

P.L. 2021, CHAPTER 252, *approved October 18, 2021*

Senate, No. 2875 (*Third Reprint*)

1 AN ACT concerning medical cannabis and amending P.L.2009,
2 c.307 ²and P.L.2019, c.153² .

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

6
7 1. Section 7 of P.L.2009, c.307 (C.24:6I-7) is amended to read
8 as follows:

9 7. a. (1) The commission shall accept applications from
10 entities for permits to operate as medical cannabis cultivators,
11 medical cannabis manufacturers, and medical cannabis dispensaries.
12 For the purposes of this section, the term "permit" shall be deemed
13 to include a conditional permit issued pursuant to subsection d. of
14 section 11 of P.L.2019, c.153 (C.24:6I-7.1) and any permit issued to
15 a microbusiness pursuant to subsection e. of section 11 of P.L.2019,
16 c.153 (C.24:6I-7.1).

17 (2) (a) For a period of 18 months after the effective date of
18 P.L.2019, c.153 (C.24:6I-5.1 et al.):

19 (i) no applicant may concurrently hold more than one permit
20 issued by the commission pursuant to this section, regardless of
21 type; and

22 (ii) there shall be no more than 28 active medical cannabis
23 cultivator permits, including medical cannabis cultivator permits
24 deemed to be held by alternative treatment centers issued a permit
25 prior to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) and
26 medical cannabis cultivator permits deemed to be held by
27 alternative treatment centers issued a permit subsequent to the
28 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
29 application submitted prior to the effective date of P.L.2019, c.153
30 (C.24:6I-5.1 et al.); provided that medical cannabis cultivator
31 permits issued to microbusinesses pursuant to subsection e. of
32 section 11 of P.L.2019, c.153 (C.24:6I-7.1) shall not count toward
33 this limit.

34 (b) Commencing 18 months after the effective date of P.L.2019,
35 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to
36 concurrently hold a medical cannabis cultivator permit, a medical
37 cannabis manufacturer permit, and a medical cannabis dispensary
38 permit, provided that no permit holder shall be authorized to
39 concurrently hold more than one permit of each type. The permit
40 holder may submit an application for a permit of any type that the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SJU committee amendments adopted December 14, 2020.

²Assembly AHE committee amendments adopted March 8, 2021.

³Assembly AHE committee amendments adopted May 5, 2021.

1 permit holder does not currently hold prior to the expiration of the
2 18-month period described in subparagraph (a) of this paragraph,
3 provided that no additional permit shall be awarded to the permit
4 holder during the 18 month period.

5 (c) The provisions of subparagraph (a) of this paragraph shall
6 not apply to any alternative treatment center that was issued a
7 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-
8 5.1 et al.), to any alternative treatment center that was issued a
9 permit after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
10 pursuant to an application submitted prior to the effective date of
11 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
12 treatment centers issued a permit pursuant to an application
13 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
14 al.) pursuant to a request for applications published in the New
15 Jersey Register prior to the effective date of P.L.2019, c.153
16 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
17 subparagraph (i) of subparagraph (a) of this paragraph, or to one
18 of the three alternative treatment centers issued a permit pursuant to
19 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
20 exempt from the provisions of subparagraph (i) of subparagraph
21 (a) of this paragraph, which alternative treatment centers shall be
22 deemed to concurrently hold a medical cannabis cultivator permit, a
23 medical cannabis manufacturer permit, and a medical cannabis
24 dispensary permit, and shall be authorized to engage in any conduct
25 authorized pursuant to those permits in relation to the cultivation,
26 manufacturing, and dispensing of medical cannabis.

27 (d) (i) No entity may be issued or concurrently hold more than
28 one medical cannabis cultivator permit, one medical cannabis
29 manufacturer permit, or one medical cannabis dispensary permit at
30 one time, and no medical cannabis dispensary shall be authorized to
31 establish a satellite location on or after the effective date of
32 P.L.2019, c.153 (C.24:6I-5.1 et al.), except that an alternative
33 treatment center that was issued a permit prior to the effective date
34 of P.L.2019, c.153 (C.24:6I-5.1 et al.) or that was issued a permit
35 after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
36 pursuant to an application submitted prior to the effective date of
37 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be authorized to maintain
38 up to two satellite dispensaries, including any satellite dispensary
39 that was approved pursuant to an application submitted prior to or
40 within 18 months after the effective date of P.L.2019, c.153
41 (C.24:6I-5.1 et al.). The three alternative treatment centers issued
42 permits pursuant to section 11 of P.L.2019, c.153 (C.24:6I-7.1) that
43 are expressly exempt from the provisions of subparagraph (i) of
44 subparagraph (a) of this paragraph shall be authorized to establish
45 and maintain up to one satellite dispensary location, provided that
46 the satellite dispensary was approved pursuant to an application
47 submitted within 18 months after the effective date of P.L.2019,
48 c.153 (C.24:6I-5.1 et al.).

1 (ii) Notwithstanding the provisions of subparagraph (i) of
2 this subparagraph, an ¹investor, ¹ investor group ^{1,1} or ¹ **[a]** ¹ fund
3 ¹ **[formed for the sole and express purpose of providing]** that
4 provides significant¹ financial ¹ **[and] or¹** technical assistance or the
5 ¹ significant¹ use of intellectual property ¹, or a combination
6 thereof,¹ to an applicant for a medical cannabis dispensary permit,
7 which applicant ¹ **[that]**¹ has been certified as a minority business
8 pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.), a women's
9 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.) ^{1,1} or
10 ¹ **[that]**¹ is a disabled-veterans' business, as defined in section 2 of
11 P.L.2015, c.116 (C.52:32-31.2), may own up to a ³ **[40]** ³ 35³ percent
12 interest in up to ³ **[10]** ³ seven³ entities that have been issued a
13 medical cannabis dispensary permit, provided that ¹ each such
14 medical cannabis dispensary is a certified minority or women's
15 business or a disabled-veterans' business, and¹ the terms of the
16 agreement to ¹ provide significant¹ financial or technical assistance
17 or the ¹ significant¹ use of intellectual property, ¹ or a combination
18 thereof,¹ whether provided in the form of equity, a loan, or
19 otherwise, including interest rates, returns, and fees, are
20 commercially reasonable based on the terms generally provided to
21 comparable businesses. The terms of the agreement for the
22 provision of ¹ significant¹ financial or technical assistance or the
23 ¹ significant¹ use of intellectual property ¹, or a combination
24 thereof,¹ may include performance, quality, and other requirements
25 as a condition of providing the financial or technical assistance or
26 use of intellectual property. ² An applicant for a medical cannabis
27 dispensary permit that has or will receive significant financial or
28 technical assistance or the significant use of intellectual property
29 under this subparagraph shall include with the permit
30 application materials submitted to the commission a copy of the
31 agreement to provide significant financial or technical assistance or
32 significant use of intellectual property, or a combination thereof,
33 which agreement shall be subject to review by the commission as
34 provided in subsection f. of section 11 of P.L.2019, c.153 (C.24:61-
35 7.1).²

36 ¹An applicant for a medical cannabis dispensary permit that
37 receives significant financial or technical assistance or the
38 significant use of intellectual property under this subparagraph
39 shall pay back to the investor, investor group, or fund the full value
40 of the financial or technical assistance or intellectual property
41 provided under the agreement, plus any applicable interest and fees,
42 ³ **[within seven years after the date the applicant entered into the**
43 agreement for the provision of significant financial or technical
44 assistance or significant use of intellectual property, but no earlier
45 than three years³ in a period not less than five years³ after the date
46 of the agreement ³ if the full value of the assistance or property is

1 less than \$100,000, in a period not less than seven years after the
2 date of the agreement if the full value of the assistance or property
3 is between \$100,001 and \$250,000, in a period not less than 10
4 years after the date of agreement if the full value of the assistance
5 or property is between \$250,001 and \$500,000, and, subject to any
6 terms and conditions imposed by a lender, in a period not less than
7 10 years after the date of the agreement if the full value of the
8 assistance or property is greater than \$500,000³. An investor,
9 investor group, or fund that has acquired an ownership interest in
10 one or more entities that have been issued a medical cannabis
11 dispensary permit as authorized under this subsubparagraph may
12 maintain the ownership interest after the date the full value of the
13 financial or technical assistance or use of intellectual property
14 provided under the agreement, plus interest and fees, has been
15 repaid by the applicant that received the assistance or use of
16 intellectual property.¹

17 In no case may the controlling interest in the entity that holds
18 '[the] a¹ medical cannabis dispensary permit¹ in which an investor,
19 investor group, or fund owns an interest as authorized under this
20 subsubparagraph¹ revert to the¹ investor,¹ investor group¹,¹ or fund
21 in the event of a default or failure by the certified minority or
22 women's business or disabled-veterans' business, as applicable, and
23 any such controlling interest may only be transferred to a certified
24 minority or women's business or a disabled-veterans' business.

25 An entity issued a medical cannabis cultivator,¹ medical
26 cannabis¹ manufacturer, or¹ medical cannabis¹ dispensary permit,
27 or an individual associated with the ownership or management of
28 the entity, may participate in an investor group or a fund that meets
29 the requirements of this subsubparagraph¹ [, provided that the
30 entity's or individual's interest in the investor group or the fund
31 does not exceed 10 percent]¹ .

32 (e) No entity issued a medical cannabis cultivator, medical
33 cannabis manufacturer, or medical cannabis dispensary permit may
34 concurrently hold a clinical registrant permit issued pursuant to
35 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a
36 clinical registrant permit pursuant to section 13 of P.L.2019, c.153
37 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator
38 permit, a medical cannabis manufacturer permit, or a medical
39 cannabis dispensary permit.

40 (f) Any medical cannabis dispensary permit holder may be
41 approved by the commission to operate a medical cannabis
42 consumption area, provided that the permit holder otherwise meets
43 the requirements of section 28 of P.L.2019, c.153 (C.24:6I-21).

44 (g) An alternative treatment center that was issued a permit prior
45 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
46 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
47 5.1 et al.) pursuant to an application submitted pursuant to a request

1 for applications published in the New Jersey Register prior to the
2 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
3 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
4 5.1 et al.) pursuant to an application submitted prior to the effective
5 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to
6 submit an attestation signed by a bona fide labor organization
7 stating that the alternative treatment center has entered into a labor
8 peace agreement with such bona fide labor organization no later
9 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-
10 5.1 et al.) or no later than 100 days after the date the alternative
11 treatment center first opens, whichever date is later. The
12 maintenance of a labor peace agreement with a bona fide labor
13 organization shall be an ongoing material condition of maintaining
14 the alternative treatment center's permit. The failure to submit an
15 attestation as required pursuant to this subparagraph within 100
16 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
17 or within 100 days after the alternative treatment center first opens,
18 as applicable, shall result in the suspension or revocation of the
19 alternative treatment center's permit, provided that the commission
20 may grant an extension to this deadline to the alternative treatment
21 center based upon extenuating circumstances or for good cause
22 shown.

23 (3) The commission shall seek to ensure the availability of a
24 sufficient number of medical cannabis cultivators, medical cannabis
25 manufacturers, and medical cannabis dispensaries throughout the
26 State, pursuant to need, including at least two each in the northern,
27 central, and southern regions of the State. Medical cannabis
28 cultivators, medical cannabis manufacturers, and medical cannabis
29 dispensaries issued permits pursuant to this section may be
30 nonprofit or for-profit entities.

31 (4) The commission shall periodically evaluate whether the
32 number of medical cannabis cultivator, medical cannabis
33 manufacturer, and medical cannabis dispensary permits issued are
34 sufficient to meet the needs of qualifying patients in the State, and
35 shall make requests for applications and issue such additional
36 permits as shall be necessary to meet those needs. The types of
37 permits requested and issued, and the locations of any additional
38 permits that are authorized, shall be in the discretion of the
39 commission based on the needs of qualifying patients in the State.

40 (5) (a) A medical cannabis cultivator shall be authorized to:
41 acquire a reasonable initial and ongoing inventory, as determined
42 by the commission, of cannabis seeds or seedlings and
43 paraphernalia; possess, cultivate, plant, grow, harvest, and package
44 medical cannabis, including prerolled forms, for any authorized
45 purpose, including, but not limited to, research purposes; and
46 deliver, transfer, transport, distribute, supply, or sell medical
47 cannabis and related supplies to any medical cannabis cultivator,
48 medical cannabis manufacturer, medical cannabis dispensary, or

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

6 (b) A medical cannabis manufacturer shall be authorized to:
7 purchase or acquire medical cannabis from any medical cannabis
8 cultivator, medical cannabis manufacturer, or clinical registrant in
9 the State; possess and utilize medical cannabis in the manufacture,
10 production, and creation of medical cannabis products; and deliver,
11 transfer, transport, supply, or sell medical cannabis products and
12 related supplies to any medical cannabis manufacturer, medical
13 cannabis dispensary, or clinical registrant in the State.

14 (c) A medical cannabis dispensary shall be authorized to:
15 purchase or acquire medical cannabis from any medical cannabis
16 cultivator, medical cannabis dispensary, or clinical registrant in the
17 State and medical cannabis products and related supplies from any
18 medical cannabis manufacturer, medical cannabis dispensary, or
19 clinical registrant in the State; purchase or acquire paraphernalia
20 from any legal source; and distribute, supply, sell, or dispense
21 medical cannabis, medical cannabis products, paraphernalia, and
22 related supplies to qualifying patients or their designated or
23 institutional caregivers who are registered with the commission
24 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
25 cannabis dispensary may furnish medical cannabis, medical
26 cannabis products, paraphernalia, and related supplies to a medical
27 cannabis handler for delivery to a registered qualifying patient,
28 designated caregiver, or institutional caregiver consistent with the
29 requirements of subsection i. of section 27 of P.L.2019, c.153
30 (C.24:6I-20).

31 (6) A medical cannabis cultivator shall not be limited in the
32 number of strains of medical cannabis cultivated, and a medical
33 cannabis manufacturer shall not be limited in the number or type of
34 medical cannabis products manufactured, produced, or created. A
35 medical cannabis manufacturer may package, and a medical
36 cannabis dispensary may directly dispense medical cannabis and
37 medical cannabis products to qualifying patients and their
38 designated and institutional caregivers in any authorized form.
39 Authorized forms shall include dried form, oral lozenges, topical
40 formulations, transdermal form, sublingual form, tincture form, or
41 edible form, or any other form as authorized by the commission.
42 Edible form shall include pills, tablets, capsules, drops or syrups,
43 oils, chewable forms, and any other form as authorized by the
44 commission, except that the edible forms made available to minor
45 patients shall be limited to forms that are medically appropriate for
46 children, including pills, tablets, capsules, chewable forms, and
47 drops, oils, syrups, and other liquids.

1 (7) Nonprofit medical cannabis cultivators, medical cannabis
2 manufacturers, and medical cannabis dispensaries need not be
3 recognized as a 501(c)(3) organization by the federal Internal
4 Revenue Service.

5 b. The commission shall require that an applicant provide such
6 information as the commission determines to be necessary pursuant
7 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-
8 1 et al.).

9 c. A person who has been convicted of a crime of the first,
10 second, or third degree under New Jersey law or of a crime
11 involving any controlled dangerous substance or controlled
12 substance analog as set forth in chapter 35 of Title 2C of the New
13 Jersey Statutes except paragraph (11) or (12) of subsection b. of
14 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
15 N.J.S.2C:35-10, or any similar law of the United States or any other
16 state shall not be issued a permit to operate as a medical cannabis
17 cultivator, medical cannabis manufacturer, medical cannabis
18 dispensary, or clinical registrant or be a director, officer, or
19 employee of a medical cannabis cultivator, medical cannabis
20 manufacturer, medical cannabis dispensary, or clinical registrant,
21 unless such conviction occurred after the effective date of P.L.2009,
22 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
23 relating to possession or sale of cannabis for conduct that is
24 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
25 c.158 (C.18A:40-12.22 et al.).

26 d. (1) The commission shall require each applicant seeking a
27 permit to operate as, to be a director, officer, or employee of, or to
28 be a significantly involved person in, a medical cannabis cultivator,
29 medical cannabis manufacturer, medical cannabis dispensary, or
30 clinical registrant to undergo a criminal history record background
31 check.

32 Any individual seeking to become a director, officer, or
33 employee of a medical cannabis cultivator, medical cannabis
34 manufacturer, medical cannabis dispensary, or clinical registrant,
35 after issuance of an initial permit shall notify the commission and
36 shall complete a criminal history record background check and
37 provide all information as may be required by the commission as a
38 condition of assuming a position as director, officer, or employee of
39 the permitted entity. An individual who incurs an investment
40 interest or gains the authority to make controlling decisions in a
41 permitted entity that makes the individual a significantly involved
42 person shall notify the commission, complete a criminal history
43 record background check, and provide all information as may be
44 required by the commission no later than 30 days after the date the
45 individual becomes a significantly involved person, or any permit
46 issued to the individual or group of which the significantly involved
47 person is a member shall be revoked and the individual or group
48 shall be deemed ineligible to hold any ownership or investment

1 interest in a medical cannabis cultivator, medical cannabis
2 manufacturer, medical cannabis dispensary, or clinical registrant for
3 a period of at least two years, commencing from the date of
4 revocation, and for such additional period of time as the
5 commission deems appropriate, based on the duration of the
6 nondisclosure, the size of the individual's or group's investment
7 interest in the permitted entity, the amount of profits, revenue, or
8 income realized by the individual or group from the permitted entity
9 during the period of nondisclosure, and whether the individual had a
10 disqualifying conviction or would otherwise have been deemed
11 ineligible to be a significantly involved person in a medical
12 cannabis cultivator, medical cannabis manufacturer, medical
13 cannabis dispensary, or clinical registrant.

14 For purposes of this section, the term "applicant" shall include
15 any owner, director, officer, or employee of, and any significantly
16 involved person in, a medical cannabis cultivator, medical cannabis
17 manufacturer, medical cannabis dispensary, or clinical registrant.
18 The commission is authorized to exchange fingerprint data with and
19 receive criminal history record background information from the
20 Division of State Police and the Federal Bureau of Investigation
21 consistent with the provisions of applicable federal and State laws,
22 rules, and regulations. The Division of State Police shall forward
23 criminal history record background information to the commission
24 in a timely manner when requested pursuant to the provisions of
25 this section.

26 An applicant who is required to undergo a criminal history
27 record background check pursuant to this section shall submit to
28 being fingerprinted in accordance with applicable State and federal
29 laws, rules, and regulations. No check of criminal history record
30 background information shall be performed pursuant to this section
31 unless the applicant has furnished the applicant's written consent to
32 that check. An applicant who is required to undergo a criminal
33 history record background check pursuant to this section who
34 refuses to consent to, or cooperate in, the securing of a check of
35 criminal history record background information shall not be
36 considered for a permit to operate, or authorization to be employed
37 at or to be a significantly involved person in, a medical cannabis
38 cultivator, medical cannabis manufacturer, medical cannabis
39 dispensary, or clinical registrant. An applicant shall bear the cost
40 for the criminal history record background check, including all
41 costs of administering and processing the check.

42 (2) The commission shall not approve an applicant for a permit
43 to operate, or authorization to be employed at or to be a
44 significantly involved person in, a medical cannabis cultivator,
45 medical cannabis manufacturer, medical cannabis dispensary, or
46 clinical registrant if the criminal history record background
47 information of the applicant reveals a disqualifying conviction as
48 set forth in subsection c. of this section.

1 (3) Upon receipt of the criminal history record background
2 information from the Division of State Police and the Federal
3 Bureau of Investigation, the commission shall provide written
4 notification to the applicant of the applicant's qualification for or
5 disqualification for a permit to operate or be a director, officer, or
6 employee of, or a significantly involved person in, a medical
7 cannabis cultivator, medical cannabis manufacturer, medical
8 cannabis dispensary, or clinical registrant.

9 If the applicant is disqualified because of a disqualifying
10 conviction pursuant to the provisions of this section, the conviction
11 that constitutes the basis for the disqualification shall be identified
12 in the written notice.

13 (4) The Division of State Police shall promptly notify the
14 commission in the event that an individual who was the subject of a
15 criminal history record background check conducted pursuant to
16 this section is convicted of a crime or offense in this State after the
17 date the background check was performed. Upon receipt of that
18 notification, the commission shall make a determination regarding
19 the continued eligibility to operate or be a director, officer, or
20 employee of, or a significantly involved person in, a medical
21 cannabis cultivator, medical cannabis manufacturer, medical
22 cannabis dispensary, or clinical registrant.

23 (5) Notwithstanding the provisions of subsection c. of this
24 section to the contrary, the commission may offer provisional
25 authority for an applicant to be an owner, director, officer, or
26 employee of, or a significantly involved person in, a medical
27 cannabis cultivator, medical cannabis manufacturer, medical
28 cannabis dispensary, or clinical registrant for a period not to exceed
29 three months if the applicant submits to the commission a sworn
30 statement attesting that the person has not been convicted of any
31 disqualifying conviction pursuant to this section.

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

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

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

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

48 (d) the date of the crime or offense;

1 (e) the age of the individual when the crime or offense was
2 committed;

3 (f) whether the crime or offense was an isolated or repeated
4 incident;

5 (g) any social conditions which may have contributed to the
6 commission of the crime or offense; and

7 (h) any evidence of rehabilitation, including good conduct in
8 prison or in the community, counseling or psychiatric treatment
9 received, acquisition of additional academic or vocational
10 schooling, successful participation in correctional work-release
11 programs, or the recommendation of those who have had the
12 individual under their supervision.

13 e. The commission shall issue a permit to operate or be an
14 owner, director, officer, or employee of, or a significantly involved
15 person in, a medical cannabis cultivator, medical cannabis
16 manufacturer, or medical cannabis dispensary if the commission
17 finds that issuing such a permit would be consistent with the
18 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
19 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
20 met. The denial of an application shall be considered a final agency
21 decision, subject to review by the Appellate Division of the
22 Superior Court. A permit to operate a medical cannabis cultivator,
23 medical cannabis manufacturer, or medical cannabis dispensary
24 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-
25 5.1 et al.) shall be valid for one year and shall be renewable
26 annually.

27 f. A person who has been issued a permit pursuant to this
28 section or a clinical registrant permit pursuant to section 13 of
29 P.L.2019, c.153 (C.24:6I-7.3) shall display the permit at the front
30 entrance to the premises of the permitted facility at all times when
31 the facility is engaged in conduct authorized pursuant to P.L.2009,
32 c.307 (C.24:6I-1 et al.) involving medical cannabis, including, but
33 not limited to, the cultivating, manufacturing, or dispensing of
34 medical cannabis.

35 g. A medical cannabis cultivator, medical cannabis
36 manufacturer, medical cannabis dispensary, or clinical registrant
37 shall report any change in information to the commission not later
38 than 10 days after such change, or the permit shall be deemed null
39 and void.

40 h. Each medical cannabis dispensary and clinical registrant
41 shall maintain and make available on its Internet website, if any, a
42 standard price list that shall apply to all medical cannabis, medical
43 cannabis products, and related supplies and paraphernalia sold or
44 dispensed by the medical cannabis dispensary or clinical registrant,
45 which prices shall be reasonable and consistent with the actual costs
46 incurred by the medical cannabis dispensary or clinical registrant in
47 connection with acquiring and selling, transferring, or dispensing
48 the medical cannabis or medical cannabis product and related

1 supplies and paraphernalia. The prices charged by the medical
2 cannabis dispensary or clinical registrant shall not deviate from the
3 prices indicated on the entity's current price list, provided that a
4 price list maintained by a medical cannabis dispensary or clinical
5 registrant may allow for medical cannabis to be made available at a
6 reduced price or without charge to qualifying patients who have a
7 demonstrated financial hardship, as that term shall be defined by the
8 commission by regulation. A price list required pursuant to this
9 subsection may be revised no more than once per month, and each
10 medical cannabis dispensary and clinical registrant shall be
11 responsible for ensuring that the commission has a copy of the
12 facility's current price list. A medical cannabis dispensary or
13 clinical registrant shall be liable to a civil penalty of \$1,000 for
14 each sale that occurs at a price that deviates from the entity's current
15 price list, and to a civil penalty of \$10,000 for each week during
16 which the entity's current price list is not on file with the
17 commission. Any civil penalties collected by the commission
18 pursuant to this section shall be used by the commission for the
19 purposes of administering the State medical cannabis program.

20 i. The commission shall adopt regulations to:

21 (1) require such written documentation of each delivery or
22 dispensation of cannabis to, and pickup of cannabis for, a registered
23 qualifying patient, including the date and amount dispensed, and, in
24 the case of delivery, the date and times the delivery commenced and
25 was completed, the address where the medical cannabis was
26 delivered, the name of the patient or caregiver to whom the medical
27 cannabis was delivered, and the name, handler certification number,
28 and delivery certification number of the medical cannabis handler
29 who performed the delivery, to be maintained in the records of the
30 medical cannabis dispensary or clinical registrant, as the
31 commission determines necessary to ensure effective
32 documentation of the operations of each medical cannabis
33 dispensary or clinical registrant;

34 (2) monitor, oversee, and investigate all activities performed by
35 medical cannabis cultivators, medical cannabis manufacturers,
36 medical cannabis dispensaries, and clinical registrants;

37 (3) ensure adequate security of all facilities 24 hours per day
38 and security of all delivery methods to registered qualifying
39 patients; and

40 (4) establish thresholds for administrative action to be taken
41 against a medical cannabis cultivator, medical cannabis
42 manufacturer, medical cannabis dispensary, or clinical registrant
43 and its employees, officers, investors, directors, or governing board
44 pursuant to subsection m. of this section, including, but not limited
45 to, specific penalties or disciplinary actions that may be imposed in
46 a summary proceeding.

47 j. (1) Each medical cannabis cultivator, medical cannabis
48 manufacturer, medical cannabis dispensary, and clinical registrant

1 shall require the owners, directors, officers, and employees at the
2 permitted facility to complete at least eight hours of ongoing
3 training each calendar year. The training shall be tailored to the
4 roles and responsibilities of the individual's job function, and shall
5 include training on confidentiality and such other topics as shall be
6 required by the commission.

7 (2) Each medical cannabis dispensary and clinical registrant
8 shall consider whether to make interpreter services available to the
9 population served, including for individuals with a visual or hearing
10 impairment. The commission shall provide assistance to any
11 medical cannabis dispensary or clinical registrant that seeks to
12 provide such services in locating appropriate interpreter resources.
13 A medical cannabis dispensary or clinical registrant shall assume
14 the cost of providing interpreter services pursuant to this
15 subsection.

16 k. (1) The first six alternative treatment centers issued permits
17 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
18 shall be authorized to sell or transfer such permit and other assets to
19 a for-profit entity, provided that: the sale or transfer is approved by
20 the commission; each owner, director, officer, and employee of, and
21 significantly involved person in, the entity seeking to purchase or
22 receive the transfer of the permit, undergoes a criminal history
23 record background check pursuant to subsection d. of this section,
24 provided that nothing in this subsection shall be construed to
25 require any individual to undergo a criminal history record
26 background check if the individual would otherwise be exempt from
27 undergoing a criminal history record background check pursuant to
28 subsection d. of this section; the commission finds that the sale or
29 transfer of the permit would be consistent with the purposes of
30 P.L.2009, c.307 (C.24:6I-1 et al.); and no such sale or transfer shall
31 be authorized more than one year after the effective date of
32 P.L.2019, c.153 (C.24:6I-5.1 et al.). The sale or transfer of a permit
33 pursuant to this subsection shall not be subject to the requirements
34 of the "New Jersey Nonprofit Corporation Act," N.J.S.15A:1-
35 1 et seq., provided that, prior to or at the time of the sale or transfer,
36 all debts and obligations of the nonprofit entity are either paid in
37 full or assumed by the for-profit entity purchasing or acquiring the
38 permit, or a reserve fund is established for the purpose of paying in
39 full the debts and obligations of the nonprofit entity, and the for-
40 profit entity pays the full value of all assets held by the nonprofit
41 entity, as reflected on the nonprofit entity's balance sheet, in
42 addition to the agreed-upon price for the sale or transfer of the
43 entity's alternative treatment center permit. Until such time as the
44 members of the Cannabis Regulatory Commission are appointed
45 and the commission first organizes, the Department of Health shall
46 have full authority to approve a sale or transfer pursuant to this
47 paragraph.

1 (2) The sale or transfer of any interest of five percent or more in
2 a medical cannabis cultivator, medical cannabis manufacturer,
3 medical cannabis dispensary, or clinical registrant permit shall be
4 subject to approval by the commission and conditioned on the entity
5 that is purchasing or receiving transfer of the interest in the medical
6 cannabis cultivator, medical cannabis manufacturer, medical
7 cannabis dispensary, or clinical registrant permit completing a
8 criminal history record background check pursuant to the
9 requirements of subsection d. of this section.

10 1. No employee of any department, division, agency, board, or
11 other State, county, or local government entity involved in the
12 process of reviewing, processing, or making determinations with
13 regard to medical cannabis cultivator, medical cannabis
14 manufacturer, medical cannabis dispensary, or clinical registrant
15 permit applications shall have any direct or indirect financial
16 interest in the cultivating, manufacturing, or dispensing of medical
17 cannabis or related paraphernalia, or otherwise receive anything of
18 value from an applicant for a medical cannabis cultivator, medical
19 cannabis manufacturer, medical cannabis dispensary, or clinical
20 registrant permit in exchange for reviewing, processing, or making
21 any recommendations with respect to a permit application.

22 m. In the event that a medical cannabis cultivator, medical
23 cannabis manufacturer, medical cannabis dispensary, or clinical
24 registrant fails to comply with any requirements set forth in
25 P.L.2009, c.307 (C.24:6I-1 et al.) or any related law or regulation,
26 the commission may invoke penalties or take administrative action
27 against the medical cannabis cultivator, medical cannabis
28 manufacturer, medical cannabis dispensary, or clinical registrant
29 and its employees, officers, investors, directors, or governing board,
30 including, but not limited to, assessing fines, referring matters to
31 another State agency, and suspending or terminating any permit
32 held by the medical cannabis cultivator, medical cannabis
33 manufacturer, medical cannabis dispensary, or clinical registrant.
34 Any penalties imposed or administrative actions taken by the
35 commission pursuant to this subsection may be imposed in a
36 summary proceeding.

37 (cf: P.L.2019, c.153, s.10)

38

39 ²2. Section 11 of P.L.2019, c.153 (C.24:6I-7.1) is amended to
40 read as follows:

41 11. a. The commission shall, no later than 90 days after the
42 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon
43 adoption of rules and regulations as provided in subsection c. of
44 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs later,
45 begin accepting and processing applications for new medical
46 cannabis cultivator, medical cannabis manufacturer, and medical
47 cannabis dispensary permits. Notwithstanding the provisions of
48 subsubparagraph (i) of subparagraph (a) of paragraph (2) of

1 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), the first
2 three alternative treatment center permits issued by the commission
3 pursuant to an application submitted on or after the effective date of
4 P.L.2019, c.153 (C.24:6I-5.1 et al.) and up to four alternative
5 treatment centers permits issued by the commission after the
6 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
7 application submitted pursuant to a request for applications
8 published in the New Jersey Register prior to the effective date of
9 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be deemed to concurrently
10 hold a medical cannabis cultivator permit, a medical cannabis
11 manufacturer permit, and a medical cannabis dispensary permit; of
12 these permits, one permit shall be issued to an applicant located in
13 the northern region of the State, one permit shall be issued to an
14 applicant located in the central region of the State, and one permit
15 shall be issued to an applicant located in the southern region of the
16 State. Any permits issued by the commission thereafter shall be
17 subject to the provisions of subsubparagraph (i) of subparagraph (a)
18 of paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
19 (C.24:6I-7), and the requirements of subsection d. of this section
20 concerning conditional permits.

21 b. The commission may establish nonrefundable application
22 fees for permit applications and conditional permit applications, and
23 permit and conditional permit fees for successful applicants.

24 c. (1) The commission shall make a determination as to any
25 permit application, other than an application for a conditional
26 permit submitted pursuant to subsection d. of this section, no later
27 than 90 days after receiving the application, which may include a
28 determination that the commission reasonably requires more time to
29 adequately review the application.

30 (2) The commission shall issue a permit, other than a
31 conditional permit, to an approved applicant at such time as the
32 commission completes the application review process and any
33 mandatory inspections, and determines that the applicant is in
34 compliance with and is implementing the plans, procedures,
35 protocols, actions, or other measures set forth in the applicant's
36 permit application submitted pursuant to section 12 of P.L.2019,
37 c.153 (C.24:6I-7.2), did maintain compliance with the terms,
38 conditions, or restrictions of a conditional permit issued to the
39 applicant, if applicable, and is otherwise in compliance with the
40 requirements of P.L.2009, c.307 (C.24:6I-1 et al.).

41 d. (1) The commission shall ensure that at least one third of the
42 total permits issued for each type of medical cannabis permit are
43 conditional permits, which one-third figure shall include any
44 conditional permit issued to an applicant which is subsequently
45 converted by the commission into a full permit pursuant to
46 paragraph (4) of this subsection and any conditional permit,
47 including a converted permit, issued to a microbusiness pursuant to
48 subsection e. of this section. The requirements of this subsection

1 shall not apply to permits issued to clinical registrants or to permits
2 issued to the three alternative treatment centers issued a permit
3 pursuant to subsection a. of this section that are expressly exempt
4 from the provisions of subparagraph (i) of subparagraph (a) of
5 paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
6 (C.24:6I-7).

7 (2) An application for a conditional permit shall include:

8 (a) documentation that the applicant entity includes at least one
9 significantly involved person who has resided in this State for at
10 least two years as of the date of the application;

11 (b) a list of all owners, officers, directors, and employees of,
12 and significantly involved persons in, the proposed medical
13 cannabis entity, including their names, addresses, dates of birth,
14 resumes, and a photocopy of their driver's licenses or other
15 government-issued form of identification;

16 (c) a criminal history record background check completed
17 pursuant to subsection d. of section 7 of P.L.2009, c.307 (C.24:6I-7)
18 for each owner, officer, director, and employee of, and each
19 significantly involved person in, the proposed medical cannabis
20 entity, provided that a conditional permit may be issued pending the
21 results of a criminal history record background check;

22 (d) documentation that each significantly involved person in the
23 proposed medical cannabis entity has, for the immediately
24 preceding taxable year, an adjusted gross income of no more than
25 \$200,000 or no more than \$400,000 if filing jointly with another;

26 (e) a certification that each significantly involved person in the
27 proposed medical cannabis entity does not have any financial
28 interest in an entity applying for any other medical cannabis permit,
29 or in an entity that currently holds a permit issued pursuant to
30 section 7 of P.L.2009, c.307 (C.24:6I-7);

31 (f) the federal and State tax identification numbers for the
32 proposed medical cannabis entity, and proof of business registration
33 with the Division of Revenue in the Department of the Treasury;

34 (g) information about the proposed medical cannabis entity,
35 including its legal name, any registered alternate name under which
36 it may conduct business, and a copy of its articles of organization
37 and bylaws;

38 (h) the business plan and management operation profile for the
39 proposed medical cannabis entity;

40 (i) the plan by which the applicant intends to obtain appropriate
41 liability insurance coverage for the proposed medical cannabis
42 entity; and

43 (j) any other requirements established by the commission
44 pursuant to regulation.

45 (3) The commission shall make a determination on an
46 application for a conditional permit within 30 days after the date the
47 application is received. A determination made pursuant to this
48 paragraph may include a determination that the commission

1 requires more time to adequately review the application. The
2 commission shall approve a permit application that meets the
3 requirements of this subsection unless the commission finds by
4 clear and convincing evidence that the applicant would be
5 manifestly unsuitable to perform the activities authorized for the
6 permit sought by the applicant. The commission shall deny a
7 conditional permit to any applicant who fails to provide
8 information, documentation, and assurances as required by this
9 subsection; who fails to reveal any fact material to qualification; or
10 who supplies information that is untrue or misleading as to a
11 material fact pertaining to the qualification criteria for issuance of a
12 conditional permit. If the application is denied, the commission
13 shall notify the applicant in writing of the specific reason for its
14 denial and provide the applicant with the opportunity for a hearing
15 in accordance with the "Administrative Procedure Act," P.L.1968,
16 c.410 (C.52:14B-1 et seq.).

17 (4) The commission shall furnish to each entity issued a
18 conditional permit a list of the requirements that the entity will be
19 required to comply with within 120 days after issuance of the
20 conditional permit. If the commission subsequently determines
21 that, during the 120-day period, the conditional permit holder is in
22 compliance with all applicable conditions and is implementing the
23 plans, procedures, protocols, actions, or other measures set forth in
24 its application, the commission shall convert the conditional permit
25 into a full permit, which will expire one year from its date of
26 issuance and be subject to annual renewal; if the commission
27 determines that the conditional permit holder is not in compliance
28 with all applicable conditions or not implementing the plans,
29 procedures, protocols, actions, or other measures set forth in its
30 application, the conditional permit shall automatically expire at the
31 end of the 120-day period, or, at the discretion of the commission,
32 may be revoked prior to the end of the 120-day period.

33 (5) A conditional permit issued pursuant this subsection may not
34 be sold or transferred.

35 e. (1) The commission shall ensure that at least 10 percent of
36 the total permits issued for each medical cannabis permit type, other
37 than a clinical registrant permit, are designated for and only issued
38 to microbusinesses, and that at least 25 percent of the total permits
39 issued be issued to microbusinesses. A microbusiness may be
40 issued a full annual permit pursuant to section 7 of P.L.2009, c.307
41 (C.24:6I-7) or a conditional permit pursuant to subsection d. of this
42 section. The maximum fee assessed by the commission for issuance
43 or renewal of a permit issued to a microbusiness shall be no more
44 than half the fee applicable to a permit of the same type issued to a
45 person or entity that is not a microbusiness. A permit issued to a
46 microbusiness shall be valid for one year and may be renewed
47 annually.

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

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

4 (b) at least 51 percent of the owners, directors, officers, and
5 employees of the microbusiness shall be residents of the
6 municipality in which the microbusiness is or will be located, or a
7 municipality bordering the municipality in which the microbusiness
8 is or will be located;

9 (c) the microbusiness shall employ no more than 10 employees
10 at one time, inclusive of any owners, officers, and directors of the
11 microbusiness;

12 (d) the microbusiness shall not exceed the following size and
13 capacity restrictions:

14 (i) the entire microbusiness facility shall occupy an area of no
15 more than 2,500 square feet;

16 (ii) in the case of a microbusiness that is a medical cannabis
17 cultivator, the total medical cannabis grow area shall not exceed
18 2,500 square feet, measured on a horizontal plane, shall grow no
19 higher than 24 feet above that plane, and shall possess a total of no
20 more than 1,000 plants, including mature and immature medical
21 cannabis plants, but not including seedlings;

22 (iii) in the case of a microbusiness that is a medical cannabis
23 manufacturer, the manufacturer shall acquire and process no more
24 than 1,000 pounds of medical cannabis in dried form each month;
25 and

26 (iv) in the case of a microbusiness that is a medical cannabis
27 dispensary, the dispensary shall acquire no more than 1,000 pounds
28 of medical cannabis in dried form, or the equivalent amount in any
29 other form, or any combination thereof, for dispensing to or on
30 behalf of registered qualifying patients each month; and

31 (e) the microbusiness shall comply with such other requirements
32 as may be established by the commission by regulation.

33 (3) The requirements of this subsection shall not apply to
34 permits issued pursuant to an application submitted pursuant to a
35 request for applications published in the New Jersey Register prior
36 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.).

37 f. The commission shall have the authority to review any
38 services agreement submitted pursuant to subsection l. of section 12
39 of P.L.2019, c.153 (C.24:6I-7.2, and any agreement established
40 under subparagraph (ii) of subparagraph (d) of paragraph 2 of
41 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) to provide
42 significant financial or technical assistance or the significant use of
43 intellectual property to an applicant, to determine whether the terms
44 of the agreement, including interest rates, returns, and fees, are
45 commercially reasonable and consistent with the fair market value
46 for the terms generally applicable to agreements of a comparable
47 nature. In the event the commission determines the terms of an
48 agreement are not commercially reasonable or consistent with the

1 fair market value generally applicable to the services to be provided
2 under the agreement, the commission shall have the authority to
3 withhold approval of the permit application until the parties
4 renegotiate a new agreement that, as determined by the commission,
5 is commercially reasonable and consistent with the fair market
6 value for the terms generally applicable to agreements of a
7 comparable nature. The parties to the agreement may request that
8 the commission provide guidance as to what terms it would find to
9 be commercially reasonable and consistent with the fair market
10 value generally applicable to agreements of a comparable nature.
11 Nothing in this subsection shall be construed to require the
12 commission to award a permit to an applicant if the commission
13 determines the applicant does not otherwise meet the requirements
14 for issuance of the permit.²

15 (cf: P.L.2019, c.153, s.11)

16

17 ²3. Section 12 of P.L.2019, c.153 (24:6I-7.2) is amended to read
18 as follows:

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

36 b. An initial permit application shall be evaluated according to
37 criteria to be developed by the commission. The commission shall
38 determine the point values to be assigned to each criterion, which
39 shall include bonus points for applicants who are residents of New
40 Jersey.

41 c. The criteria to be developed by the commission pursuant to
42 subsection b. of this section shall include, in addition to the criteria
43 set forth in subsections d. and e. of this section and any other
44 criteria developed by the commission, an analysis of the applicant's
45 operating plan, excluding safety and security criteria, which shall
46 include the following:

47 (1) In the case of an applicant for a medical cannabis cultivator
48 permit, the operating plan summary shall include a written

- 1 description concerning the applicant's qualifications for, experience
2 in, and knowledge of each of the following topics:
- 3 (a) State-authorized cultivation of medical cannabis;
 - 4 (b) conventional horticulture or agriculture, familiarity with
5 good agricultural practices, and any relevant certifications or
6 degrees;
 - 7 (c) quality control and quality assurance;
 - 8 (d) recall plans;
 - 9 (e) packaging and labeling;
 - 10 (f) inventory control and tracking software or systems for the
11 production of medical cannabis;
 - 12 (g) analytical chemistry and testing of medical cannabis;
 - 13 (h) water management practices;
 - 14 (i) odor mitigation practices;
 - 15 (j) onsite and offsite recordkeeping;
 - 16 (k) strain variety and plant genetics;
 - 17 (l) pest control and disease management practices, including
18 plans for the use of pesticides, nutrients, and additives;
 - 19 (m) waste disposal plans; and
 - 20 (n) compliance with applicable laws and regulations.
- 21 (2) In the case of an applicant for a medical cannabis
22 manufacturer permit, the operating plan summary shall include a
23 written description concerning the applicant's qualifications for,
24 experience in, and knowledge of each of the following topics:
- 25 (a) State-authorized manufacture, production, and creation of
26 cannabis products using appropriate extraction methods, including
27 intended use and sourcing of extraction equipment and associated
28 solvents or intended methods and equipment for non-solvent
29 extraction;
 - 30 (b) pharmaceutical manufacturing, good manufacturing
31 practices, and good laboratory practices;
 - 32 (c) quality control and quality assurance;
 - 33 (d) recall plans;
 - 34 (e) packaging and labeling;
 - 35 (f) inventory control and tracking software or systems for the
36 production of medical cannabis;
 - 37 (g) analytical chemistry and testing of medical cannabis and
38 medical cannabis products and formulations;
 - 39 (h) water management practices;
 - 40 (i) odor mitigation practices;
 - 41 (j) onsite and offsite recordkeeping;
 - 42 (k) a list of product formulations or products proposed to be
43 manufactured with estimated cannabinoid profiles, if known,
44 including varieties with high cannabidiol content;
 - 45 (l) intended use and sourcing of all non-cannabis ingredients
46 used in the manufacture, production, and creation of cannabis
47 products, including methods to verify or ensure the safety and

- 1 integrity of those ingredients and their potential to be or contain
2 allergens;
- 3 (m) waste disposal plans; and
4 (n) compliance with applicable laws and regulations.
- 5 (3) In the case of an applicant for a medical cannabis dispensary
6 permit, the operating plan summary shall include a written
7 description concerning the applicant's qualifications for, experience
8 in, and knowledge of each of the following topics:
- 9 (a) State-authorized dispensation of medical cannabis to
10 qualifying patients;
- 11 (b) healthcare, medicine, and treatment of patients with
12 qualifying medical conditions;
- 13 (c) medical cannabis product evaluation procedures;
- 14 (d) recall plans;
- 15 (e) packaging and labeling;
- 16 (f) inventory control and point-of-sale software or systems for
17 the sale of medical cannabis;
- 18 (g) patient counseling procedures;
- 19 (h) the routes of administration, strains, varieties, and
20 cannabinoid profiles of medical cannabis and medical cannabis
21 products;
- 22 (i) odor mitigation practices;
- 23 (j) onsite and offsite recordkeeping;
- 24 (k) compliance with State and federal patient privacy rules;
- 25 (l) waste disposal plans; and
26 (m) compliance with applicable laws and regulations.
- 27 d. The criteria to be developed by the commission pursuant to
28 subsection b. of this section shall include, in addition to the criteria
29 set forth in subsections c. and e. of this section and any other
30 criteria developed by the commission, an analysis of the following
31 factors, if applicable:
- 32 (1) The applicant's environmental impact plan.
- 33 (2) A summary of the applicant's safety and security plans and
34 procedures, which shall include descriptions of the following:
- 35 (a) plans for the use of security personnel, including
36 contractors;
- 37 (b) the experience or qualifications of security personnel and
38 proposed contractors;
- 39 (c) security and surveillance features, including descriptions of
40 any alarm systems, video surveillance systems, and access and
41 visitor management systems, along with drawings identifying the
42 proposed locations for surveillance cameras and other security
43 features;
- 44 (d) plans for the storage of medical cannabis and medical
45 cannabis products, including any safes, vaults, and climate control
46 systems that will be utilized for this purpose;
- 47 (e) a diversion prevention plan;
- 48 (f) an emergency management plan;

- 1 (g) procedures for screening, monitoring, and performing
- 2 criminal history record background checks of employees;
- 3 (h) cybersecurity procedures, including, in the case of an
- 4 applicant for a medical cannabis dispensary permit, procedures for
- 5 collecting, processing, and storing patient data, and the applicant's
- 6 familiarity with State and federal privacy laws;
- 7 (i) workplace safety plans and the applicant's familiarity with
- 8 federal Occupational Safety and Health Administration regulations;
- 9 (j) the applicant's history of workers' compensation claims and
- 10 safety assessments;
- 11 (k) procedures for reporting adverse events; and
- 12 (l) a sanitation practices plan.
- 13 (3) A summary of the applicant's business experience, including
- 14 the following, if applicable:
- 15 (a) the applicant's experience operating businesses in highly-
- 16 regulated industries;
- 17 (b) the applicant's experience in operating alternative treatment
- 18 centers and related medical cannabis production and dispensation
- 19 entities under the laws of New Jersey or any other state or
- 20 jurisdiction within the United States; and
- 21 (c) the applicant's plan to comply with and mitigate the effects
- 22 of 26 U.S.C. s.280E on cannabis businesses, and for evidence that
- 23 the applicant is not in arrears with respect to any tax obligation to
- 24 the State.
- 25 In evaluating the experience described under subparagraphs (a),
- 26 (b), and (c) of this paragraph, the commission shall afford the
- 27 greatest weight to the experience of the applicant itself, controlling
- 28 owners, and entities with common ownership or control with the
- 29 applicant; followed by the experience of those with a 15 percent or
- 30 greater ownership interest in the applicant's organization; followed
- 31 by significantly involved persons in the applicant's organization;
- 32 followed by other officers, directors, and current and prospective
- 33 employees of the applicant who have a bona fide relationship with
- 34 the applicant's organization as of the submission date of the
- 35 application.
- 36 (4) A description of the proposed location for the applicant's
- 37 site, including the following, if applicable:
- 38 (a) the proposed location, the surrounding area, and the
- 39 suitability or advantages of the proposed location, along with a
- 40 floor plan and optional renderings or architectural or engineering
- 41 plans;
- 42 (b) the submission of zoning approvals for the proposed
- 43 location, which shall consist of a letter or affidavit from appropriate
- 44 municipal officials that the location will conform to municipal
- 45 zoning requirements allowing for such activities related to the
- 46 cultivation, manufacturing, or dispensing of medical cannabis,
- 47 cannabis products, and related supplies as will be conducted at the
- 48 proposed facility; and

1 (c) the submission of proof of local support for the suitability of
2 the location, which may be demonstrated by a resolution adopted by
3 the municipality's governing body indicating that the intended
4 location is appropriately located or otherwise suitable for such
5 activities related to the cultivation, manufacturing, or dispensing of
6 medical cannabis, cannabis products, and related supplies as will be
7 conducted at the proposed facility.

8 Notwithstanding any other provision of this subsection, an
9 application shall be disqualified from consideration unless it
10 includes documentation demonstrating that the applicant will have
11 final control of the premises upon approval of the application,
12 including, but not limited to, a lease agreement, contract for sale,
13 title, deed, or similar documentation. In addition, if the applicant
14 will lease the premises, the application will be disqualified from
15 consideration unless it includes certification from the landlord that
16 the landlord is aware that the tenant's use of the premises will
17 involve activities related to the cultivation, manufacturing, or
18 dispensing of medical cannabis and medical cannabis products. An
19 application shall not be disqualified from consideration if the
20 application does not include the materials described in
21 subparagraph (b) or (c) of this paragraph.

22 (5) A community impact, social responsibility, and research
23 statement, which shall include, but shall not be limited to, the
24 following:

25 (a) a community impact plan summarizing how the applicant
26 intends to have a positive impact on the community in which the
27 proposed entity is to be located, which shall include an economic
28 impact plan, a description of outreach activities, and any financial
29 assistance or discount plans the applicant will provide to qualifying
30 patients and designated caregivers;

31 (b) a written description of the applicant's record of social
32 responsibility, philanthropy, and ties to the proposed host
33 community;

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

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

42 In evaluating the information submitted pursuant to
43 subparagraphs (b) and (c) of this paragraph, the commission shall
44 afford the greatest weight to responses pertaining to the applicant
45 itself, controlling owners, and entities with common ownership or
46 control with the applicant; followed by responses pertaining to
47 those with a 15 percent or greater ownership interest in the
48 applicant's organization; followed by significantly involved persons

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

5 (6) A workforce development and job creation plan, which may
6 include, but shall not be limited to a description of the applicant's
7 workforce development and job creation plan, which may include
8 information on the applicant's history of job creation and planned
9 job creation at the proposed facility; education, training, and
10 resources to be made available for employees; any relevant
11 certifications; and a diversity plan.

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

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

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

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

35 (8) Whether any of the applicant's majority or controlling
36 owners were previously approved by the commission to serve as an
37 officer, director, principal, or key employee of an alternative
38 treatment center, provided any such individual served in that
39 capacity at the alternative treatment center for six or more months.

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

46 (a) the school, hospital, facility, or pharmacy has conducted or
47 participated in research approved by an institutional review board
48 related to cannabis involving the use of human subjects, except in

- 1 the case of an accredited school of medicine or osteopathic
2 medicine that is located and licensed in New Jersey;
- 3 (b) the school, hospital, facility, or pharmacy holds a profit
4 share or ownership interest in the applicant's organization of 10
5 percent or more, except in the case of an accredited school of
6 medicine or osteopathic medicine that is located and licensed in
7 New Jersey; and
- 8 (c) the school, hospital, facility, or pharmacy participates in
9 major decision-making activities within the applicant's
10 organization, which may be demonstrated by representation on the
11 board of directors of the applicant's organization.
- 12 (10) The proposed composition of the applicant's medical
13 advisory board established pursuant to section 15 of P.L.2019,
14 c.153 (C.24:6I-7.5), if any.
- 15 (11) Whether the applicant intends to or has entered into a
16 partnership with a prisoner re-entry program for the purpose of
17 identifying and promoting employment opportunities at the
18 applicant's organization for former inmates and current inmates
19 leaving the corrections system. If so, the applicant shall provide
20 details concerning the name of the re-entry program, the
21 employment opportunities at the applicant's organization that will
22 be made available to the re-entry population, and any other
23 initiatives the applicant's organization will undertake to provide
24 support and assistance to the re-entry population.
- 25 (12) Any other information the commission deems relevant in
26 determining whether to grant a permit to the applicant.
- 27 e. In addition to the information to be submitted pursuant to
28 subsections c. and d. of this section, the commission shall require
29 all permit applicants, other than applicants issued a conditional
30 permit, to submit an attestation signed by a bona fide labor
31 organization stating that the applicant has entered into a labor peace
32 agreement with such bona fide labor organization. Except in the
33 case of an entity holding an unconverted conditional permit, the
34 maintenance of a labor peace agreement with a bona fide labor
35 organization shall be an ongoing material condition of maintaining
36 a medical cannabis cultivator, medical cannabis manufacturer, or
37 medical cannabis dispensary permit. The submission of an
38 attestation and maintenance of a labor peace agreement with a bona
39 fide labor organization by an applicant issued a conditional permit
40 pursuant to subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-
41 7.1.) shall be a requirement for conversion of a conditional permit
42 into a full permit. The failure to enter into a collective bargaining
43 agreement within 200 days after the date that a medical cannabis
44 cultivator, medical cannabis manufacturer, or medical cannabis
45 dispensary first opens shall result in the suspension or revocation of
46 such permit or conditional permit. In reviewing initial permit
47 applications, the commission shall give priority to the following:

1 (1) Applicants that are party to a collective bargaining
2 agreement with a labor organization that currently represents, or is
3 actively seeking to represent, cannabis workers in New Jersey.

4 (2) Applicants that are party to a collective bargaining
5 agreement with a labor organization that currently represents
6 cannabis workers in another state.

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

10 (4) Applicants that submit an attestation affirming that they will
11 use best efforts to utilize union labor in the construction or retrofit
12 of the facilities associated with the permitted entity.

13 The requirements of this subsection shall not apply to a
14 microbusiness applying for a conditional or annual permit of any
15 type.

16 f. In reviewing an initial permit application, unless the
17 information is otherwise solicited by the commission in a specific
18 application question, the commission's evaluation of the application
19 shall be limited to the experience and qualifications of the
20 applicant's organization, including any entities with common
21 ownership or control of the applicant's organization, controlling
22 owners or interest holders in the applicant's organization, the
23 officers, directors, and current or prospective employees of the
24 applicant's organization who have a bona fide relationship with the
25 applicant's organization as of the date of the application, and
26 consultants and independent contractors who have a bona fide
27 relationship with the applicant as of the date of the application.
28 Responses pertaining to applicants who are exempt from the
29 criminal history record background check requirements of section 7
30 of P.L.2009, c.307 (C.24:6I-7) shall not be considered. Each
31 applicant shall certify as to the status of the individuals and entities
32 included in the application.

33 g. The commission shall conduct a disparity study to determine
34 whether race-based measures should be considered when issuing
35 permits pursuant to this section, and shall incorporate the policies,
36 practices, protocols, standards, and criteria developed by the Office
37 of Minority, Disabled Veterans, and Women Medical Cannabis
38 Business Development pursuant to section 32 of P.L.2019, c.153
39 (C.24:6I-25) to promote participation in the medical cannabis
40 industry by persons from socially and economically disadvantaged
41 communities, including promoting applications for, and the
42 issuance of, medical cannabis cultivator, medical cannabis
43 manufacturer, and medical cannabis dispensary permits to certified
44 minority, women's, and disabled veterans' businesses. To this end,
45 the commission shall seek to issue at least 30 percent of the total
46 number of new medical cannabis cultivator permits, medical
47 cannabis manufacturer permits, and medical cannabis dispensary

1 permits issued on or after the effective date of P.L.2019, c.153
2 (C.24:6I-5.1 et al.) as follows:

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

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

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

20 h. The commission shall give special consideration to any
21 applicant that has entered into an agreement with an institution of
22 higher education to create an integrated curriculum involving the
23 cultivation, manufacturing, dispensing or delivery of medical
24 cannabis, provided that the curriculum is approved by both the
25 commission and the Office of the Secretary of Higher Education
26 and the applicant agrees to maintain the integrated curriculum in
27 perpetuity. An integrated curriculum permit shall be subject to
28 revocation if the IC permit holder fails to maintain or continue the
29 integrated curriculum. In the event that, because of circumstances
30 outside an IC permit holder's control, the IC permit holder will no
31 longer be able to continue an integrated curriculum, the IC permit
32 holder shall notify the commission and shall make reasonable
33 efforts to establish a new integrated curriculum with an institution
34 of higher education, subject to approval by the commission and the
35 Office of the Secretary of Higher Education. If the IC permit
36 holder is unable to establish a new integrated curriculum within six
37 months after the date the current integrated curriculum arrangement
38 ends, the commission shall revoke the entity's IC permit, unless the
39 commission finds there are extraordinary circumstances that justify
40 allowing the permit holder to retain the permit without an integrated
41 curriculum and the commission finds that allowing the permit
42 holder to retain the permit would be consistent with the purposes of
43 P.L.2009, c.307 (C.24:6I-1 et al.), in which case the IC permit shall
44 convert to a regular permit of the same type. The commission may
45 revise the application and permit fees or other conditions for an IC
46 permit as may be necessary to encourage applications for IC
47 permits.

1 i. Application materials submitted to the commission pursuant
2 to this section shall not be considered a public record pursuant to
3 P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et
4 al.).

5 j. If the commission notifies an applicant that it has performed
6 sufficiently well on multiple applications to be awarded more than
7 one medical cannabis cultivator permit, more than one medical
8 cannabis manufacturer permit, or more than one medical cannabis
9 dispensary permit by the commission, the applicant shall notify the
10 commission, within seven business days after receiving such notice,
11 as to which permit it will accept. For any permit award declined by
12 an applicant pursuant to this subsection, the commission shall, upon
13 receiving notice from the applicant of the declination, award the
14 permit to the applicant for that permit type who, in the
15 determination of the commission, best satisfies the commission's
16 criteria while meeting the commission's determination of Statewide
17 need. If an applicant fails to notify the commission as to which
18 permit it will accept, the commission shall have the discretion to
19 determine which permit it will award to the applicant, based on the
20 commission's determination of Statewide need and other
21 applications submitted for facilities to be located in the affected
22 regions.

23 k. **【The】** (1) Subject to the provisions of paragraph (2) of this
24 subsection, the provisions of this section shall not apply to any
25 permit applications submitted pursuant to a request for applications
26 published in the New Jersey Register prior to the effective date of
27 P.L.2019, c.153 (C.24:6I-5.1 et al.).

28 (2) The provisions of subsection l. of this section shall not apply
29 to any permit applications submitted pursuant to a request for
30 applications published in the New Jersey Register prior to the
31 effective date of P.L. , c. (C.) (pending before the
32 Legislature as this bill).

33 l. In addition to the information to be submitted pursuant to
34 subsections c., d., and e. of this section, the commission shall
35 require all permit applicants to submit a copy of any services
36 agreement entered into by the applicant with third party entity,
37 which agreement shall be subject to review as provided in
38 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).²

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

40
41 ²**【2.】** 4.² This act shall take effect immediately.

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45
46 Revises certain restrictions on ownership of medical cannabis
47 alternative treatment centers; expands scope of review of alternative
48 treatment center permit applications and related materials.