

SENATE, No. 2875

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED SEPTEMBER 14, 2020

Sponsored by:
Senator TROY SINGLETON
District 7 (Burlington)

SYNOPSIS

Revises certain restrictions on ownership of medical cannabis alternative treatment centers.

CURRENT VERSION OF TEXT

As introduced.



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

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
41 permit holder does not currently hold prior to the expiration of the
42 18-month period described in subparagraph (a) of this paragraph,
43 provided that no additional permit shall be awarded to the permit
44 holder during the 18 month period.

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

Matter underlined thus is new matter.

1 (c) The provisions of subparagraph (a) of this paragraph shall
2 not apply to any alternative treatment center that was issued a
3 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-
4 5.1 et al.), to any alternative treatment center that was issued a
5 permit after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
6 pursuant to an application submitted prior to the effective date of
7 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
8 treatment centers issued a permit pursuant to an application
9 submitted after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et
10 al.) pursuant to a request for applications published in the New
11 Jersey Register prior to the effective date of P.L.2019, c.153
12 (C.24:6I-5.1 et al.) that are expressly exempt from the provisions of
13 subparagraph (i) of subparagraph (a) of this paragraph, or to one
14 of the three alternative treatment centers issued a permit pursuant to
15 section 11 of P.L.2019, c.153 (C.24:6I-7.1) that are expressly
16 exempt from the provisions of subparagraph (i) of subparagraph
17 (a) of this paragraph, which alternative treatment centers shall be
18 deemed to concurrently hold a medical cannabis cultivator permit, a
19 medical cannabis manufacturer permit, and a medical cannabis
20 dispensary permit, and shall be authorized to engage in any conduct
21 authorized pursuant to those permits in relation to the cultivation,
22 manufacturing, and dispensing of medical cannabis.

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

45 (ii) Notwithstanding the provisions of subparagraph (i) of
46 this subparagraph, an investor group or a fund formed for the sole
47 and express purpose of providing financial and technical assistance
48 or the use of intellectual property to an applicant for a medical

1 cannabis dispensary permit, which applicant that has been certified
2 as a minority business pursuant to P.L.1986, c.195 (C.52:27H-
3 21.18 et seq.), a women's business pursuant to P.L.1986, c.195
4 (C.52:27H-21.18 et seq.) or that is a disabled-veterans' business, as
5 defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), may own up
6 to a 40 percent interest in up to 10 entities that have been issued a
7 medical cannabis dispensary permit, provided that the terms of the
8 agreement to financial or technical assistance or the use of
9 intellectual property, whether provided in the form of equity, a loan,
10 or otherwise, including interest rates, returns, and fees, are
11 commercially reasonable based on the terms generally provided to
12 comparable businesses. The terms of the agreement for the
13 provision of financial or technical assistance or the use of
14 intellectual property may include performance, quality, and other
15 requirements as a condition of providing the financial or technical
16 assistance or use of intellectual property. In no case may the
17 controlling interest in the entity that holds the medical cannabis
18 dispensary permit revert to the investor group or fund in the event
19 of a default or failure by the certified minority or women's business
20 or disabled-veterans' business, as applicable, and any such
21 controlling interest may only be transferred to a certified minority
22 or women's business or a disabled-veterans' business. An entity
23 issued a medical cannabis cultivator, manufacturer, or dispensary
24 permit, or an individual associated with the ownership or
25 management of the entity, may participate in an investor group or a
26 fund that meets the requirements of this subparagraph, provided
27 that the entity's or individual's interest in the investor group or the
28 fund does not exceed 10 percent.

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

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

41 (g) An alternative treatment center that was issued a permit prior
42 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
43 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
44 5.1 et al.) pursuant to an application submitted pursuant to a request
45 for applications published in the New Jersey Register prior to the
46 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
47 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
48 5.1 et al.) pursuant to an application submitted prior to the effective

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

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

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

36 (5) (a) A medical cannabis cultivator shall be authorized to:
37 acquire a reasonable initial and ongoing inventory, as determined
38 by the commission, of cannabis seeds or seedlings and
39 paraphernalia; possess, cultivate, plant, grow, harvest, and package
40 medical cannabis, including prerolled forms, for any authorized
41 purpose, including, but not limited to, research purposes; and
42 deliver, transfer, transport, distribute, supply, or sell medical
43 cannabis and related supplies to any medical cannabis cultivator,
44 medical cannabis manufacturer, medical cannabis dispensary, or
45 clinical registrant in the State. In no case shall a medical cannabis
46 cultivator operate or be located on land that is valued, assessed or
47 taxed as an agricultural or horticultural use pursuant to the

1 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-
2 23.1 et seq.).

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

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

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

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

1 b. The commission shall require that an applicant provide such
2 information as the commission determines to be necessary pursuant
3 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-
4 1 et al.).

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

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

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

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

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

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

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

45 (3) Upon receipt of the criminal history record background
46 information from the Division of State Police and the Federal
47 Bureau of Investigation, the commission shall provide written
48 notification to the applicant of the applicant's qualification for or

1 disqualification for a permit to operate or be a director, officer, or
2 employee of, or a significantly involved person in, a medical
3 cannabis cultivator, medical cannabis manufacturer, medical
4 cannabis dispensary, or clinical registrant.

5 If the applicant is disqualified because of a disqualifying
6 conviction pursuant to the provisions of this section, the conviction
7 that constitutes the basis for the disqualification shall be identified
8 in the written notice.

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

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

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

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

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

42 (c) the circumstances under which the crime or offense
43 occurred;

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

45 (e) the age of the individual when the crime or offense was
46 committed;

47 (f) whether the crime or offense was an isolated or repeated
48 incident;

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

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

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

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

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

36 h. Each medical cannabis dispensary and clinical registrant
37 shall maintain and make available on its Internet website, if any, a
38 standard price list that shall apply to all medical cannabis, medical
39 cannabis products, and related supplies and paraphernalia sold or
40 dispensed by the medical cannabis dispensary or clinical registrant,
41 which prices shall be reasonable and consistent with the actual costs
42 incurred by the medical cannabis dispensary or clinical registrant in
43 connection with acquiring and selling, transferring, or dispensing
44 the medical cannabis or medical cannabis product and related
45 supplies and paraphernalia. The prices charged by the medical
46 cannabis dispensary or clinical registrant shall not deviate from the
47 prices indicated on the entity's current price list, provided that a
48 price list maintained by a medical cannabis dispensary or clinical

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

16 i. The commission shall adopt regulations to:

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

30 (2) monitor, oversee, and investigate all activities performed by
31 medical cannabis cultivators, medical cannabis manufacturers,
32 medical cannabis dispensaries, and clinical registrants;

33 (3) ensure adequate security of all facilities 24 hours per day
34 and security of all delivery methods to registered qualifying
35 patients; and

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

43 j. (1) Each medical cannabis cultivator, medical cannabis
44 manufacturer, medical cannabis dispensary, and clinical registrant
45 shall require the owners, directors, officers, and employees at the
46 permitted facility to complete at least eight hours of ongoing
47 training each calendar year. The training shall be tailored to the
48 roles and responsibilities of the individual's job function, and shall

1 include training on confidentiality and such other topics as shall be
2 required by the commission.

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

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

44 (2) The sale or transfer of any interest of five percent or more in
45 a medical cannabis cultivator, medical cannabis manufacturer,
46 medical cannabis dispensary, or clinical registrant permit shall be
47 subject to approval by the commission and conditioned on the entity
48 that is purchasing or receiving transfer of the interest in the medical

1 cannabis cultivator, medical cannabis manufacturer, medical
2 cannabis dispensary, or clinical registrant permit completing a
3 criminal history record background check pursuant to the
4 requirements of subsection d. of this section.

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

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

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

33

34 2. This act shall take effect immediately.

35

36

37

STATEMENT

38

39 This bill revises the restrictions that apply to ownership of or
40 investment in a medical cannabis dispensary and other types of
41 alternative treatment centers.

42 Current law provides that, subject to certain exceptions, no entity
43 may simultaneously hold more than one medical cannabis
44 cultivator, medical cannabis manufacturer, or medical cannabis
45 dispensary permit, although effective January 2021, a single entity
46 may hold up to one of each type of permit.

47 This bill would establish a new exception to these ownership
48 restrictions, pursuant to which an investor group or a fund formed

1 for the sole and express purpose of providing financial and
2 technical assistance or the use of intellectual property to an
3 applicant for a medical cannabis dispensary permit that has been
4 certified as a minority or women's business or is a disabled-
5 veterans' business, may own up to a 40 percent interest in up to 10
6 entities that have been issued a medical cannabis dispensary permit.

7 The bill requires that the terms of the agreement for the
8 provision of financial or technical assistance or the use of
9 intellectual property, whether provided in the form of equity, a loan,
10 or otherwise, including interest rates, returns, and fees, are
11 commercially reasonable based on the terms generally provided to
12 comparable businesses. The terms of the agreement may include
13 performance, quality, and other requirements as a condition of
14 providing the financial or technical assistance or the use of
15 intellectual property.

16 The bill provides that in no case may the controlling interest in
17 the entity that holds the medical cannabis dispensary permit revert
18 to the investor group or fund in the event of a default or failure by
19 the certified minority or women's business or disabled-veterans'
20 business, and any such controlling interest may only be transferred
21 to a certified minority or women's business or a disabled-veterans'
22 business.

23 The bill allows an entity issued a medical cannabis cultivator,
24 manufacturer, or dispensary permit, or an individual associated with
25 the ownership or management of the entity, to participate in an
26 investor group or a fund that meets the requirements of the bill,
27 provided that the entity's or individual's interest in the investor
28 group or the fund does not exceed 10 percent.