

[Second Reprint]

SENATE, No. 2875

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED SEPTEMBER 14, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Assembly Health Committee on March 8, 2021, with amendments.



(Sponsorship Updated As Of: 12/17/2020)

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
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.

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.

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,' investor group ', ' or '【a】' fund
47 '【formed for the sole and express purpose of providing】 that
48 provides significant ' financial '【and】 or' technical assistance or the

1 'significant' use of intellectual property¹, or a combination
2 thereof,¹ to an applicant for a medical cannabis dispensary permit,
3 which applicant **'[that]'** has been certified as a minority business
4 pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.), a women's
5 business pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.)¹,¹ or
6 **'[that]'** is a disabled-veterans' business, as defined in section 2 of
7 P.L.2015, c.116 (C.52:32-31.2), may own up to a 40 percent interest
8 in up to 10 entities that have been issued a medical cannabis
9 dispensary permit, provided that ¹each such medical cannabis
10 dispensary is a certified minority or women's business or a
11 disabled-veterans' business, and¹ the terms of the agreement to
12 ¹provide significant¹ financial or technical assistance or the
13 ¹significant¹ use of intellectual property, ¹or a combination
14 thereof,¹ whether provided in the form of equity, a loan, or
15 otherwise, including interest rates, returns, and fees, are
16 commercially reasonable based on the terms generally provided to
17 comparable businesses. The terms of the agreement for the
18 provision of ¹significant¹ financial or technical assistance or the
19 ¹significant¹ use of intellectual property¹, or a combination
20 thereof,¹ may include performance, quality, and other requirements
21 as a condition of providing the financial or technical assistance or
22 use of intellectual property. ²An applicant for a medical cannabis
23 dispensary permit that has or will receive significant financial or
24 technical assistance or the significant use of intellectual property
25 under this subparagraph shall include with the permit
26 application materials submitted to the commission a copy of the
27 agreement to provide significant financial or technical assistance or
28 significant use of intellectual property, or a combination thereof,
29 which agreement shall be subject to review by the commission as
30 provided in subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-
31 7.1).²

32 ¹An applicant for a medical cannabis dispensary permit that
33 receives significant financial or technical assistance or the
34 significant use of intellectual property under this subparagraph
35 shall pay back to the investor, investor group, or fund the full value
36 of the financial or technical assistance or intellectual property
37 provided under the agreement, plus any applicable interest and fees,
38 within seven years after the date the applicant entered into the
39 agreement for the provision of significant financial or technical
40 assistance or significant use of intellectual property, but no earlier
41 than three years after the date of the agreement. An investor,
42 investor group, or fund that has acquired an ownership interest in
43 one or more entities that have been issued a medical cannabis
44 dispensary permit as authorized under this subparagraph may
45 maintain the ownership interest after the date the full value of the
46 financial or technical assistance or use of intellectual property

1 provided under the agreement, plus interest and fees, has been
2 repaid by the applicant that received the assistance or use of
3 intellectual property.¹

4 In no case may the controlling interest in the entity that holds
5 ‘[the] a’ medical cannabis dispensary permit ‘in which an investor,
6 investor group, or fund owns an interest as authorized under this
7 subsubparagraph’ revert to the ‘investor,’ ‘investor group,’ ‘or fund
8 in the event of a default or failure by the certified minority or
9 women’s business or disabled-veterans’ business, as applicable, and
10 any such controlling interest may only be transferred to a certified
11 minority or women’s business or a disabled-veterans’ business.

12 An entity issued a medical cannabis cultivator, ‘medical
13 cannabis’ manufacturer, or ‘medical cannabis’ dispensary permit,
14 or an individual associated with the ownership or management of
15 the entity, may participate in an investor group or a fund that meets
16 the requirements of this subsubparagraph ‘[, provided that the
17 entity’s or individual’s interest in the investor group or the fund
18 does not exceed 10 percent]’ .

19 (e) No entity issued a medical cannabis cultivator, medical
20 cannabis manufacturer, or medical cannabis dispensary permit may
21 concurrently hold a clinical registrant permit issued pursuant to
22 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a
23 clinical registrant permit pursuant to section 13 of P.L.2019, c.153
24 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator
25 permit, a medical cannabis manufacturer permit, or a medical
26 cannabis dispensary permit.

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

31 (g) An alternative treatment center that was issued a permit prior
32 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
33 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
34 5.1 et al.) pursuant to an application submitted pursuant to a request
35 for applications published in the New Jersey Register prior to the
36 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
37 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
38 5.1 et al.) pursuant to an application submitted prior to the effective
39 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to
40 submit an attestation signed by a bona fide labor organization
41 stating that the alternative treatment center has entered into a labor
42 peace agreement with such bona fide labor organization no later
43 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-
44 5.1 et al.) or no later than 100 days after the date the alternative
45 treatment center first opens, whichever date is later. The
46 maintenance of a labor peace agreement with a bona fide labor
47 organization shall be an ongoing material condition of maintaining

1 the alternative treatment center's permit. The failure to submit an
2 attestation as required pursuant to this subparagraph within 100
3 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
4 or within 100 days after the alternative treatment center first opens,
5 as applicable, shall result in the suspension or revocation of the
6 alternative treatment center's permit, provided that the commission
7 may grant an extension to this deadline to the alternative treatment
8 center based upon extenuating circumstances or for good cause
9 shown.

10 (3) The commission shall seek to ensure the availability of a
11 sufficient number of medical cannabis cultivators, medical cannabis
12 manufacturers, and medical cannabis dispensaries throughout the
13 State, pursuant to need, including at least two each in the northern,
14 central, and southern regions of the State. Medical cannabis
15 cultivators, medical cannabis manufacturers, and medical cannabis
16 dispensaries issued permits pursuant to this section may be
17 nonprofit or for-profit entities.

18 (4) The commission shall periodically evaluate whether the
19 number of medical cannabis cultivator, medical cannabis
20 manufacturer, and medical cannabis dispensary permits issued are
21 sufficient to meet the needs of qualifying patients in the State, and
22 shall make requests for applications and issue such additional
23 permits as shall be necessary to meet those needs. The types of
24 permits requested and issued, and the locations of any additional
25 permits that are authorized, shall be in the discretion of the
26 commission based on the needs of qualifying patients in the State.

27 (5) (a) A medical cannabis cultivator shall be authorized to:
28 acquire a reasonable initial and ongoing inventory, as determined
29 by the commission, of cannabis seeds or seedlings and
30 paraphernalia; possess, cultivate, plant, grow, harvest, and package
31 medical cannabis, including prerolled forms, for any authorized
32 purpose, including, but not limited to, research purposes; and
33 deliver, transfer, transport, distribute, supply, or sell medical
34 cannabis and related supplies to any medical cannabis cultivator,
35 medical cannabis manufacturer, medical cannabis dispensary, or
36 clinical registrant in the State. In no case shall a medical cannabis
37 cultivator operate or be located on land that is valued, assessed or
38 taxed as an agricultural or horticultural use pursuant to the
39 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-
40 23.1 et seq.).

41 (b) A medical cannabis manufacturer shall be authorized to:
42 purchase or acquire medical cannabis from any medical cannabis
43 cultivator, medical cannabis manufacturer, or clinical registrant in
44 the State; possess and utilize medical cannabis in the manufacture,
45 production, and creation of medical cannabis products; and deliver,
46 transfer, transport, supply, or sell medical cannabis products and
47 related supplies to any medical cannabis manufacturer, medical
48 cannabis dispensary, or clinical registrant in the State.

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

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

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

39 b. The commission shall require that an applicant provide such
40 information as the commission determines to be necessary pursuant
41 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-
42 1 et al.).

43 c. A person who has been convicted of a crime of the first,
44 second, or third degree under New Jersey law or of a crime
45 involving any controlled dangerous substance or controlled
46 substance analog as set forth in chapter 35 of Title 2C of the New
47 Jersey Statutes except paragraph (11) or (12) of subsection b. of
48 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of

1 N.J.S.2C:35-10, or any similar law of the United States or any other
2 state shall not be issued a permit to operate as a medical cannabis
3 cultivator, medical cannabis manufacturer, medical cannabis
4 dispensary, or clinical registrant or be a director, officer, or
5 employee of a medical cannabis cultivator, medical cannabis
6 manufacturer, medical cannabis dispensary, or clinical registrant,
7 unless such conviction occurred after the effective date of P.L.2009,
8 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
9 relating to possession or sale of cannabis for conduct that is
10 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
11 c.158 (C.18A:40-12.22 et al.).

12 d. (1) The commission shall require each applicant seeking a
13 permit to operate as, to be a director, officer, or employee of, or to
14 be a significantly involved person in, a medical cannabis cultivator,
15 medical cannabis manufacturer, medical cannabis dispensary, or
16 clinical registrant to undergo a criminal history record background
17 check.

18 Any individual seeking to become a director, officer, or
19 employee of a medical cannabis cultivator, medical cannabis
20 manufacturer, medical cannabis dispensary, or clinical registrant,
21 after issuance of an initial permit shall notify the commission and
22 shall complete a criminal history record background check and
23 provide all information as may be required by the commission as a
24 condition of assuming a position as director, officer, or employee of
25 the permitted entity. An individual who incurs an investment
26 interest or gains the authority to make controlling decisions in a
27 permitted entity that makes the individual a significantly involved
28 person shall notify the commission, complete a criminal history
29 record background check, and provide all information as may be
30 required by the commission no later than 30 days after the date the
31 individual becomes a significantly involved person, or any permit
32 issued to the individual or group of which the significantly involved
33 person is a member shall be revoked and the individual or group
34 shall be deemed ineligible to hold any ownership or investment
35 interest in a medical cannabis cultivator, medical cannabis
36 manufacturer, medical cannabis dispensary, or clinical registrant for
37 a period of at least two years, commencing from the date of
38 revocation, and for such additional period of time as the
39 commission deems appropriate, based on the duration of the
40 nondisclosure, the size of the individual's or group's investment
41 interest in the permitted entity, the amount of profits, revenue, or
42 income realized by the individual or group from the permitted entity
43 during the period of nondisclosure, and whether the individual had a
44 disqualifying conviction or would otherwise have been deemed
45 ineligible to be a significantly involved person in a medical
46 cannabis cultivator, medical cannabis manufacturer, medical
47 cannabis dispensary, or clinical registrant.

1 For purposes of this section, the term "applicant" shall include
2 any owner, director, officer, or employee of, and any significantly
3 involved person in, a medical cannabis cultivator, medical cannabis
4 manufacturer, medical cannabis dispensary, or clinical registrant.
5 The commission is authorized to exchange fingerprint data with and
6 receive criminal history record background information from the
7 Division of State Police and the Federal Bureau of Investigation
8 consistent with the provisions of applicable federal and State laws,
9 rules, and regulations. The Division of State Police shall forward
10 criminal history record background information to the commission
11 in a timely manner when requested pursuant to the provisions of
12 this section.

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

29 (2) The commission shall not approve an applicant for a permit
30 to operate, or authorization to be employed at or to be a
31 significantly involved person in, a medical cannabis cultivator,
32 medical cannabis manufacturer, medical cannabis dispensary, or
33 clinical registrant if the criminal history record background
34 information of the applicant reveals a disqualifying conviction as
35 set forth in subsection c. of this section.

36 (3) Upon receipt of the criminal history record background
37 information from the Division of State Police and the Federal
38 Bureau of Investigation, the commission shall provide written
39 notification to the applicant of the applicant's qualification for or
40 disqualification for a permit to operate or be a director, officer, or
41 employee of, or a significantly involved person in, a medical
42 cannabis cultivator, medical cannabis manufacturer, medical
43 cannabis dispensary, or clinical registrant.

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

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

11 (5) Notwithstanding the provisions of subsection c. of this
12 section to the contrary, the commission may offer provisional
13 authority for an applicant to be an owner, director, officer, or
14 employee of, or a significantly involved person in, a medical
15 cannabis cultivator, medical cannabis manufacturer, medical
16 cannabis dispensary, or clinical registrant for a period not to exceed
17 three months if the applicant submits to the commission a sworn
18 statement attesting that the person has not been convicted of any
19 disqualifying conviction pursuant to this section.

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

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

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

34 (c) the circumstances under which the crime or offense
35 occurred;

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

37 (e) the age of the individual when the crime or offense was
38 committed;

39 (f) whether the crime or offense was an isolated or repeated
40 incident;

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

43 (h) any evidence of rehabilitation, including good conduct in
44 prison or in the community, counseling or psychiatric treatment
45 received, acquisition of additional academic or vocational
46 schooling, successful participation in correctional work-release
47 programs, or the recommendation of those who have had the
48 individual under their supervision.

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

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

23 g. A medical cannabis cultivator, medical cannabis
24 manufacturer, medical cannabis dispensary, or clinical registrant
25 shall report any change in information to the commission not later
26 than 10 days after such change, or the permit shall be deemed null
27 and void.

28 h. Each medical cannabis dispensary and clinical registrant
29 shall maintain and make available on its Internet website, if any, a
30 standard price list that shall apply to all medical cannabis, medical
31 cannabis products, and related supplies and paraphernalia sold or
32 dispensed by the medical cannabis dispensary or clinical registrant,
33 which prices shall be reasonable and consistent with the actual costs
34 incurred by the medical cannabis dispensary or clinical registrant in
35 connection with acquiring and selling, transferring, or dispensing
36 the medical cannabis or medical cannabis product and related
37 supplies and paraphernalia. The prices charged by the medical
38 cannabis dispensary or clinical registrant shall not deviate from the
39 prices indicated on the entity's current price list, provided that a
40 price list maintained by a medical cannabis dispensary or clinical
41 registrant may allow for medical cannabis to be made available at a
42 reduced price or without charge to qualifying patients who have a
43 demonstrated financial hardship, as that term shall be defined by the
44 commission by regulation. A price list required pursuant to this
45 subsection may be revised no more than once per month, and each
46 medical cannabis dispensary and clinical registrant shall be
47 responsible for ensuring that the commission has a copy of the
48 facility's current price list. A medical cannabis dispensary or

1 clinical registrant shall be liable to a civil penalty of \$1,000 for
2 each sale that occurs at a price that deviates from the entity's current
3 price list, and to a civil penalty of \$10,000 for each week during
4 which the entity's current price list is not on file with the
5 commission. Any civil penalties collected by the commission
6 pursuant to this section shall be used by the commission for the
7 purposes of administering the State medical cannabis program.

8 i. The commission shall adopt regulations to:

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

22 (2) monitor, oversee, and investigate all activities performed by
23 medical cannabis cultivators, medical cannabis manufacturers,
24 medical cannabis dispensaries, and clinical registrants;

25 (3) ensure adequate security of all facilities 24 hours per day
26 and security of all delivery methods to registered qualifying
27 patients; and

28 (4) establish thresholds for administrative action to be taken
29 against a medical cannabis cultivator, medical cannabis
30 manufacturer, medical cannabis dispensary, or clinical registrant
31 and its employees, officers, investors, directors, or governing board
32 pursuant to subsection m. of this section, including, but not limited
33 to, specific penalties or disciplinary actions that may be imposed in
34 a summary proceeding.

35 j. (1) Each medical cannabis cultivator, medical cannabis
36 manufacturer, medical cannabis dispensary, and clinical registrant
37 shall require the owners, directors, officers, and employees at the
38 permitted facility to complete at least eight hours of ongoing
39 training each calendar year. The training shall be tailored to the
40 roles and responsibilities of the individual's job function, and shall
41 include training on confidentiality and such other topics as shall be
42 required by the commission.

43 (2) Each medical cannabis dispensary and clinical registrant
44 shall consider whether to make interpreter services available to the
45 population served, including for individuals with a visual or hearing
46 impairment. The commission shall provide assistance to any
47 medical cannabis dispensary or clinical registrant that seeks to
48 provide such services in locating appropriate interpreter resources.

1 A medical cannabis dispensary or clinical registrant shall assume
2 the cost of providing interpreter services pursuant to this
3 subsection.

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

36 (2) The sale or transfer of any interest of five percent or more in
37 a medical cannabis cultivator, medical cannabis manufacturer,
38 medical cannabis dispensary, or clinical registrant permit shall be
39 subject to approval by the commission and conditioned on the entity
40 that is purchasing or receiving transfer of the interest in the medical
41 cannabis cultivator, medical cannabis manufacturer, medical
42 cannabis dispensary, or clinical registrant permit completing a
43 criminal history record background check pursuant to the
44 requirements of subsection d. of this section.

45 l. No employee of any department, division, agency, board, or
46 other State, county, or local government entity involved in the
47 process of reviewing, processing, or making determinations with
48 regard to medical cannabis cultivator, medical cannabis

1 manufacturer, medical cannabis dispensary, or clinical registrant
2 permit applications shall have any direct or indirect financial
3 interest in the cultivating, manufacturing, or dispensing of medical
4 cannabis or related paraphernalia, or otherwise receive anything of
5 value from an applicant for a medical cannabis cultivator, medical
6 cannabis manufacturer, medical cannabis dispensary, or clinical
7 registrant permit in exchange for reviewing, processing, or making
8 any recommendations with respect to a permit application.

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

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

25

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

28 11. a. The commission shall, no later than 90 days after the
29 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon
30 adoption of rules and regulations as provided in subsection c. of
31 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs later,
32 begin accepting and processing applications for new medical
33 cannabis cultivator, medical cannabis manufacturer, and medical
34 cannabis dispensary permits. Notwithstanding the provisions of
35 subparagraph (i) of subparagraph (a) of paragraph (2) of
36 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), the first
37 three alternative treatment center permits issued by the commission
38 pursuant to an application submitted on or after the effective date of
39 P.L.2019, c.153 (C.24:6I-5.1 et al.) and up to four alternative
40 treatment centers permits issued by the commission after the
41 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) pursuant to an
42 application submitted pursuant to a request for applications
43 published in the New Jersey Register prior to the effective date of
44 P.L.2019, c.153 (C.24:6I-5.1 et al.) shall be deemed to concurrently
45 hold a medical cannabis cultivator permit, a medical cannabis
46 manufacturer permit, and a medical cannabis dispensary permit; of
47 these permits, one permit shall be issued to an applicant located in
48 the northern region of the State, one permit shall be issued to an

1 applicant located in the central region of the State, and one permit
2 shall be issued to an applicant located in the southern region of the
3 State. Any permits issued by the commission thereafter shall be
4 subject to the provisions of subparagraph (i) of subparagraph (a)
5 of paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
6 (C.24:6I-7), and the requirements of subsection d. of this section
7 concerning conditional permits.

8 b. The commission may establish nonrefundable application
9 fees for permit applications and conditional permit applications, and
10 permit and conditional permit fees for successful applicants.

11 c. (1) The commission shall make a determination as to any
12 permit application, other than an application for a conditional
13 permit submitted pursuant to subsection d. of this section, no later
14 than 90 days after receiving the application, which may include a
15 determination that the commission reasonably requires more time to
16 adequately review the application.

17 (2) The commission shall issue a permit, other than a
18 conditional permit, to an approved applicant at such time as the
19 commission completes the application review process and any
20 mandatory inspections, and determines that the applicant is in
21 compliance with and is implementing the plans, procedures,
22 protocols, actions, or other measures set forth in the applicant's
23 permit application submitted pursuant to section 12 of P.L.2019,
24 c.153 (C.24:6I-7.2), did maintain compliance with the terms,
25 conditions, or restrictions of a conditional permit issued to the
26 applicant, if applicable, and is otherwise in compliance with the
27 requirements of P.L.2009, c.307 (C.24:6I-1 et al.).

28 d. (1) The commission shall ensure that at least one third of the
29 total permits issued for each type of medical cannabis permit are
30 conditional permits, which one-third figure shall include any
31 conditional permit issued to an applicant which is subsequently
32 converted by the commission into a full permit pursuant to
33 paragraph (4) of this subsection and any conditional permit,
34 including a converted permit, issued to a microbusiness pursuant to
35 subsection e. of this section. The requirements of this subsection
36 shall not apply to permits issued to clinical registrants or to permits
37 issued to the three alternative treatment centers issued a permit
38 pursuant to subsection a. of this section that are expressly exempt
39 from the provisions of subparagraph (i) of subparagraph (a) of
40 paragraph (2) of subsection a. of section 7 of P.L.2009, c.307
41 (C.24:6I-7).

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

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

46 (b) a list of all owners, officers, directors, and employees of,
47 and significantly involved persons in, the proposed medical
48 cannabis entity, including their names, addresses, dates of birth,

1 resumes, and a photocopy of their driver's licenses or other
2 government-issued form of identification;

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

9 (d) documentation that each significantly involved person in the
10 proposed medical cannabis entity has, for the immediately
11 preceding taxable year, an adjusted gross income of no more than
12 \$200,000 or no more than \$400,000 if filing jointly with another;

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

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

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

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

27 (i) the plan by which the applicant intends to obtain appropriate
28 liability insurance coverage for the proposed medical cannabis
29 entity; and

30 (j) any other requirements established by the commission
31 pursuant to regulation.

32 (3) The commission shall make a determination on an
33 application for a conditional permit within 30 days after the date the
34 application is received. A determination made pursuant to this
35 paragraph may include a determination that the commission
36 requires more time to adequately review the application. The
37 commission shall approve a permit application that meets the
38 requirements of this subsection unless the commission finds by
39 clear and convincing evidence that the applicant would be
40 manifestly unsuitable to perform the activities authorized for the
41 permit sought by the applicant. The commission shall deny a
42 conditional permit to any applicant who fails to provide
43 information, documentation, and assurances as required by this
44 subsection; who fails to reveal any fact material to qualification; or
45 who supplies information that is untrue or misleading as to a
46 material fact pertaining to the qualification criteria for issuance of a
47 conditional permit. If the application is denied, the commission
48 shall notify the applicant in writing of the specific reason for its

1 denial and provide the applicant with the opportunity for a hearing
2 in accordance with the "Administrative Procedure Act," P.L.1968,
3 c.410 (C.52:14B-1 et seq.).

4 (4) The commission shall furnish to each entity issued a
5 conditional permit a list of the requirements that the entity will be
6 required to comply with within 120 days after issuance of the
7 conditional permit. If the commission subsequently determines
8 that, during the 120-day period, the conditional permit holder is in
9 compliance with all applicable conditions and is implementing the
10 plans, procedures, protocols, actions, or other measures set forth in
11 its application, the commission shall convert the conditional permit
12 into a full permit, which will expire one year from its date of
13 issuance and be subject to annual renewal; if the commission
14 determines that the conditional permit holder is not in compliance
15 with all applicable conditions or not implementing the plans,
16 procedures, protocols, actions, or other measures set forth in its
17 application, the conditional permit shall automatically expire at the
18 end of the 120-day period, or, at the discretion of the commission,
19 may be revoked prior to the end of the 120-day period.

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

22 e. (1) The commission shall ensure that at least 10 percent of the
23 total permits issued for each medical cannabis permit type, other
24 than a clinical registrant permit, are designated for and only issued
25 to microbusinesses, and that at least 25 percent of the total permits
26 issued be issued to microbusinesses. A microbusiness may be
27 issued a full annual permit pursuant to section 7 of P.L.2009, c.307
28 (C.24:6I-7) or a conditional permit pursuant to subsection d. of this
29 section. The maximum fee assessed by the commission for issuance
30 or renewal of a permit issued to a microbusiness shall be no more
31 than half the fee applicable to a permit of the same type issued to a
32 person or entity that is not a microbusiness. A permit issued to a
33 microbusiness shall be valid for one year and may be renewed
34 annually.

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

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

39 (b) at least 51 percent of the owners, directors, officers, and
40 employees of the microbusiness shall be residents of the
41 municipality in which the microbusiness is or will be located, or a
42 municipality bordering the municipality in which the microbusiness
43 is or will be located;

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

47 (d) the microbusiness shall not exceed the following size and
48 capacity restrictions:

- 1 (i) the entire microbusiness facility shall occupy an area of no
2 more than 2,500 square feet;
- 3 (ii) in the case of a microbusiness that is a medical cannabis
4 cultivator, the total medical cannabis grow area shall not exceed
5 2,500 square feet, measured on a horizontal plane, shall grow no
6 higher than 24 feet above that plane, and shall possess a total of no
7 more than 1,000 plants, including mature and immature medical
8 cannabis plants, but not including seedlings;
- 9 (iii) in the case of a microbusiness that is a medical cannabis
10 manufacturer, the manufacturer shall acquire and process no more
11 than 1,000 pounds of medical cannabis in dried form each month;
12 and
- 13 (iv) in the case of a microbusiness that is a medical cannabis
14 dispensary, the dispensary shall acquire no more than 1,000 pounds
15 of medical cannabis in dried form, or the equivalent amount in any
16 other form, or any combination thereof, for dispensing to or on
17 behalf of registered qualifying patients each month; and
- 18 (e) the microbusiness shall comply with such other requirements
19 as may be established by the commission by regulation.
- 20 (3) The requirements of this subsection shall not apply to
21 permits issued pursuant to an application submitted pursuant to a
22 request for applications published in the New Jersey Register prior
23 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.).
- 24 f. The commission shall have the authority to review any
25 services agreement submitted pursuant to subsection l. of section 12
26 of P.L.2019, c.153 (C.24:6I-7.2, and any agreement established
27 under subparagraph (ii) of subparagraph (d) of paragraph 2 of
28 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) to provide
29 significant financial or technical assistance or the significant use of
30 intellectual property to an applicant, to determine whether the terms
31 of the agreement, including interest rates, returns, and fees, are
32 commercially reasonable and consistent with the fair market value
33 for the terms generally applicable to agreements of a comparable
34 nature. In the event the commission determines the terms of an
35 agreement are not commercially reasonable or consistent with the
36 fair market value generally applicable to the services to be provided
37 under the agreement, the commission shall have the authority to
38 withhold approval of the permit application until the parties
39 renegotiate a new agreement that, as determined by the commission,
40 is commercially reasonable and consistent with the fair market
41 value for the terms generally applicable to agreements of a
42 comparable nature. The parties to the agreement may request that
43 the commission provide guidance as to what terms it would find to
44 be commercially reasonable and consistent with the fair market
45 value generally applicable to agreements of a comparable nature.
46 Nothing in this subsection shall be construed to require the
47 commission to award a permit to an applicant if the commission

1 determines the applicant does not otherwise meet the requirements
2 for issuance of the permit.²

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

4

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

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

24 b. An initial permit application shall be evaluated according to
25 criteria to be developed by the commission. The commission shall
26 determine the point values to be assigned to each criterion, which
27 shall include bonus points for applicants who are residents of New
28 Jersey.

29 c. The criteria to be developed by the commission pursuant to
30 subsection b. of this section shall include, in addition to the criteria
31 set forth in subsections d. and e. of this section and any other
32 criteria developed by the commission, an analysis of the applicant's
33 operating plan, excluding safety and security criteria, which shall
34 include the following:

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

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

40 (b) conventional horticulture or agriculture, familiarity with
41 good agricultural practices, and any relevant certifications or
42 degrees;

43 (c) quality control and quality assurance;

44 (d) recall plans;

45 (e) packaging and labeling;

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

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

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

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

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

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

5 (b) the applicant's experience in operating alternative treatment
6 centers and related medical cannabis production and dispensation
7 entities under the laws of New Jersey or any other state or
8 jurisdiction within the United States; and

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

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

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

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

30 (b) the submission of zoning approvals for the proposed
31 location, which shall consist of a letter or affidavit from appropriate
32 municipal officials that the location will conform to municipal
33 zoning requirements allowing for such activities related to the
34 cultivation, manufacturing, or dispensing of medical cannabis,
35 cannabis products, and related supplies as will be conducted at the
36 proposed facility; and

37 (c) the submission of proof of local support for the suitability of
38 the location, which may be demonstrated by a resolution adopted by
39 the municipality's governing body indicating that the intended
40 location is appropriately located or otherwise suitable for such
41 activities related to the cultivation, manufacturing, or dispensing of
42 medical cannabis, cannabis products, and related supplies as will be
43 conducted at the proposed facility.

44 Notwithstanding any other provision of this subsection, an
45 application shall be disqualified from consideration unless it
46 includes documentation demonstrating that the applicant will have
47 final control of the premises upon approval of the application,
48 including, but not limited to, a lease agreement, contract for sale,

1 title, deed, or similar documentation. In addition, if the applicant
2 will lease the premises, the application will be disqualified from
3 consideration unless it includes certification from the landlord that
4 the landlord is aware that the tenant's use of the premises will
5 involve activities related to the cultivation, manufacturing, or
6 dispensing of medical cannabis and medical cannabis products. An
7 application shall not be disqualified from consideration if the
8 application does not include the materials described in
9 subparagraph (b) or (c) of this paragraph.

10 (5) A community impact, social responsibility, and research
11 statement, which shall include, but shall not be limited to, the
12 following:

13 (a) a community impact plan summarizing how the applicant
14 intends to have a positive impact on the community in which the
15 proposed entity is to be located, which shall include an economic
16 impact plan, a description of outreach activities, and any financial
17 assistance or discount plans the applicant will provide to qualifying
18 patients and designated caregivers;

19 (b) a written description of the applicant's record of social
20 responsibility, philanthropy, and ties to the proposed host
21 community;

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

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

30 In evaluating the information submitted pursuant to
31 subparagraphs (b) and (c) of this paragraph, the commission shall
32 afford the greatest weight to responses pertaining to the applicant
33 itself, controlling owners, and entities with common ownership or
34 control with the applicant; followed by responses pertaining to
35 those with a 15 percent or greater ownership interest in the
36 applicant's organization; followed by significantly involved persons
37 in the applicant's organization; followed by other officers, directors,
38 and current and prospective employees of the applicant who have a
39 bona fide relationship with the applicant's organization as of the
40 submission date of the application.

41 (6) A workforce development and job creation plan, which may
42 include, but shall not be limited to a description of the applicant's
43 workforce development and job creation plan, which may include
44 information on the applicant's history of job creation and planned
45 job creation at the proposed facility; education, training, and
46 resources to be made available for employees; any relevant
47 certifications; and a diversity plan.

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

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

4 (b) a demonstration of the applicant's financial ability to
5 implement its business plan, which may include, but shall not be
6 limited to, bank statements, business and individual financial
7 statements, net worth statements, and debt and equity financing
8 statements; and

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

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

29 (9) Whether the applicant can demonstrate that its governance
30 structure includes the involvement of a school of medicine or
31 osteopathic medicine licensed and accredited in the United States,
32 or a general acute care hospital, ambulatory care facility, adult day
33 care services program, or pharmacy licensed in New Jersey,
34 provided that:

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

40 (b) the school, hospital, facility, or pharmacy holds a profit
41 share or ownership interest in the applicant's organization of 10
42 percent or more, except in the case of an accredited school of
43 medicine or osteopathic medicine that is located and licensed in
44 New Jersey; and

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

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

4 (11) Whether the applicant intends to or has entered into a
5 partnership with a prisoner re-entry program for the purpose of
6 identifying and promoting employment opportunities at the
7 applicant's organization for former inmates and current inmates
8 leaving the corrections system. If so, the applicant shall provide
9 details concerning the name of the re-entry program, the
10 employment opportunities at the applicant's organization that will
11 be made available to the re-entry population, and any other
12 initiatives the applicant's organization will undertake to provide
13 support and assistance to the re-entry population.

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

16 e. In addition to the information to be submitted pursuant to
17 subsections c. and d. of this section, the commission shall require
18 all permit applicants, other than applicants issued a conditional
19 permit, to submit an attestation signed by a bona fide labor
20 organization stating that the applicant has entered into a labor peace
21 agreement with such bona fide labor organization. Except in the
22 case of an entity holding an unconverted conditional permit, the
23 maintenance of a labor peace agreement with a bona fide labor
24 organization shall be an ongoing material condition of maintaining
25 a medical cannabis cultivator, medical cannabis manufacturer, or
26 medical cannabis dispensary permit. The submission of an
27 attestation and maintenance of a labor peace agreement with a bona
28 fide labor organization by an applicant issued a conditional permit
29 pursuant to subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-
30 7.1.) shall be a requirement for conversion of a conditional permit
31 into a full permit. The failure to enter into a collective bargaining
32 agreement within 200 days after the date that a medical cannabis
33 cultivator, medical cannabis manufacturer, or medical cannabis
34 dispensary first opens shall result in the suspension or revocation of
35 such permit or conditional permit. In reviewing initial permit
36 applications, the commission shall give priority to the following:

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

40 (2) Applicants that are party to a collective bargaining
41 agreement with a labor organization that currently represents
42 cannabis workers in another state.

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

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

1 The requirements of this subsection shall not apply to a
2 microbusiness applying for a conditional or annual permit of any
3 type.

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

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

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

44 (2) at least 15 percent of the total number of new medical
45 cannabis cultivator permits, medical cannabis manufacturer permits,
46 and medical cannabis dispensary permits issued on or after the
47 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued to a
48 qualified applicant that has been certified as a women's business

1 pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.) or that is a
2 disabled-veterans' business, as defined in section 2 of P.L.2015,
3 c.116 (C.52:32-31.2).

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

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

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

39 j. If the commission notifies an applicant that it has performed
40 sufficiently well on multiple applications to be awarded more than
41 one medical cannabis cultivator permit, more than one medical
42 cannabis manufacturer permit, or more than one medical cannabis
43 dispensary permit by the commission, the applicant shall notify the
44 commission, within seven business days after receiving such notice,
45 as to which permit it will accept. For any permit award declined by
46 an applicant pursuant to this subsection, the commission shall, upon
47 receiving notice from the applicant of the declination, award the
48 permit to the applicant for that permit type who, in the

1 determination of the commission, best satisfies the commission's
2 criteria while meeting the commission's determination of Statewide
3 need. If an applicant fails to notify the commission as to which
4 permit it will accept, the commission shall have the discretion to
5 determine which permit it will award to the applicant, based on the
6 commission's determination of Statewide need and other
7 applications submitted for facilities to be located in the affected
8 regions.

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

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

19 l. In addition to the information to be submitted pursuant to
20 subsections c., d., and e. of this section, the commission shall
21 require all permit applicants to submit a copy of any services
22 agreement entered into by the applicant with third party entity,
23 which agreement shall be subject to review as provided in
24 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).²
25 (cf: P.L.2019, c.153, s.12)

26

27 ²**【2.】** 4.² This act shall take effect immediately.