its behalf:

1. Date and time [of] **that the delivery began and ended;**
2. Name, address, and signature of the consumer delivery recipient;
3. Name and Cannabis Business Identification Card number of cannabis [business] **retailer delivery or cannabis delivery service** personnel;

4. The name, amount, batch or lot number(s), and tracking number(s) of the cannabis item(s) delivered; and

5. Confirmation of photographic identification verification.

(m) Where a delivery is attempted and not completed and the cannabis item remains in **the possession of** the cannabis [business] **retailer** delivery [personnel's possession] **or cannabis delivery service personnel**, the delivery personnel shall return the cannabis item to the originating retailer. The cannabis retailer may [repackage and] restock the product, logging the product's amended status in the internal inventory.

Such items must be in new, unopened condition prior to restocking **and may be delivered to a consumer pursuant to a subsequent purchase order.**

(n) To the extent practicable, the cannabis retailer and cannabis delivery service shall implement protective measures for delivery to reduce the spread of COVID-19 and other communicable diseases as recommended by the New Jersey Department of Health, the United States Centers for Disease Control and Prevention, the Occupational Safety and Health Administration, or health care professionals. These include, but are not limited to, providing cannabis business delivery personnel with hand sanitizer and personal protective equipment, **including face masks.**

(o) While conducting a delivery, a person that is cannabis [business] **retailer** delivery **or cannabis delivery service** personnel shall carry:

1. Their Cannabis Business Identification Card;
2. A valid non-probationary driver's license appropriate to the type of delivery vehicle driven;

3. A cellular telephone to communicate securely with the cannabis retailer **or cannabis delivery service**; and

4. A physical or electronic copy of the consumer's delivery request **or purchase order, which shall be made available, upon request, to State and local law enforcement, the Commission, and local regulatory agencies.**

(p) A delivery vehicle shall bear no markings that would either identify or indicate that the vehicle is used to deliver cannabis items.

(q) Delivery vehicles shall be equipped with or contain an operational GPS device at all times.

(r) A cannabis retailer and cannabis delivery service shall maintain current hired and non-owned automobile liability insurance sufficient to insure each delivery vehicle in the amount of at least \$1,000,000 per occurrence or accident.

(s) A cannabis retailer and cannabis delivery service shall provide the Commission with current information on all delivery vehicles, including each vehicle's make, model, color, vehicle identification number, license plate number, and vehicle registration.

(t) A cannabis retailer and cannabis delivery service shall provide the Commission with a list of all personnel that will be used as cannabis [business] **retailer delivery or cannabis delivery service** personnel, documentation that they have received training for the position, and verification that they have valid non-probationary driver's licenses appropriate to the type of delivery vehicle driven.

(u) A cannabis retailer **and cannabis delivery service** shall report any vehicle accidents, diversions, losses, or other reportable events that occur during delivery to the appropriate State and local authorities, including the Commission.

(v) A cannabis retailer **or cannabis delivery service** may charge a delivery fee, which shall not exceed 10 percent of the pre-tax total for an order.

(w) A cannabis retailer may sell [wholesale bulk, packaged, and/or labeled product] **finished cannabis items** to another cannabis retailer to conduct deliveries on its behalf.

(x) Prior to initiating delivery services, a cannabis retailer and cannabis delivery service shall provide the Commission with a delivery **operations** plan for approval. The delivery **operations** plan shall include standard operating procedures for:

1. Taking orders, verifying photographic identification; and taking payments;
2. Logging the transactions in the Commission-designated inventory management system and, as applicable, internal inventory;
3. Conducting in-person deliveries, which shall include protocols for use of personal protective equipment and regular sanitization, if necessary;
4. Maintaining privacy and confidentiality of the purchasing consumer's purchase information;
5. Training cannabis [business] **retailer** delivery **or cannabis delivery service** personnel;
6. Tracking delivery vehicles and inventory;
7. Security for cannabis [business] **retailer** delivery **or cannabis delivery service** personnel, delivery vehicles, and inventory; and
8. Emergency notification and response in the event of accidents, theft, equipment malfunction, or other emergency events.

SUBCHAPTER 15. CANNABIS DELIVERY SERVICE AUTHORIZED CONDUCT

17:30-15.1 Cannabis delivery service authorized conduct

(a) A cannabis delivery service holding a Class 6 Cannabis Delivery Service license issued by the Commission shall be authorized to:

- 1. After receiving a purchase order from a consumer or a cannabis retailer, obtain cannabis items, cannabis paraphernalia, and related supplies from such cannabis retailer;**
- 2. Possess, store, and transport cannabis items, cannabis paraphernalia, and related supplies;**
- 3. Deliver cannabis items, cannabis paraphernalia, and related supplies to a consumer consistent with the requirements at N.J.A.C. 17:30-14.8;**
- 4. Transport undelivered cannabis items, cannabis paraphernalia, and related supplies back to its originating cannabis retailer; and**
- 5. Dispose of or destroy cannabis items.**

(b) A cannabis delivery service holding a Class 6 Cannabis Delivery Service license issued by the Commission shall not be authorized to:

- 1. Cultivate or package cannabis;**
- 2. Produce, manufacture or otherwise create, or package cannabis products;**
or
- 3. Transport, transfer, distribute, supply, or sell cannabis, cannabis items, paraphernalia, or related supplies to cannabis businesses.**

(c) A cannabis delivery service shall not allow persons under the age of 21 to purchase cannabis items.

(d) A cannabis delivery service shall only deliver cannabis items directly to a consumer.

(e) A cannabis delivery service may, as authorized by its selling cannabis retailer, maintain and make available on its Internet website, if any, a standard price list that shall apply to all usable cannabis, cannabis products, paraphernalia, and related supplies sold by the cannabis retailer.

(f) Each cannabis delivery service shall consider whether to make interpreter services available to the population served, including for individuals with a visual or hearing impairment.

- 1. The cannabis delivery service shall assume the cost of providing such interpreter services.**

- 2. The Commission shall provide assistance to any cannabis delivery service that seeks to provide such services in locating appropriate interpreter resources.**

(g) There shall be no limit on the amount of cannabis items that a microbusiness cannabis delivery service may deliver, as fulfilled purchase orders, on behalf of a cannabis retailer.

17:30-15.2 Cannabis delivery to a consumer

(a) Before delivering a cannabis item to a consumer in a transaction, cannabis delivery service personnel shall examine any one of the following pieces of photographic identification and shall confirm the consumer is of legal age to purchase cannabis:

- 1. The person's United States passport, passport from another country, or proper government-issued documentation for international travel; provided it is lawful to use as identification in the United States;**
- 2. The person's motor vehicle driver's license, whether issued by New Jersey or by any other state, territory, or possession of the United States, or the District of Columbia, provided the license displays a picture of the person;**
- 3. A New Jersey identification card issued by the New Jersey Motor Vehicle Commission; or**
- 4. Any other identification card issued by a state, territory, or possession of the United States, the District of Columbia, or the Federal government that bears a picture of the person, the name of the person, the person's date of birth, and a physical description of the person.**

(b) In order to ensure that individual privacy is protected:

- 1. A cannabis delivery service shall not collect and/or retain any personal information other than government-issued identification as set forth at (a) above in order to determine the consumer's identity and age;**
- 2. A cannabis delivery service shall not collect and/or retain any personal information about a consumer other than information typically acquired in a financial transaction conducted by the holder of a Class C retail license concerning alcoholic beverages as set forth at N.J.S.A. 33:1-12; and**
- 3. The cannabis delivery service shall not keep a copy of the consumer's photographic identification.**

(c) Cannabis delivery service personnel shall log that the examination of photographic identification and confirmation of legal age pursuant to (a) above occurred in a record, and the cannabis delivery service shall maintain such record and it shall be available for inspection by the Commission.

(d) The cannabis delivery service shall not deliver to a consumer in a single sales transaction:

- 1. More than 28.35 gram (one ounce) of usable cannabis;**
- 2. More than five grams of solid cannabis concentrate or five mL of liquid cannabis concentrate (oil);**
- 3. Vaporized formulation containing more than five mL of liquid cannabis concentrate (oil);**
- 4. Multiple ingestible cannabis-infused products containing an aggregate total of more than 1,000 mg of THC; or**
- 5. More than 28.35 gram (one ounce), or the equivalent, of any combination of usable cannabis and cannabis products.**

(e) The cannabis delivery service shall make a good faith effort to prevent a consumer from exceeding one ounce of usable cannabis, or the equivalent weight in cannabis products, in multiple sales transactions.

(f) The cannabis delivery service shall only sell to consumers cannabis items that have been properly tested, packaged, sealed, and labeled in accordance with the provisions at N.J.A.C. 17:30-16.2 and 16.3.

(g) A cannabis delivery service shall provide the consumer with a receipt that includes, at a minimum:

- 1. The cannabis delivery service's name, address, license number, and telephone number;**
- 2. The cannabis retailer's name, address, license number, and telephone number;**
- 3. The date of retail sale; and**
- 4. The cannabis items purchased and their purchase price.**

(h) A cannabis delivery service delivering an electronic smoking device to the consumer shall provide a supplemental information document that:

- 1. Lists all ingredients or materials used to manufacture the electronic smoking device;**
- 2. Provides instructions to consumers on how to use the electronic smoking device safely as part of intended usage based on manufacturer's recommendations, which shall include, but not be limited to, a recommended number of seconds per dose; and**
- 3. States, "Electronic smoking devices and vaporized formulations of cannabis are not approved by the Food and Drug Administration and have not been proven to be safe for use in humans. Consumers should consider alternative methods for the administration of cannabis."**

(i) A cannabis delivery service shall provide information on safe use of cannabis items to consumers, such as the information on Safe and Responsible Consumption provided on the Commission website, www.nj.gov/cannabis.

17:30-15.3 Cannabis delivery service recordkeeping

(a) A cannabis delivery service shall keep a complete and accurate record of all cannabis item deliveries made by the delivery service, including the date of purchase and delivery, the cannabis items purchased, the selling entity, and any information required at N.J.A.C. 17:30-14.8(l).

- 1. Such records shall be kept and maintained for four years, either on-premises or at an off-site facility, in written or electronic form.**

(b) A cannabis delivery service license holder shall collect and report to the Commission for each calendar year at least the following statistical data:

- 1. The number of ounces of usable cannabis purchased and delivered;**
- 2. The number and ounces of cannabis products purchased and delivered;**
- 3. The number of consumers who purchased each cannabis item delivered by the cannabis delivery service;**
- 4. The total number of cannabis item sales transactions; and**
- 5. Such other information as the Commission may require on a case-by-case basis in the administration and enforcement of this chapter.**

17:30-15.4 Cannabis delivery service consumer education

(a) A cannabis delivery service shall, prior to the opening date of the cannabis business, establish and implement policies describing its plans for providing information and communicating to consumers as to:

- 1. Limitations of the right to possess and use cannabis items pursuant to the Act and this chapter;**

- 2. The potential side effects of cannabis use;**
- 3. The differing strengths of cannabis items available for delivery by the delivery service;**
- 4. Safe techniques for use of cannabis items and paraphernalia, noting the potential variations in feeling the effects of cannabis;**
- 5. Alternative methods and forms of consumption or inhalation by which one can use cannabis items;**
- 6. Signs and symptoms of substance abuse;**
- 7. Opportunities to participate in substance abuse programs; and**
- 8. Information on tolerance, dependence, and withdrawal.**

(b) A cannabis delivery service shall maintain, and make available to consumers, an adequate supply of up-to-date informational materials addressing the matters identified in the policies developed pursuant to (a) above. A cannabis delivery service may fulfill this obligation by providing the informational materials of the cannabis retailer that fulfills a consumer's purchase order.

- 1. Informational materials must be available for inspection by the Commission upon request.**

17:30-15.5 Cannabis delivery service inventory

(a) The inventory of a cannabis delivery service during delivery shall be dependent on the selling cannabis retailer.

(b) A cannabis delivery service shall not acquire cannabis items, except pursuant to a purchase order from a consumer.

SUBCHAPTER [13.] **16. RELEASE FOR DISTRIBUTION; PACKAGING AND LABELING OF CANNABIS ITEMS**

17:30-[13.1]**16.1** Processing of cannabis items; release for distribution

(a) Each cannabis cultivator and cannabis manufacturer shall contract with a testing laboratory to obtain and test samples of **unusable or** usable cannabis and cannabis products.

(b) A cannabis cultivator or cannabis manufacturer shall process **unusable or** usable cannabis or manufacture cannabis products in a safe and sanitary manner to protect consumers from adulterated cannabis items, which shall be:

1. For usable cannabis, well cured, and free of seeds and stems;
2. Free of dirt, sand, debris, or other foreign matter; and
3. Free of mold, rot, or other fungus or bacterial diseases.

(c) After curing is complete and usable cannabis is in its final dried form, or after manufacturing is complete and cannabis products are in their final form, as applicable, before packaging and release for distribution, a cannabis cultivator or cannabis manufacturer shall ensure that a licensed testing laboratory, in accordance with N.J.A.C.

17:30-[16]**19:**

1. Obtains a representative sample from a batch of **unusable or** usable cannabis or a lot of cannabis products;
2. Tests the representative sample; and

3. Provides a written report to the cannabis cultivator or cannabis manufacturer.

(d) The cannabis cultivator or cannabis manufacturer shall hold the batch of **unusable** or usable cannabis or lot of cannabis products in secure, segregated storage until it receives a written report from the licensed testing laboratory confirming that the representative sample meets specifications.

(e) After it receives a written report confirming that the representative sample meets specifications, the cannabis cultivator or cannabis manufacturer may:

1. Assign an expiration date to the batch or lot;
2. Package the batch or lot and release it for distribution; and
3. Revise the status of the batch or lot in the inventory control.

(f) When the cannabis cultivator or cannabis manufacturer receives a written report confirming that the test results of the representative sample do not meet specifications, the cannabis cultivator or cannabis manufacturer shall not sell the batch or lot to another cannabis business and shall destroy the batch or lot [and render it unusable] **or dispose of it by rendering it unrecoverable and unrecognizable**, with the following exceptions:

1. If the written report confirms that the test results for **unusable** or usable cannabis do not meet specifications for total yeast and mold count, pursuant to subsection (f) of the Cannabis Testing Guidance, the cannabis cultivator may sell the batch to a cannabis manufacturer to manufacture the batch into a cannabis extract or cannabis-infused product using a process involving a solvent that leaves no yeast or mold, and where the final cannabis product is tested again prior to sale or transfer; and

2. [For the opportunity to] **The cannabis business may** retest and remediate pursuant to N.J.S.A. 24:6I-35.a(13)(c).

(g) The cannabis cultivator or cannabis manufacturer shall submit a copy of the written report to the Commission on a form developed by the Commission.

17:30-[13.2]**16.2** Cannabis item packaging requirements

(a) A cannabis cultivator or cannabis manufacturer, as applicable, shall package **unusable cannabis for the purposes of manufacturing or** cannabis items in packaging compliant with the requirements of this subchapter in a secure area connected to the cultivation or manufacturing area in accordance with this section before transfer to another cannabis business.

1. The **unusable or** usable cannabis and cannabis products shall be handled on food grade stainless steel tables.
2. Proper sanitation shall be maintained.
3. Proper rodent and bird exclusion practices shall be employed at all times.

(b) Each package of **unusable or** usable cannabis and cannabis product shall be sealed in a closed container, so that the package cannot be opened, and the contents consumed, without the seal being broken.

1. A container for the packaging of cannabis products, as used in this subsection, shall meet United States Pharmacopeia standards (see Containers under Preservation, Packaging, Storage, and Labeling in the General Notices and Requirements, Containers 661, and Containers—Permeation 671).

2. A container for the packaging of cannabis products, as used in this subsection, shall depend on the physical and chemical properties of the cannabis product; container–cannabis interaction is to be considered with substances such as phenolic compounds and sorptive materials (for example, polypeptides and proteins).

(c) Each package of usable cannabis and cannabis product shall bear a label that complies with N.J.A.C. 17:30-[13.3]**16.3** and shall be affixed with the universal symbol established by the Commission pursuant to N.J.A.C. 17:30-[13.6]**16.6**.

(d) [A] **Where a cannabis cultivator packages unusable or usable cannabis for the purposes of manufacturing to be sold to another cannabis cultivator or a cannabis manufacturer, such packages may contain any amount of cannabis. Where a cannabis cultivator [shall only] packages usable cannabis for sale to a cannabis retailer, [and] such packages may contain [no more than ¼ oz] any increment up to and including one ounce or [7.09] 28.35 grams.**

(e) A cannabis manufacturer shall only package authorized forms of cannabis products, and such packages may contain such amounts in accordance with N.J.A.C. 17:30-11.5.

(f) All packaging for cannabis items shall:

1. Be fully enclosed, opaque, of a single color, and light resistant.
 - i. Packaging may contain [a] logos or symbols of a different color or colors[, provided the logo is no larger than one inch in length and one inch in height];
2. Be child-resistant in accordance with the Poison Prevention Packaging Act of 1970, 16 CFR Part 1700;

3. Protect the product from contamination; and
4. Be able to be resealed in a child-resistant manner, unless the package contains a single serving cannabis item.
 - i. For ingestible products in liquid form with multiple serving units, the container must have a resealing cap or closure.

(g) Once a package is sealed, a cannabis business shall not open the package, except for quality control purposes. Once the seal is broken on a cannabis item ready for sale to the consumer, the cannabis item is deemed unusable.

(h) Cannabis businesses shall make a good faith effort to utilize packaging that is biodegradable.

(i) Subsections (f) and (g) above shall not apply to unusable or usable cannabis packaged and transported to a cannabis manufacturer for the purposes of manufacturing cannabis products. Such unusable or usable cannabis may be packaged in bulk in a resealable container designed to protect the product from contamination.

17:30-[13.3]16.3 Cannabis item labeling requirements

(a) [Each] **A cannabis cultivator or cannabis manufacturer, as applicable, shall ensure that each** package of **unusable or** usable cannabis [and] **or** cannabis product [shall be] **contains all information set forth in this section, whether printed directly on the package, or** affixed with a compliant label [by a cannabis cultivator or cannabis manufacturer, as applicable,] before transfer to another cannabis business.

(b) [Labels] **Direct printing on the package of, or labels** affixed to, **unusable cannabis packaged for the purposes of manufacturing or** cannabis items shall include the following consumer safety and product information:

1. The name, address, license number, telephone number of the cannabis cultivator, and cannabis manufacturer that produced the cannabis item, as applicable;
2. Net weight and quantity of the **unusable cannabis or** cannabis items contained in the package;
3. Production or harvest date;
4. Expiration date, consistent with the requirements at N.J.A.C. 17:30-11.8;
5. A sequential serial number, batch or lot number, and bar code to identify the batch or lot associated with cultivation or manufacturing;
6. A list of any other inactive or excipient ingredients besides **unusable or** usable cannabis or cannabis concentrate used to manufacture a cannabis product or contained within the package;
7. A list of all potential allergens contained within the cannabis product;
8. Whether the cannabis item requires refrigeration;
9. **For a finished cannabis item,** [Serving] **serving** size and the total number of servings contained [in the finished cannabis item] and the cannabinoid and terpene profile, in milligrams [and/or] **and** as a percentage, of the cannabis item and of a single serving size.

- i. For example: “The serving size of active THC in this product is X mg. This product contains X servings of cannabis, and the total amount of active THC in this product is X mg.”[;].
- ii. **The cannabinoid profile shall reflect for the consumer the total THC, total CBD, and total CBG in the finished cannabis item:**

(1) Total THC = (THCA * 0.877) + delta-9-THC;

(2) Total CBD = (CBDA * 0.877) + CBD; and

(3) Total CBG = (CBGA * 0.877) + CBG;

10. The strain/cultivar name, listed by scientific terms, if available, and generic or “slang” names;

11. For **unusable or** usable cannabis, the chemotype, growth method, an indication whether the cannabis was grown using all-organic materials, and a list of any allowable pesticides, fungicides, and herbicides used in cultivation pursuant to N.J.A.C. 17:30-10.9.

- i. Chemotypes shall be displayed as:

(1) “High THC, Low CBD,” where the THC to CBD ratio is greater than 5:1 and the total THC percentage is 15 percent or greater;

(2) “Moderate THC, Moderate CBD,” where the THC to CBD ratio is between 5:1 and 1:5 and the total THC percentage is between five percent and 15 percent;

(3) “Low THC, High CBD,” where the THC to CBD ratio is less than 1:5 and the total THC percentage is less than or equal to five percent; or

(4) Where **unusable or** usable cannabis does not conform to one of the three chemotypes, it shall be listed as the closest chemotype determined by mathematical analysis of the ratio of THC to CBD.

ii. Growth methods include, but are not limited to:

- (1) Indoor;
- (2) Outdoor;
- (3) Soil-grown;
- (4) Hydroponic; or
- (5) Aquaponic;

12. A summary of the written report detailing the results of the testing laboratory testing, including, but not limited to:

- i. Potency of all major cannabinoids detected and listed in the written report; and
- ii. A list of major terpenoids detected and listed in the written report;

13. Directions for inhalable, ingestible, or topical administration, as applicable; and

14. Requirements for proper storage.

(c) Labels affixed to cannabis items shall contain the following consumer warnings, as applicable, in no less than six-point font, unless otherwise noted:

1. For all **finished** cannabis items:

- i. "This product contains cannabis";
- ii. "This product is intended for use by adults 21 years of age or older and not for resale. Keep out of the reach of children";

- iii. “There may be health risks associated with the consumption of this product, including for women who are pregnant, breastfeeding, or planning on becoming pregnant”;
 - iv. “Do not drive a motor vehicle or operate heavy machinery while using this product”; and
 - v. The nationwide toll-free telephone number used to access poison control centers that is maintained in accordance with 42 U.S.C. § 300d-71;
2. For any cannabis item that contains a total THC percentage greater than 40 percent:
- i. “This is a high potency product and may increase your risk for psychosis” printed in no less than 10-point font.
- [(1) This warning shall appear complete on the front of the package and shall not be wrapped around multiple sides of the package;]
3. For ingestible products:
- i. “The intoxicating effects of this product may be delayed by two or more hours” printed in no less than 10-point font.
- [(1) This warning shall appear complete on the front of the package and shall not be wrapped around multiple sides of the package;]
4. For an electronic smoking device: “This device has not been evaluated or approved by the Food and Drug Administration.”; and

5. A label containing any statements about the product other than those specified in this chapter shall contain the following statement prominently displayed, and in boldface type: "This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease."

(d) The cannabis business shall submit the label and any required form to the Commission for recordkeeping.

1. The Commission shall provide a copy of the label to authorized employees of State agencies or local law enforcement agencies, as necessary for these agencies to perform their official duties.

17:30-[13.4]**16.4** Tax stamp and tracking

(a) Every cannabis item shall contain a unique stamp or tag, as prescribed by the Commission, that, at a minimum:

1. Verifies the cannabis item was cultivated, manufactured, and sold by licensed cannabis businesses.
 - i. The Commission shall utilize the unique stamp or tag to provide the license numbers where the cannabis item was cultivated, manufactured, and sold to consumers who purchase cannabis items;
2. Tracks the batch(es) and lot(s) with which the cannabis item is associated; and
3. Allows the Commission to track compliance with sales tax, municipal transfer tax, and social equity excise fees.

- (b) Cannabis businesses shall be responsible for paying any fees, as determined by the Commission, for the unique stamp or tag required by this subchapter.
- (c) Until such time as the Commission designates a tax stamp pursuant to this subchapter, the Commission shall authorize cannabis items to be sold without tax stamps.

17:30-[13.5]**16.5** Cannabis item packaging and labeling; prohibitions

- (a) The packaging and labeling of cannabis items shall not contain any:
 - 1. Statement, illustration, or image that includes false, deceptive, or misleading statements or promotes over-consumption;
 - 2. Resemblance to a trademarked, characteristic, or product-specialized packaging of any commercially available candy, snack, baked good, or beverage;
 - 3. Statement, artwork, or design that could reasonably mislead any person to believe that the cannabis item or package contains anything other than cannabis items;
 - 4. Seal, flag, crest, coat of arms, or other insignia that could reasonably mislead any person to believe that the cannabis items or package have been endorsed, manufactured, or used by any state, county, or municipality, or any agency thereof;
 - 5. Statement, illustration, or image that depicts a child or other person under legal age consuming cannabis items; or

6. Statement, illustration, image, cartoon, color scheme, graphic, or feature that might make the cannabis item or package attractive to children.
 - i. Examples of images or graphics that are prohibited include, but are not limited to, toys, games, candy, beverages, food products, characters, cartoon characters suggesting the presence of a person under the legal age to purchase cannabis items, or any other depiction designed in any manner to be especially appealing to persons under the legal age to purchase cannabis items.

17:30-[13.6]**16.6** Cannabis item packaging and labeling; universal symbol

(a) Pursuant to N.J.S.A. 24:6I-35, the Commission [shall] **established** a universal symbol indicating clearly to consumers and members of the public that any package of cannabis items contains cannabis.

1. Such symbol[, once established,] shall be imprinted on all packages of cannabis items in a form and manner prescribed by the Commission.

- 2. Downloadable versions of such symbols and guidelines for how the symbols are to appear shall be located on the New Jersey Universal Symbol For Adult Use Cannabis document on the Commission's website, <https://www.nj.gov/cannabis>.**

SUBCHAPTER [14.] **17. ADVERTISING**

17:30-[14.1]**17.1 Purpose**

(a) This subchapter establishes the requirements for the advertising of cannabis products and cannabis paraphernalia to ensure no advertisement is made in a manner that is appealing to minors or promotes excessive use or illegal activity, or that otherwise presents a significant risk to public health and safety.

(b) The Commission may take enforcement action and punitive action pursuant to N.J.A.C. 17:30-[17.5]**20.5** against a license holder that fails to comply with N.J.S.A. 24:6I-34.b(b)(6) and 35.a(9) and this subchapter, which may include, but is not limited to, specifying a reasonable time period by which the license holder shall cease the non-compliant advertising and remove any advertising still being published or displayed.

17:30-[14.2]**17.2 General advertising requirements and prohibitions**

(a) A licensed cannabis business may provide information to the public through advertising, except that no person shall engage in advertisement of a cannabis business, cannabis products, or cannabis paraphernalia, unless such person has reliable evidence that at least 71.6 percent of the audience for the advertisement is reasonably expected to be 21 years of age or older.

(b) Any advertisement of any cannabis product, or cannabis paraphernalia shall contain the following warning: "This product contains cannabis. For use only by adults 21 years of age or older. Keep out of the reach of children. There may be health risks associated with the consumption of this product, including for women who are

pregnant, breastfeeding, or planning on becoming pregnant. Do not drive a motor vehicle or operate heavy machinery while using this product.”

(c) Any advertisement by any licensed cannabis business shall disclose that the facility is licensed by the State of New Jersey.

(d) No person shall advertise any cannabis business, cannabis product, or cannabis paraphernalia:

1. In a manner that would target, or is designed to appeal to, individuals under the legal age to purchase cannabis products, including, but not limited to:

- i. A depiction of a person under 21 years of age consuming cannabis items; or
 - ii. Inclusion of objects, such as toys, characters, or cartoon characters suggesting the presence of a person under 21 years of age, or any other depiction designed in any manner to be especially appealing to a person under 21 years of age;

2. On television, **streaming services**, or on, radio between the hours of 6:00 A.M. and 10:00 P.M.[:]

- i. Advertising online is allowed with no hour restrictions;**

3. In any form or through any medium whatsoever within 200 feet of any elementary or secondary school grounds.

- i. This paragraph shall not apply to advertisements within the premises of a cannabis retailer;

4. Directed towards location-based devices, including, but not limited to, cellular phones or augmented reality devices, unless the advertising is a mobile device application installed on the device by the owner of the device who is at least 21

years of age, and it includes a permanent and easy opt-out feature and warnings that the use of cannabis items is restricted to persons 21 years of age or older;

5. At or in connection with a charitable, sports, musical, artistic, cultural, social, or other similar event or sponsor such an event, unless the advertiser or sponsor has reliable evidence that no more than 20 percent of the audience at the event is reasonably expected to be under the legal age to purchase cannabis items;
6. On a billboard [outside of] **that is not on** the real property where a cannabis business is located;
7. On a sign or placard in an arena, stadium, shopping mall, fair that receives State allocations, or video game arcade, unless such a site is an adult-only facility that prohibits persons under 21 years of age from entering;
8. In a manner that falsely disparages the products of another cannabis business;
9. In a manner that suggests that cannabis items are safe solely based on the fact that they are regulated by the Commission or have been tested by a licensed testing laboratory;
10. In a manner that promotes rapid consumption or overconsumption of cannabis; and
11. By way of any statement or illustration that is deceptive, false, or misleading. For the purposes of this section, a statement or illustration that is “deceptive, false, or misleading” includes, but is not limited to:
 - i. A representation that one brand or form of cannabis is better, more effective, or safer than other drugs or treatments, including other brands or forms of

cannabis, unless such a claim has been demonstrated by substantial scientific or clinical evidence consisting of two or more adequate and well-controlled studies on the basis of which it could fairly and reasonably be concluded by experts qualified by scientific training and experience to evaluate the effectiveness of the product involved that the product will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the labeling or proposed labeling thereof. Substantial evidence shall include such adequate and well-controlled studies that are, as a matter of sound scientific judgment, necessary to establish that a product will have its intended effect;

- ii. The use of a quote or a paraphrase out of context or without citing conflicting information from the same source, to convey a false or misleading idea; or
- iii. The use of favorable information or conclusions from a study that is plainly inadequate in design, scope, or conduct to furnish significant support for such information or conclusions.

(e) No cannabis business shall:

1. Display, on the exterior of the establishment, any advertisement for cannabis or a certain brand of cannabis product, except that a cannabis business may have external signage for purposes of identifying the building by the licensed name.
 - i. The signage shall be compliant with local ordinances related to the real property where the cannabis business is located;
2. Use a commercial mascot outside of, or in proximity to, its premises;

3. Display cannabis and cannabis paraphernalia in a manner that is clearly visible to a person from the exterior of a cannabis business;
 4. Advertise the price of cannabis products, except that:
 - i. A cannabis business may make available a catalogue or a printed list of the prices and strains or cultivars of cannabis items at the cannabis business to other cannabis businesses or consumers, as applicable; and
 - ii. A cannabis business may list its prices on its website; or
 5. Produce any items for sale or promotional gifts, such as T-shirts or novelty items, bearing a symbol or references to cannabis.
 - i. This prohibition shall not pertain to cannabis paraphernalia sold to consumers.
- (f) A cannabis business that advertises shall keep records as reliable evidence that the advertisement meets the requirements of this subchapter, which shall be available, upon request, to the Commission.
1. Such records shall include a precise description of the audience that is reasonably expected for an advertisement, and a list of all publications and venues in which an advertisement was published.

SUBCHAPTER [15.] **18. LICENSING OF TESTING LABORATORIES**

17:30-[15.1]**18.1** Notice of testing laboratory application licensing

- (a) Pursuant to section 25 of P.L. 2019, c. 153 (N.J.S.A. 24:6I-18), the Commission shall license testing laboratories that perform testing services.

(b) The Commission shall announce a date upon which it will begin accepting applications from entities seeking to apply for a license to operate a testing laboratory, along with the criteria for such applications.

17:30-[15.2]18.2 Testing laboratory application; approval; denial; issuance of license

(c) To apply for a testing laboratory license, an applicant for such license shall access an application form from the Commission's website at <https://www.nj.gov/cannabis> and shall submit the completed application online.

1. Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-18 and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

(d) The applicant shall include in the application, the following:

1. The legal name of the license applicant applying for a license, a copy of the entity's organizational documents and bylaws, evidence that the business entity is in good standing with the New Jersey Department of the Treasury, and a certificate, certified under the seal of the New Jersey State Treasurer, as to the legal status of the business entity;
2. Documentation of a valid Business Registration Certificate on file with the New Jersey Department of the Treasury, Division of Revenue and Enterprise Services;
3. The mailing and physical addresses of the proposed testing laboratory facility;
4. A list of the names, addresses, and dates of birth of the testing laboratory applicant's owners, principals, and employees, and disclosure of any affiliation with

any ATC or cannabis business, or any previous ownership of or employment with any ATC or cannabis business by any of the individuals;

5. A list of all individuals or business entities having direct or indirect authority over the management or standard operating procedures of the testing laboratory applicant;
6. A sworn statement from each of the testing laboratory applicant's owners, principals, and employees attesting that none of them currently hold any ownership or any employment with any ATC or ATC applicant, or cannabis business or cannabis business applicant;
7. Written consent from each owner, principal, or employee of the testing laboratory applicant to being fingerprinted for the purposes of undergoing a criminal history record background check pursuant to N.J.A.C. 17:30-7.12.
 - i. A testing laboratory applicant with an owner, principal, or employee who refuses to consent to, or cooperate in, the securing of a criminal history record background check shall not be considered for a cannabis testing laboratory license, except that no criminal history record background check shall be required for an owner, principal, or employee of the testing laboratory applicant who completed a criminal history record background check as a condition of current and active professional licensure or certification, provided it was completed in the previous three calendar years;
8. Evidence of ISO 17025 certification from an accreditation body that requires conformance by the testing laboratory to the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)

general requirements for the competence of testing and calibration laboratories (ISO/IEC 17025 standards), as they may be updated or revised, in order to ensure equipment is routinely inspected, calibrated, and maintained;

9. A list of all accreditations, registrations, and certifications held by the testing laboratory applicant, including, but not limited to, from governing bodies, such as the Commission, the New Jersey Department of Health, the New Jersey Department of Environmental Protection, the New Jersey Department of Agriculture, other similar agencies in other states, the U.S. Food and Drug Administration, or the U.S. Department of Agriculture;
10. Evidence of experience related to the testing activities associated with the license sought and ability to comply with the requirements of this chapter and the Act;
11. Certification from each of the testing laboratory applicant's owners, principals, and employees stating that they submit to the jurisdiction of the courts of the State of New Jersey and agree to comply with all the requirements of the laws of the State of New Jersey pertaining to the Commission;
12. An attestation signed by a bona fide labor organization stating that the testing laboratory applicant has entered into a labor peace agreement with such bona fide labor organization; and
13. Any other information the Commission deems relevant in determining whether to grant a license to the applicant.

(c) The applicant may include in the application a sworn statement from each owner, principal, or employee of the testing laboratory applicant attesting that the individual has not been convicted of any disqualifying conviction pursuant to N.J.A.C. 17:30-7.12.

(d) The Commission may verify information contained in each application and accompanying documentation by:

1. Contacting the applicant by telephone, mail, or electronic mail;
2. Conducting an on-site visit;
3. Requiring a face-to-face meeting and the production of additional identification materials if proof of identity is uncertain; and
4. Requiring additional information as the Commission deems reasonably necessary to determine whether a license should be granted.

(e) The Commission shall approve a testing laboratory licensing applicant that:

1. Submits a sufficient application pursuant to (b) above, that provides all requested information and presents only truthful information;
2. Is qualified for a testing laboratory license pursuant to N.J.A.C. 17:30-[15.3]**18.3**; and
3. Submits a testing laboratory license application fee in accordance with N.J.A.C. 17:30-7.17.

(f) The Commission shall issue a written notice of its award decision to applicants.

(g) After the license applicant has completed any necessary construction or preparation of the testing laboratory, the license applicant shall request an onsite assessment.

(h) The Commission shall conduct an onsite assessment of the testing laboratory and determine whether its premises, operations, and procedures are consistent with its application, and compliant with the Act and this chapter.

(i) If the Commission determines compliance, it shall issue the testing laboratory license to the license applicant.

(j) A license application the Commission deems incomplete because of failure to address all applicable criteria and measures, to provide requested information, or to present truthful information in the application process shall be disqualified prior to a substantive review of the submission, and such disqualification shall be considered a final agency decision subject to judicial review pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

(k) The Commission shall grant a license applicant the opportunity to cure the deficiencies in a license application and resubmit it.

(l) The Commission shall provide notice to a denied license applicant in writing that:

1. Notice of the denial of the annual license and the specific reason for the denial;
2. The filing fee shall be nonrefundable; and
3. The opportunity to request an administrative hearing with the Commission.

(m) An administrative hearing pursuant to (l) above shall take place in the Office of Administrative Law in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1.

(n) The final denial of an application shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

17:30-[15.3]**18.3** Testing laboratory license qualification

(f) A license applicant shall provide the Commission with a complete disclosure that includes all true parties of interest.

1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions.

(g) The Commission shall determine that a license applicant or license holder is qualified to hold a testing laboratory license where:

1. Each owner, principal, employee, or volunteer of a testing laboratory license applicant or license holder has submitted a criminal history background check pursuant to N.J.A.C. 17:30-7.12 or is excused from doing so pursuant to N.J.A.C. 17:30-[15.2(b)7i]**18.2(b)7i**;
2. No owner, principal, employee, or volunteer of a testing laboratory license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
3. Each owner and principal of the testing laboratory license applicant or license holder is eligible to be an owner or principal, respectively, of the license applicant or license holder in accordance with N.J.A.C. 17:30-6.8;
4. For each person requesting a determination of qualification as part of a license applicant or license holder, the license applicant or license holder has paid a background investigation fee pursuant to N.J.A.C. 17:30-7.17; and
5. The license applicant and its owners and principals do not:
 - i. Create a danger to the public health, safety, and general welfare of the State;
 - ii. Distribute marijuana to minors;
 - iii. Share revenue with a gang or cartel;
 - iv. Divert marijuana from personal use or cannabis states to other states;

- v. Engage in trafficking of controlled substances or other illegal activity; or
- vi. Engage in violence or the use of firearms as part of testing laboratory operations.

(h) The Commission shall determine that a license applicant or license holder is not qualified to hold a license where the license applicant or license holder:

1. Does not meet the requirements at (b) above;
2. Fails to provide information, documentation, and assurances as required at P.L. 2021, c. 16 (N.J.S.A. 24:6I-31 et seq.), or this subchapter or as requested by the Commission, including failure to provide a required criminal history record background check or to cooperate with the Commission in its investigation;
3. Fails to reveal any material fact pertaining to qualification; or
4. Supplies information that is untrue or misleading as to a material fact pertaining to the qualification criteria for a testing license.

(i) If a person is determined to be disqualified, such disqualification shall be considered a final agency action subject to judicial review pursuant to N.J.A.C. 17:30-[17.9]**20.10**, and the Commission shall provide the determination to the person in writing, which shall include:

1. Notice of the determination of disqualification, including when disqualification is due to a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) or the determination of the absence of sufficient evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);

2. The specific reason for the disqualification, including any conviction that constitutes the basis for the disqualification pursuant to N.J.A.C. 17:30-7.12(d); and
3. Information about appeal rights pursuant to N.J.A.C. 17:30-[17.9]**20.10**.

17:30-[15.4]**18.4** License term; license renewal

(a) A license shall be in effect for a period of one year and shall be renewable annually thereafter.

(b) Ninety days prior to the expiration of a testing laboratory license, a testing laboratory that seeks to renew the license shall submit to the Commission an application for renewal of the license with all required documentation and the required fees pursuant to N.J.A.C.

17:30-[15.2]**18.2**.

1. A testing laboratory shall update and ensure the correctness of all information submitted in previous applications for a license or otherwise on file with the Commission.
2. A testing laboratory shall submit a copy of the most recent assessment from the accreditation body as required at N.J.A.C. 17:30-[15.5(e)]**18.5(e)**.
3. Failure to provide correct and current up-to-date information is grounds for denial of application for renewal of the license.

(c) The license period for a testing laboratory shall be from January 1st (or the date of approval of the application, if later) through December 31st of a given year.

(d) An applicant for renewal of a testing laboratory license shall submit a fee of \$4,000 in a check payable to the "Treasurer, State of New Jersey."

(e) The Commission shall renew the license of a testing laboratory that meets the requirements of this subchapter; the Commission shall deny the application for renewal of the license if the Commission determines that the facility is in violation of the Act or this chapter.

17:30-[15.5]**18.5** Testing laboratory inspection; authorized conduct; ongoing material conditions

(a) No person shall operate a testing laboratory pursuant to this subchapter without a Commission-issued license.

(b) A licensed testing laboratory is subject to inspection by the Commission:

1. To determine the condition and calibration of any equipment used for testing purposes; and
2. To ensure that testing is being performed in accordance with N.J.S.A. 24:6I-19 and 35 and the Commission's accreditation requirements for licensure pursuant to this subchapter.

(c) A testing laboratory license shall permit a testing laboratory to sample and test cannabis items in accordance with the Act and this chapter, as well as sample and test medical cannabis and medical cannabis products in accordance with the provisions of the Jake Honig Compassionate Use Medical Cannabis Act, P.L. 2009, c. 307 (N.J.S.A. 24:6I-1 et seq.), upon certification or licensing pursuant to N.J.S.A. 24:6I-18.

(d) The testing laboratory shall display the license in a conspicuous location at the front entrance to the premises of the licensed facility at all times when the facility is engaged in conduct authorized pursuant to N.J.S.A. 24:6I-1 et seq., involving cannabis.

(e) A licensed testing laboratory shall maintain third-party accreditation from an accreditation body that requires conformance to the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) general requirements for the competence of testing and calibration laboratories (ISO/IEC 17025 standards).

1. A licensed testing laboratory shall routinely inspect, calibrate, and maintain its equipment as required by such accreditation body; and
2. A licensed testing laboratory shall adopt a standard operating procedure to test cannabis and cannabis products that is approved by such accreditation body.

(f) A licensed testing laboratory must notify the Commission about any change to the list of accreditations and certifications submitted in the testing laboratory application, including, but not limited to, those from governing bodies, such as the Commission, the New Jersey Department of Health, the New Jersey Department of Environmental Protection, the New Jersey Department of Agriculture, other similar agencies in other states, the U.S. Food and Drug Administration, or the U.S. Department of Agriculture.

(g) A licensed testing laboratory shall adopt a standard operating procedure that provides for adequate chain of custody controls for samples transferred to the testing laboratory during secure transport and testing.

(h) To maintain the security of the cannabis and cannabis product samples, a licensed testing laboratory shall:

1. Provide additional security during working hours, as needed, to protect testing laboratory employees and cannabis and cannabis product samples in a manner appropriate for the community where it operates;

2. Provide training to inform all testing laboratory employees about the cannabis-related security procedures, and each individual employee's security roles and responsibilities;
3. Securely store cannabis and cannabis products in a manner that prohibits sample degradation, contamination, and tampering; and
4. Create controlled access areas for storage of cannabis and cannabis product samples and cannabis waste.
 - i. Access to controlled access areas must be limited to testing laboratory personnel by locks, electronic badge readers, biometric identifiers, or other secure means; and
 - ii. A testing laboratory standard operating procedure must revoke access privileges to controlled access areas for personnel whose employment is terminated by the testing laboratory.

(i) As an ongoing material condition of maintaining a testing laboratory license, a testing laboratory must maintain a labor peace agreement with a bona fide labor organization.

(j) A licensed testing laboratory may perform testing on goods unrelated to cannabis, as long as:

1. The licensed testing laboratory complies with all testing laboratory requirements in this chapter.
2. The licensed testing laboratory segregates cannabis and cannabis product testing from other non-cannabis-related testing performed at the facility, stores cannabis and cannabis products separately and distinctly from other non-cannabis goods[.]

and follows all the security requirements at (h) above in the areas where cannabis or cannabis products are present.

(k) A licensed testing laboratory shall conduct an internal audit at least once per year or in accordance with the accrediting body's requirement, whichever is more frequent.

1. The internal audit must include all of the components required by the ISO/IEC 17025 internal audit standards.
2. Within three business days of completing the internal audit, the testing laboratory shall submit the results of the internal audit to the Commission.

(l) A licensed testing laboratory shall not acquire or receive personal use usable cannabis or cannabis products, except from a cannabis business in accordance with this chapter, and shall not distribute, sell, or dispense cannabis or cannabis products, except that [a]:

1. A testing laboratory may receive and test samples of usable cannabis or cannabis products from a consumer and provide a written report to the consumer for a reasonable fee.

[1.] i. A testing laboratory may not certify samples from a consumer for resale or transfer to another person, ATC, or cannabis business[.]; and

2. **A testing laboratory may receive samples of usable cannabis or cannabis products from a cannabis business and may provide additional optional research and development testing before the finished product quality control testing required pursuant to this chapter.**

SUBCHAPTER [16.] **19. PERSONAL USE USABLE CANNABIS AND CANNABIS PRODUCT TESTING PROCEDURES**

17:30-[16.1]**19.1** Commission quality control testing; sample collection; chain of custody

(a) To ensure the safety of consumers, a cannabis business shall provide upon request of the Commission one or more samples of usable cannabis or cannabis product to the Commission during announced and unannounced inspections for product quality control, including, but not limited to:

1. A sample from a batch of usable cannabis from the first harvest of a new cultivar;
and
2. A unit or units of packaged usable cannabis or cannabis product available for distribution to consumers.

(b) To implement the requirements at (a) above, the Commission shall:

1. Collect soil and plant samples and samples of usable cannabis or cannabis product from the cannabis business, as applicable;
2. Place the license number of the cannabis business on each sample container;
3. Label the sample containers with the date of the sampling, the name of the cultivar/strain, and the quantity of its contents by weight;
4. Seal the sample containers;
5. Have a member of the cannabis business staff and Commission staff initial each sample container; and
6. Have Commission staff transport all sample containers in a lockable box to the New Jersey Department of Health's Public Health and Environmental Laboratories (PHEL) or a licensed testing laboratory for testing.

(c) The Commission shall maintain documentation of the chain of custody of any sample taken in accordance with this chapter.

1. The Commission shall provide a receipt for any collected sample to the license holder representative of the cannabis business.
2. The Commission shall maintain an accounting of all collected sample containers for control purposes, including the Medicinal Marijuana Testing Laboratories Specimen Submittal form, incorporated herein by reference, as amended or supplemented, and found on its website at <https://www.nj.gov/health/phel/documents/ECLS/CTL-1.pdf>.

(d) The Commission shall use PHEL or a licensed testing laboratory to test samples.

1. Sample testing may include tests for, among other things, cannabinoid content, the presence of pests, mold and mycotoxins, mildew, heavy metals, and pesticides to ensure the accuracy of labeling.
2. PHEL shall conduct testing according to the following “Laboratory SOPs for Medicinal Marijuana,” which are incorporated herein by reference, as amended or supplemented, and found on its website at <https://www.nj.gov/health/phel/env-testing/chemical-terrorism-lab/>:
 - i. Standard Operation Procedure for Qualitative and Quantitative Determination of Major Cannabinoids in Cannabis Plant Material;
 - ii. Standard Operating Procedure for the Screening of Marijuana for Toxic Metals by Inductively Coupled Plasma Mass Spectrometry; and
 - iii. Assessing Presence of Aflatoxins and Ochratoxin A in Medical Marijuana Using HPLC.

3. The Department shall issue written reports of the results of its testing to the cannabis business.

4. The cannabis business shall pay the expenses for the testing.

(e) The first harvest of a new cultivar shall be segregated until the cannabis business receives the written report that the sample meets specifications, and the batch may be released for distribution.

(f) A written report that the sample does not meet specifications shall yield further testing by PHEL or a testing laboratory of that batch or lot and other batches from the same growth area or lots from the same manufacturing area and may yield a recall and destruction of the usable cannabis or cannabis products, as determined by the Commission.

17:30-[16.2]**19.2** Testing of every batch and lot

(a) In addition to testing of usable cannabis and cannabis products by the Commission in accordance with N.J.A.C. 17:30-[16.1]**19.1**, each batch of usable cannabis and each lot of cannabis products manufactured shall be tested in accordance with the requirements [of] **at** N.J.S.A. 24:6I-35 and this subchapter by a testing laboratory licensed pursuant to N.J.S.A. 24:6I-18 and N.J.A.C. 17:30-[15]**18**.

(b) Before any usable cannabis or cannabis product is packaged and prepared for distribution pursuant to N.J.A.C. 17:30-[13.2]**16.2**, they shall be sampled and tested by a licensed testing laboratory and then the cannabis business shall hold them in secure, segregated storage.

1. After the cannabis business receives a written report from a licensed testing laboratory confirming the representative sample meets specifications, the cannabis business may release the usable cannabis or cannabis products for distribution.

(c) The testing laboratory may charge a reasonable fee for any test performed pursuant to this subchapter, which the cannabis business or consumer of cannabis, as applicable, shall pay.

17:30-[16.3]19.3 Testing laboratory sample collection; chain of custody

(a) Upon request of a cannabis business when a batch or lot is ready for testing, a testing laboratory employee shall initiate a sample collection for all applicable tests before packaging:

1. After usable cannabis is in its final usable form, **including placement of usable cannabis in a pre-roll**, ready to be manufactured into a cannabis product, or ready to be distributed for personal use; or
2. After a cannabis product is in its final processed form, including placement of vaporized formulation in its electronic smoking device or oil in its pressurized metered dose inhaler, or ready to be distributed for personal use.

(b) A testing laboratory employee shall collect a representative initial sample and a representative retention sample from each batch of usable cannabis from a cannabis business that cultivates and from each lot of cannabis products from a cannabis business that manufactures according to a statistically valid sampling method.

1. A cannabis business employee shall be physically present to observe the testing laboratory employee collect any sample.
2. The cannabis business employee shall not touch the usable cannabis, cannabis product, or the sampling equipment while the testing laboratory employee is collecting the samples.
3. The testing laboratory employee shall collect a representative initial sample and a representative retention sample of each batch or lot by removing increment samples of material or units from throughout the container(s) in the batch or lot in the manner required at (b)3i and ii below.
 - i. Where appropriate for the purpose of the sample and the nature of the material being sampled, sample portions are removed from the top, middle, and bottom of containers.
 - ii. Containers from which samples have been taken shall be marked to indicate that samples have been removed from them.
4. A representative initial sample of usable cannabis shall be .5 percent of a batch or lot, with the following increment sample amounts:
 - i. [**<**] **Less than or equal to 10 [lbs.] pounds** of usable cannabis, five increment samples;
 - ii. 10.1-20 [lbs.] **pounds** of usable cannabis, 10 increment samples;
 - iii. 20.1-30 [lbs.] **pounds** of usable cannabis, 15 increment samples;
 - iv. 30.1-40 [lbs.] **pounds** of usable cannabis, 20 increment samples;
 - v. 40.1-50 [lbs.] **pounds** of usable cannabis, 25 increment samples; and
 - vi. [**>** 50 lbs.] **50.1-100 pounds** of usable cannabis, 30 increment samples.

5. A representative initial sample of non-homogenizable cannabis product shall be:
 - i. [\leq] 50 **or less** total units, two increment units;
 - ii. 51-150 total units, three increment units;
 - iii. 151-500 total units, five increment units;
 - iv. 501-1,200 total units, eight increment units;
 - v. 1,201-3,200 total units, 16 increment units;
 - vi. 3,201-10,000 total units, 40 increment units; and
 - vii. 10,001-35,000 total units, 125 increment units.
 6. A representative retention sample shall be two times the amounts listed for representative initial samples of a batch or lot at (b)4 and 5 above.
 7. When collecting representative samples, the testing laboratory employee shall:
 - i. Clean, open, sample, and reseal the containers in a manner designed to prevent introduction of contaminants; and
 - ii. Use sterile equipment and aseptic sampling techniques when necessary.
- (c) After completing sample collection, the testing laboratory employee shall place the cannabis business license number and affix a label with a description and the quantity of the content on each sample container.
- (d) The testing laboratory employee shall seal each sample container.
- (e) The cannabis business employee and the testing laboratory employee shall initial each sample container.
- (f) The testing laboratory employee shall provide a receipt for the collected samples to the cannabis business employee.

(g) The cannabis business employee shall record the samples removed from a batch or lot in the inventory record for the batch or lot.

(h) The testing laboratory employee shall transfer the representative retention samples to the cannabis business employee, who shall store them pursuant to N.J.A.C. 17:30-[16.5]**19.5.**

(i) The testing laboratory employee shall securely transport any usable cannabis and cannabis product representative initial samples in a secure lockbox.

1. The testing laboratory employee shall not leave cannabis or cannabis products in an unattended transfer vehicle, unless the vehicle is locked and equipped with an active vehicle alarm system.
2. The testing laboratory employee engaged in a transfer of cannabis or cannabis products shall have access to a secure form of communication with the testing laboratory, such as a cellular telephone, at all times that the testing laboratory employee is in possession of cannabis or cannabis products for transfer.
3. The testing laboratory employee shall carry a copy of [his or her] **their** Cannabis Business Identification Card when performing a transfer and shall produce it upon request of Commission staff or law enforcement officials.
4. The transfer vehicle shall be equipped with a secure lockbox in a secured cargo area, which shall be used for the sanitary and secure transport of cannabis or cannabis products.
5. The testing laboratory shall maintain current hired and non-owned automobile liability insurance sufficient to insure all transfer vehicles in the amount of not less than one million dollars per occurrence or accident.

6. The testing laboratory shall ensure that transfer vehicles used to transport cannabis or cannabis products bear no markings that would either identify or indicate that the vehicle is used to transport cannabis.
 7. The testing laboratory shall ensure that transfers are completed in a timely and efficient manner. While performing transfers of cannabis or cannabis products, the testing laboratory employee shall travel only from the premises of the cannabis business to the testing laboratory. The testing laboratory employee shall not deviate from the route described in this paragraph, except in the event of emergency, or as necessary, for rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route or operation of the vehicle unsafe, impossible, or impracticable.
 8. The testing laboratory shall report any vehicle accidents, diversions, losses, or other reportable events that occur during transfer to the Commission within seven days.
- (j) At the testing laboratory, a testing laboratory employee shall record the receipt of the samples, including the following:
1. Name and contact information for the cannabis business or individual who provided the samples;
 2. Description of cannabis or cannabis product;
 3. Batch or lot number;
 4. Unique sample identifier;
 5. Quantity of sample by net and gross weight or volume during sample collection;
 6. Date and time of receipt of sample;

7. Testing laboratory employee who collected the sample;
8. Cannabis business employee who observed sample collection;
9. Testing laboratory employee who received sample; and
10. Quantity of sample by gross weight during sample receipt.

17:30-[16.4]**19.4** Testing laboratory procedures and specifications for testing usable cannabis and cannabis products

(a) The testing laboratory shall test the initial samples of cannabis and cannabis product collected in accordance with N.J.A.C. 17:30-[16.3]**19.3** to confirm whether the samples meet the specifications of this section according to the standard operating procedures of the laboratory that have been approved by the accreditation body pursuant to N.J.A.C.

17:30-[15.5(e)]**18.5(e)**.

1. The testing laboratory shall analyze the samples according to the Cannabis Regulatory Commission's Testing Guidance, available on the Commission website, except when otherwise required by this subchapter and the Cannabis Regulatory Commission's Testing Guidance, the testing laboratory shall analyze the samples according to the most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopeia (AHP).

(b) If the initial sample does not meet the specifications of this section:

1. The testing laboratory shall follow their standard operating procedure to confirm or refute the original results; and
2. The license holder may be permitted an opportunity to remediate pursuant to N.J.S.A. 24:6I-35.a(13)(c), upon notice to the Commission, the batch or lot from

which the failed sample was taken, which batch or lot shall be subject to a subsequent test of a new representative sample.

(c) The testing laboratory shall retain the remains of the initial sample for 45 days after analysis is completed. At such time, the testing laboratory shall destroy or render [unusable] **unrecoverable and unrecognizable** the remains of the initial sample.

17:30-[16.5]19.5 Retention samples and stability testing

(a) A cannabis business shall properly store the retention sample from each batch or lot released for distribution for personal use:

1. [Using] **By using** the same container in which the usable cannabis or cannabis product is distributed;
2. Under conditions consistent with the storage conditions recommended on the product label or, if no storage conditions are recommended on the label, under ordinary storage conditions; and
3. Undisturbed at the designated storage temperature for the appropriate time interval.

(b) At six months and 12 months after the release of the batch or lot, the cannabis business shall provide the testing laboratory with a portion of the retention sample for stability testing.

(c) The testing laboratory shall perform stability testing of the retention sample of usable cannabis and cannabis products for the cannabinoid content pursuant to subsections (c) and (d) of the Cannabis Regulatory Commission's Testing Guidance to:

1. Ensure product potency and purity; and

2. Support or debunk the listed expiration date of the batch or lot.

(d) If the stability testing debunks the listed expiration date of the batch or lot, the cannabis business shall amend its standard operating procedure on choosing an expiration date for a batch or lot and base its amended standard operating procedure on the results of stability testing.

(e) The testing laboratory shall perform stability testing of the retention sample of usable cannabis and cannabis products for:

1. Microbial contamination, pursuant to subsection (f) of the Cannabis Regulatory Commission's Testing Guidance; and
2. Water activity, pursuant to subsection (h) of the Cannabis Regulatory Commission's Testing Guidance.

(f) The testing laboratory shall perform stability testing of the retention sample of vaporized formulation in an electronic smoking device for heavy metals, pursuant to subsection (k) of the Cannabis Regulatory Commission's Testing Guidance.

(g) The cannabis business shall report the findings of the stability testing to the Commission, to ensure that usable cannabis and cannabis product purity and potency are maintained throughout the storage process without the stored products falling out of specification.

(h) If the sample falls out of specification, the cannabis business shall amend its standard operating procedure for packaging and storage and base its amended standard operating procedure on the results of the stability testing.

(i) In the case of an adverse event reported to the cannabis business or the Commission related to cannabis or cannabis products from the batch or lot pursuant to N.J.A.C. 17:30-

9.16, the cannabis business shall provide the testing laboratory with a portion of the retention sample for confirmatory testing by the testing laboratory.

(j) A cannabis business shall destroy the remains of the retention sample, if any, rendering it [unusable] **unrecoverable and unrecognizable**, six months after the expiration of the batch or lot.

17:30-[16.6]**19.6** Written reports

(a) The testing laboratory performing any testing pursuant to this subchapter shall produce a written report detailing the results of all testing for each representative sample and provide it to the cannabis business, or consumer, as applicable, as well as the Commission.

(b) The written report must include:

1. The name, address, license number, and contact information of the testing laboratory;
2. The name, address, and license number of the cannabis business;
3. The representative sample's batch or lot number;
4. The unique sample identifier number;
5. The form of the product;
6. The history of the representative sample, including the date collected, the date received by the testing laboratory, the analytical methods used for **the** test, and the date(s) of sample analyses and corresponding testing results;

7. For cannabis, the weight of the representative sample and the total weight of the batch; for cannabis products, the total unit count and weight of the representative sample and the total number of units and weight of the lot;
8. The analytical methods and instrumentation used for each test;
9. The concentrations of the cannabinoids and terpenes listed at subsections (c) and (d) of the Cannabis Regulatory Commission's Testing Guidance; and
10. The level of the contaminants listed at subsections (a)[,] **and** (e)[, (f), (g), (h), (i), (j), and] **through** (k) of the Cannabis Regulatory Commission's Testing Guidance and whether that level meets specifications and should be marked "pass," or whether that level exceeds the levels provided and should be marked "fail."

(c) A supervisor at the testing laboratory shall validate the accuracy of the information contained in the written report and sign and date the written report.

(d) The cannabis business must provide the written report to any other cannabis business receiving the usable cannabis or cannabis product. The cannabis retailer selling the usable cannabis or cannabis product to a consumer must include a summary of the written report.

17:30-[16.7]19.7 Testing laboratory recordkeeping

(a) The testing laboratory shall maintain documentation of the chain of custody of samples taken.

(b) The testing laboratory shall maintain a copy of all receipts for the collected samples and written reports provided to cannabis businesses and consumers.

(c) The testing laboratory shall maintain an accounting of all collected samples for control purposes for at least five years. This shall include:

1. Name of the cannabis business or individual who requested the testing;
2. Date of the order and date of the testing;
3. Form of product and strain, if applicable;
4. Weight of sample;
5. All written reports;
6. Further correspondence with the cannabis business, qualifying patient, or primary caregiver regarding the results of the analysis;
7. All records of destruction of the sample; and
8. The price charged to the cannabis business or individual who requested the testing for the testing services provided.

(d) The testing laboratory shall maintain records of inspection, calibration, and maintenance of all equipment. These records shall include:

1. The date of the inspection, calibration, or maintenance;
2. The person who performed the inspection, calibration, or maintenance;
3. The standard operating procedure used for the inspection, calibration, or maintenance;
4. Any deviations from the standard operating procedure;
5. If the inspection, calibration, or maintenance involves a repair:
 - i. How and when the need for the repair was discovered;
 - ii. The nature of the repair;
 - iii. Post-repair certification that the equipment is in proper working order; and

- iv. Any corrective action made to standard operation procedures in response to the repair; and
- 6. The result of the inspection, calibration, or maintenance.

17:30-[16.8]**19.8** Testing laboratory testing requirements transition period

(a) The requirements at N.J.A.C. 17:30-[16.2]**19.2** through [16.7] **19.7** shall take effect at such time as the Commission certifies that a sufficient number of testing laboratories have been licensed pursuant to N.J.S.A. 24:6I-18 or 35 and N.J.A.C. 17:30-[15]**18** to ensure that all personal use usable cannabis and cannabis products can be promptly tested consistent with the requirements of this subchapter without disrupting patient access to medical cannabis.

1. The Commission shall publish in the New Jersey Register a notice of certification that a sufficient number of testing laboratories have been licensed.
2. Once the requirements at N.J.A.C. 17:30-[16.2]**19.2** through [16.7]**19.7** have taken effect, a licensed testing laboratory shall not make operational changes that reduce the prompt testing of medical cannabis and medical cannabis products, thereby disrupting patient access to medical cannabis, in order to test samples of personal use usable cannabis and cannabis products.

SUBCHAPTER [17.] **20.** MONITORING, ENFORCEMENT ACTIONS, AND APPEAL RIGHTS

17:30-[17.1]**20.1** Purpose

(a) This subchapter establishes the procedures for monitoring, inspecting, and assessing premises and records of license holders pursuant to this chapter, and the procedures governing the issuance of notices of violation, the assessment of sanctions or penalties, including civil monetary penalties and the denial, suspension, or revocation of any license issued pursuant to the Act. This subchapter also governs the procedures for the submission and review and grant or denial of any requests for adjudicatory hearings.

(b) The Commission may require license holder compliance with the Act and may make such investigations as it shall deem proper in the administration of the Act, and any other laws that may hereafter be enacted concerning cannabis.

1. The Commission may appoint auditors, investigators, and other employees that the Commission considers necessary to enforce its powers and perform such duties.

17:30-[17.2]**20.2** Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

"Concurrent violations" means violations that occur within the same 24-hour period. The penalties for concurrent violations shall generally be calculated based on the same level of violation.

“Major license violations” mean violations that affect public health or safety or betray the public trust [that] **and** include, but are not limited to:

1. Selling usable cannabis or cannabis products containing any other Federally controlled substance, including, but not limited to, opioids, stimulants, or hallucinogens;
2. Using prohibited agricultural chemicals that pose a threat to the health of consumers, or the health of individuals employed by a cannabis business if not handled in accordance with the chemical manufacturer’s instructions;
3. Marketing, selling, distributing, selling, or transferring usable cannabis or cannabis products to a person under [the legal] **21 years of** age or not approved by the Commission pursuant to the Act and this chapter;
4. Selling or transporting cannabis items outside New Jersey in violation of Federal law;
5. Destroying, damaging, altering, tampering with, removing, or concealing potential evidence of a violation [under] **pursuant to** this subsection, attempting to do so, or asking or encouraging another person to do so;
6. Submission of fraudulent, false, or misleading information as to a material fact to the Commission, or falsifying any record required to be maintained by the cannabis business;
7. Involving a person in the operation of a cannabis business or testing laboratory who has not been authorized by the Commission to be involved in such operations;
8. Diverting any usable cannabis, cannabis product, or other item subject to regulation by the Commission to the illicit market;

9. Operating a cannabis business or testing laboratory in a manner that adversely affects the public health, safety, or general welfare of **consumers**, the individuals working in the cannabis business or testing laboratory, or the neighborhood surrounding its premises;
10. Having had three or more instances of failing to have on the premises **or at the administrative office**, at all times during the hours of operation and periods of apparent activity, a Cannabis Business Identification Cardholder who is authorized to allow and cooperate with Commission requests to inspect the premises **or administrative office**;
11. [Having had two or more instances of a license holder refusing] **Refusing** to permit the Commission to inspect the premises **or administrative office** during hours of operation or periods of apparent activity; or
12. Other conduct that shows willful or reckless disregard for the health or personal safety of any person.

"Successive violations" means two or more violations of the same duty or responsibility that occur outside of the same 24-hour period. The penalties for successive violations shall generally be calculated based upon the number of violations occurring within a two-year period from the date of disposition of any prior violation(s).

"Violation" means each breach of duty or responsibility imposed by the Act or this chapter.

17:30-[17.3]20.3 Onsite assessment

(a) A cannabis business or testing laboratory shall permit and facilitate scheduled and unscheduled onsite assessments, at any time without notice, by the Commission, or its designee, as a condition of obtaining and maintaining licensure.

1. The cannabis business or testing laboratory shall allow the Commission, or its designee, access to its premises **or administrative office** to conduct the onsite assessment.
2. A refusal to allow entry by the Commission, or its designee, or to cooperate with an onsite assessment is grounds for penalty, including revocation or denial of a license and for a referral of the matter to State law enforcement agencies.
3. The Commission shall not be required to obtain a search warrant to conduct an investigation or search of the cannabis business premises **or administrative office**.

(b) During an onsite assessment, a cannabis business or testing laboratory shall:

1. Demonstrate compliance with the Commission's standards as set forth in this chapter for the conduct of business or the methods for which licensure is sought or granted; and
2. Provide the Commission, or the Commission's designee, immediate and complete access to any material and information, including sales and other financial records.

(c) During any inspection, the Commission may require proof that a person performing work at the cannabis business or testing laboratory premises **or administrative office** is at least 21 years of age.

1. If the person does not provide the Commission with acceptable proof of age upon request, the Commission may require the person to immediately cease any activity and leave the premises until the Commission receives acceptable proof of age.

(d) An onsite assessment may include, but not be limited to:

1. The inspection and examination of the premises **or administrative office**, including any buildings, for the purpose of determining compliance with the Act and this chapter;
2. The review or audit of all documents, records, books, accounts, and papers of the license holder on the cannabis business premises **or administrative office**, and the making and retaining of copies and/or extracts from such documents, records, books, accounts, and papers;
3. The use of any computer system at the cannabis business or testing laboratory to examine electronic data;
4. The reproduction and retention of any document or electronic data in the form of a printout or other output;
5. The examination and collection of samples of any cannabis item found at the cannabis business or testing laboratory;
6. The seizure and detention of any cannabis item or thing believed to contain cannabis found at the cannabis business or testing laboratory, provided that:
 - i. If the Commission makes a seizure, it shall take such measures as are reasonable in the circumstances to give to the owner or other person in charge of the place where the seizure occurs notice of the seizure;

- ii. If the Commission determines that the detention of the substance or thing seized is no longer necessary to ensure compliance with applicable law and the cannabis business or testing laboratory license, the Commission shall notify, in writing, the license holder of that determination and shall return the substance or thing to the license holder, upon the license holder issuing a receipt to the Commission for the return of the substance or thing; and
 - iii. The Commission shall maintain documentation of the chain of custody of seized substances or things, in accordance with N.J.A.C. 17:30-[16.1]**19.1**; and
7. The inspection of a testing laboratory to determine the condition and calibration of any equipment used for testing purposes and to ensure that testing is being performed in accordance with the requirements at N.J.S.A. 24:6I-19 and N.J.A.C. 17:30-[16]**19**.

17:30-[17.4]20.4** Notice of violation; corrective action**

(a) During an onsite assessment, a review of financial records, or other Commission review of the license holder and its operations, if the Commission identifies a violation of the Act or this chapter, the Commission shall provide notice of the violation, including an official written report of the findings and the nature of the violation, to the cannabis business or testing laboratory within seven business days following the onsite assessment or other identification of the violation.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed

premises **or administrative office**, or through other reasonable form of notice, such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

(b) Unless otherwise specified by the Commission, within 20 business days of receipt of the notice of violation pursuant to (a) above, the cannabis business or testing laboratory shall:

1. Correct the violation(s); **and**
2. Notify the Commission, in writing, with a postmark date that is within 20 business days of the date of receipt of the notice of violation, of any corrective actions taken to correct the violations, and the date of implementation of such corrective actions.

(c) The violation identified pursuant to (a) above shall not be deemed corrected until the Commission verifies, in writing, within seven calendar days of receiving notice of corrective action pursuant to (b) above that the corrective action is satisfactory.

(d) If the violation identified pursuant to (a) above has not been corrected in accordance with (b) above, the Commission may, in its discretion, issue a notice of proposed **suspension or** revocation to the license holder and seek to revoke the cannabis business license in accordance with N.J.A.C. 17:30-[17.8]**20.8**.

17:30-[17.5]**20.5** Enforcement action and sanctions for noncompliance

(a) In response to a violation of any provision of the Act or this chapter, the Commission is authorized to take enforcement action or impose sanctions upon a license holder. Sanctions may include, but are not limited to, civil monetary penalties; suspension, revocation, non-renewal, or denial of a license; referral to State or local law enforcement,

pursuant to N.J.A.C. 17:30-[17.6, 17.7]**20.6, 20.7**, and [17.8] **20.8**; or any combination thereof.

1. The Commission shall refer complaints involving alleged criminal activity made against a cannabis business, testing laboratory, or any personnel thereof to the appropriate State or local law enforcement agency.
- (b) The Commission may, in its discretion, impose multiple enforcement actions or sanctions pursuant to the Act and this chapter to be applied concurrently or consecutively.
- (c) No enforcement action against any license shall be made until a five-day notice of enforcement action against the licensee shall have been given by the Commission to the licensee personally, or by certified mail, return receipt requested, and ordinary mail, and reasonable opportunity to be heard thereon afforded to the licensee. The notice shall set forth the specific violations, charges, or reasons for the action.

17:30-[17.6]**20.6** Civil monetary penalties; summary proceedings

- (a) This section sets forth civil monetary penalties for violations of the Act or this chapter and enforcement procedures for imposing and collecting civil monetary penalties by the Commission.
- (b) A monetary penalty imposed by the Commission on a license holder pursuant to this subchapter may not exceed \$500,000 per violation. Penalties [shall] **may** be imposed on a license holder as follows:
 1. Not more than \$500,000 per major license violation; and
 2. Not more than \$50,000 per any other license violation.

(c) A violation by each [and every] entity [and] **or** person per day shall constitute a separate incident for purposes of calculating the number of violations.

(d) The Commission may impose greater penalties for successive violations up to the maximum amounts set forth at (b) above.

(e) The penalty for a subsequent violation shall only be imposed if the license holder has been notified of the prior violation or violations.

1. Such notice may be provided by service of written notice or the receipt of a written notice from an investigating officer that a violation has occurred, which may be presented to the license holder's owner, principal, or manager at the licensed premises **or administrative office**, or other reasonable form of notice such as certified mail or personal service pursuant to N.J. Ct. R. 4:4-4.

2. [Notwithstanding (e) above, if] **If** violations are discovered during an undercover or unannounced [operation] **inspection or onsite assessment**, then no notice of any prior violation is necessary to impose the penalty for a subsequent violation.

(f) Notwithstanding anything in this section, the Commission may, in the Commission's sole discretion, consider additional factors in determining the penalty for each violation.

Such factors may include, but are not limited to:

1. Any prior violations that the license holder has admitted to or was found to have engaged in;
2. Good faith measures by the license holder to self-report or prevent the violation;
3. The license holder's record of compliance [checks] **with the laws and rules pertaining to personal use cannabis**;

4. Corrective action(s) taken by the license holder related to the current violation or prior violations;
5. Willfulness and deliberateness of the violation;
6. Likelihood of reoccurrence of the violation; and
7. Violations involving damage or danger to the life, health, welfare, safety, or property of any person.

(g) Any penalties, costs, and/or fees pursuant to this subsection may be imposed and collected by the Commission in a summary proceeding pursuant to the Penalty Enforcement Law of 1999, P.L. 1999, c. 274 (N.J.S.A. 2A:58-10 et seq.).

(h) The Commission may additionally seek reimbursement for the costs of the State, including, but not limited to:

1. Costs of investigation, expert witness fees and costs, attorney fees and costs, and transcript costs for violations; and
2. Costs of cleaning up, mitigating, or remedying any environmental damage caused by a cannabis business or testing laboratory.

(i) The license holder may request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., to contest the Commission's imposition of a civil monetary penalty for [a major] **any** license violation within 14 days of receipt of the notice of civil monetary penalty.

(j) If the license holder requests an adjudicatory hearing pursuant to (i) above, the Commission shall arrange for a hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the civil monetary penalty, it shall become final.

(k) The cannabis business may, pursuant to N.J.A.C. 17:30-[17.9]**20.10**, apply for injunctive relief against the Commission's civil monetary penalty in the New Jersey Superior Court, Appellate Division.

17:30-20.7 Classification of violations

(a) Violations shall be categorized as follows:

- 1. Category I, which is the exhibition of a pattern and practice of violating the requirements of the rules, posing a serious risk of harm to the health, safety, or welfare of consumers or personnel;**
- 2. Category II, which is the failure to comply with administrative requirements, such that the licensee or permittee poses an immediate and serious risk of harm or actual harm to the health, safety, or welfare of consumers, personnel, or the general public, including, but not limited to, transfer of cannabis to a person under 21 years of age;**
- 3. Category III, which is the submission of fraudulent, false, or misleading information, as to a material fact, to the Commission, or falsifying or concealing any record required to be maintained by the license holder;**
- 4. Category IV, which is the failure of any owner, principal, management services contractor, employee, or volunteer of a cannabis business license holder or testing laboratory to register with the Commission and be issued a Cannabis Business Identification Card; or failure to complete training course, or failure to be in physical possession of their Cannabis**

**Business Identification Card while acting in the course of their duties;
and**

- 5. Category V, which shall consist of other violations of the Commission's rules, or violations of valid ordinances established by municipalities that do not constitute a major violation.**

(b) The Commission shall issue sanctions for violations of this chapter that account for the particular circumstances of the violation. The Commission shall consider, at a minimum, issuing the following sanctions for violations:

Category	Violation 1	Violation 2	Violation 3	Violation 4 or any subsequent violation
I	Revocation			
II	\$500,000	Suspension	Revocation	
III	\$250,000	\$500,000	Revocation	
IV	\$10,000	\$25,000	\$50,000	Suspension
V	\$5,000	\$10,000	\$25,000	\$50,000

(c) A license holder shall pay an imposed civil monetary penalty by the time specified by the notice of enforcement action.

17:30-[17.7]**20.8** Summary suspension of a license

(a) The Commission may order the summary suspension of a [cannabis business] license for cause upon a finding that one or more violations pose an immediate threat to consumers or to the health, safety, or welfare of the public, including, but not limited to:

1. Failure to comply with or satisfy any provision of this chapter;
2. Failure to allow a monitoring visit by authorized representatives of the Commission;
3. Falsification of any material or information submitted to the Commission;
4. Diversion of cannabis, as determined by the Commission; or
5. Threatening or harming a consumer, **personnel**, or an employee **or representative** of the Commission.

(b) Upon a finding described at (a) above, the Commission, or the Commission's designee, shall serve written notice by certified mail to the cannabis business or testing laboratory or its license holder representative of the nature of the findings and violations and the proposed order of suspension.

1. Except in the case of a life-threatening emergency, the notice shall provide the [cannabis business] **license holder** with 72 hours from receipt to correct the violations and provide proof to the Commission of such correction.

(c) A license holder may request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., to contest the Commission's notice of proposed suspension pursuant to (b) above within 48 hours of receipt of such notice.

(d) If the Commission determines the violations have not been corrected, and the cannabis business or testing laboratory has not requested an adjudicatory hearing

pursuant to (c) above, then the [cannabis business] license shall be deemed suspended, **effective immediately.**

1. Upon the effective date of the suspension, the [cannabis business] **license holder** shall cease and desist operations.

(e) If the license holder requests an adjudicatory hearing pursuant to (c) above, the Commission shall arrange for an immediate hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the proposed suspension of the license, the order of suspension shall become final.
2. The license holder may, pursuant to N.J.A.C. 17:30-[17.9]**20.10**, apply for injunctive relief against the Commission's final order of suspension in the New Jersey Superior Court, Appellate Division.
3. The Commission may rescind the order for suspension upon a finding that the [cannabis business] **license holder** has corrected the conditions that were the basis for the action **within the time period specified for corrective action.**

17:30-[17.8]**20.9** Revocation of a license

(a) The Commission may revoke a cannabis business or testing laboratory license for cause in the following circumstances:

1. The cannabis business or testing laboratory has failed to comply with administrative requirements related to its license, posing an immediate and serious risk of harm or actual harm to the health, safety, or welfare of consumers, **the public**, or personnel, and the cannabis business or testing laboratory has not

corrected such violations in accordance with an approved plan of corrective action or subsequent to imposition of other enforcement actions issued pursuant to this chapter;

2. The cannabis business or testing laboratory has exhibited a pattern and practice of violating the requirements of this chapter, posing a serious risk of harm to the health, safety, or welfare of consumers, **the public**, or personnel.

i. A pattern and practice may be demonstrated by the repeated violation of identical, or substantially related, license standards during three [consecutive] onsite assessments or the issuance of civil monetary penalties pursuant to the Act or other enforcement actions for unrelated violations on three or more [consecutive] onsite assessments; or

3. Failure of a cannabis business or testing laboratory to correct identified violations that led to the issuance of an order for summary suspension of a license.

(b) Upon a finding described at (a) above, the Commission, or the Commission's designee, shall serve written notice by certified mail to the cannabis business or testing laboratory or its license holder representative of the nature of the findings and violations and the proposed order of revocation.

(c) The license holder has a right to request an adjudicatory hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., to contest the Commission's notice of proposed revocation pursuant to (b) above within 48 hours of receipt of such notice.

(d) If the license holder requests an adjudicatory hearing pursuant to (c) above, the Commission shall arrange for an immediate hearing to be conducted by the Commission and a final agency decision shall be issued after the hearing by the Commission.

1. If the Commission affirms the proposed revocation of the license, the order of revocation shall become final.
2. The license holder may, pursuant to N.J.A.C. 17:30-[17.9]**20.10**, apply for injunctive relief against the Commission's final order of revocation in the New Jersey Superior Court, Appellate Division.
3. The Commission may rescind the order for revocation upon a finding that the license holder has corrected the conditions that were the basis for the action **within the time period specified for corrective action.**

17:30-[17.9]**20.10** Appeal rights

(a) If the Commission affirms a summary suspension or revocation of a license in an adjudicatory hearing, the Commission shall provide to the suspended or revoked license holder written notice of the final order of suspension or revocation and the specific reason for the suspension or revocation.

(b) Disqualification of a license application, denial of a license application upheld by the Commission after an administrative hearing, and summary suspension or revocation of a license affirmed by the Commission shall be considered a final agency decision subject to judicial review as provided in the Rules of the Court by, and of which jurisdiction and venue for such review are vested in, the Superior Court, Appellate Division.

1. An individual has the right to appeal a final agency decision within 45 days to the New Jersey Superior Court, Appellate Division, Richard J. Hughes Justice Complex, PO Box 006, Trenton, NJ 08625-0006.