

# SENATE, No. 65

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator ROBERT W. SINGER**

**District 30 (Monmouth and Ocean)**

**Senator STEVEN V. OROHO**

**District 24 (Morris, Sussex and Warren)**

**SYNOPSIS**

Provides medical cannabis is not subject to State sales tax.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning medical cannabis and amending P.L.2009,  
2 c.307 and P.L.1980, c.105.

3

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

6

7 1. Section 10 of P.L.2009, c.307 (C.24:6I-10) is amended to  
8 read as follows:

9 10. a. A health care practitioner shall provide written instructions  
10 for a registered qualifying patient or the patient's designated  
11 caregiver, or an institutional caregiver acting on behalf of the  
12 patient, to present to a medical cannabis dispensary or a clinical  
13 registrant concerning the total amount of usable cannabis that a  
14 patient may be dispensed, in weight, in a 30-day period, which  
15 amount shall not exceed the maximum amount that may be  
16 authorized for the patient pursuant to subsection f. of this section.

17 b. A health care practitioner may issue multiple written  
18 instructions at one time authorizing the patient to receive a total of  
19 up to a one-year supply, provided that the following conditions are  
20 met:

21 (1) Each separate set of instructions shall be issued for a  
22 legitimate medical purpose by the health care practitioner, as  
23 provided in P.L.2009, c.307 (C.24:6I-1 et al.);

24 (2) Each separate set of instructions shall indicate the earliest  
25 date on which a dispensary or clinical registrant may dispense the  
26 cannabis, except for the first dispensation if it is to be filled  
27 immediately; and

28 (3) The health care practitioner has determined that providing  
29 the patient with multiple instructions in this manner does not create  
30 an undue risk of diversion or abuse.

31 c. A registered qualifying patient or the patient's designated  
32 caregiver, or an institutional caregiver acting on behalf of a  
33 qualifying patient, shall present verification of the patient's or  
34 caregiver's registration with the commission, as applicable, and  
35 these written instructions to any medical cannabis dispensary or  
36 clinical registrant at the time the patient or caregiver requests the  
37 dispensing or delivery of medical cannabis, which medical cannabis  
38 dispensary or clinical registrant shall verify and log the  
39 documentation presented. An institutional caregiver shall  
40 additionally present an authorization executed by the patient  
41 certifying that the institutional caregiver is authorized to obtain  
42 medical cannabis on behalf of the patient. A health care  
43 practitioner may provide a copy of a written instruction by

**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 electronic or other means, as determined by the commission,  
2 directly to a medical cannabis dispensary or a clinical registrant on  
3 behalf of a registered qualifying patient. The dispensation of  
4 medical cannabis pursuant to any written instructions shall occur  
5 within one year of the date that the instructions were written or  
6 become eligible for dispensing, whichever is later, or the  
7 instructions are void.

8 d. (Deleted by amendment, P.L.2019, c.153)

9 e. Prior to dispensing medical cannabis to a qualifying patient,  
10 the patient's designated caregiver, or an institutional caregiver, the  
11 medical cannabis dispensary or clinical registrant shall access the  
12 system established pursuant to section 11 of P.L.2009, c.307  
13 (C.45:1-45.1) to ascertain whether medical cannabis was dispensed  
14 to or on behalf of the patient by any medical cannabis dispensary or  
15 clinical registrant within the preceding 30 days. Upon dispensing  
16 medical cannabis to a qualifying patient, the patient's designated  
17 caregiver, or an institutional caregiver, the medical cannabis  
18 dispensary or clinical registrant shall transmit to the patient's health  
19 care practitioner information concerning the amount, strain, and  
20 form of medical cannabis that was dispensed.

21 f. (1) Except as provided in paragraph (2) of this subsection, for  
22 a period of 18 months after the effective date of P P.L.2019, c.153  
23 (C.24:6I-5.1 et al.), the maximum amount of usable cannabis that a  
24 patient may be dispensed, in weight, in a 30-day period, shall be  
25 three ounces. Commencing 18 months after the effective date of P  
26 P.L.2019, c.153 (C.24:6I-5.1 et al.), the maximum amount of usable  
27 cannabis that a patient may be dispensed shall be prescribed by the  
28 commission by regulation.

29 (2) The monthly limits set forth in paragraph (1) of this  
30 subsection shall not apply to patients who are terminally ill or who  
31 are currently receiving hospice care through a licensed hospice,  
32 which patients may be dispensed an unlimited amount of medical  
33 cannabis. Qualifying patients who are not receiving hospice care or  
34 who are not terminally ill may petition the commission, on a form  
35 and in a manner as the commission shall require by regulation, for  
36 an exemption from the monthly limits set forth in paragraph (1) of  
37 this paragraph, which petition the commission shall approve if the  
38 commission finds that granting the exemption is necessary to meet  
39 the patient's treatment needs and is consistent with the provisions of  
40 P.L.2009, c.307 (C.24:6I-1 et al.).

41 g. The commission shall establish, by regulation, curricula for  
42 health care practitioners and for staff at medical cannabis  
43 dispensaries and clinical registrants:

44 (1) The curriculum for health care practitioners shall be  
45 designed to assist practitioners in counseling patients with regard to  
46 the quantity, dosing, and administration of medical cannabis as

1 shall be appropriate to treat the patient's qualifying medical  
2 condition. Health care practitioners shall complete the curriculum  
3 as a condition of authorizing patients for the medical use of  
4 cannabis; and

5 (2) The curriculum for employees of medical cannabis  
6 dispensaries and clinical registrants shall be designed to assist the  
7 employees in counseling patients with regard to determining the  
8 strain and form of medical cannabis that is appropriate to treat the  
9 patient's qualifying medical condition. Employees of medical  
10 cannabis dispensaries and clinical registrants shall be required to  
11 complete the curriculum as a condition of registration with the  
12 commission. Completion of the curriculum may constitute part of  
13 the annual training required pursuant to paragraph (1) of subsection  
14 j. of section 7 of P.L.2009, c.307 (C.24:6I-7).

15 h. **【**Commencing July 1, 2020, the amount of the sales tax that  
16 may be imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
17 (C.54:32B-1 et seq.) on medical cannabis dispensed by a medical  
18 cannabis dispensary or clinical registrant shall not exceed four  
19 percent.

20 Commencing July 1, 2021, the amount of the sales tax that may  
21 be imposed under the "Sales and Use Tax Act," P.L.1966, c.30  
22 (C.54:32B-1 et seq.) on medical cannabis dispensed by a medical  
23 cannabis dispensary or clinical registrant shall not exceed two  
24 percent.

25 Commencing July 1, 2022, medical **】** Medical cannabis dispensed  
26 by a medical cannabis dispensary or clinical registrant shall not be  
27 subject to any tax imposed under the "Sales and Use Tax Act,"  
28 P.L.1966, c.30 (C.54:32B-1 et seq.).

29 **【**Any revenue collected pursuant to a tax imposed on the sale of  
30 medical cannabis under the "Sales and Use Tax Act," P.L.1966,  
31 c.30 (C.54:32B-1 et seq.), shall be exclusively appropriated to  
32 programs for the treatment of mental health and substance use  
33 disorders.**】**

34 i. A municipality in which a medical cannabis dispensary is  
35 located may adopt an ordinance imposing a transfer tax on any  
36 medical cannabis dispensed by the dispensary, including medical  
37 cannabis that is furnished by the dispensary to a medical cannabis  
38 handler for delivery to a registered qualifying patient or the patient's  
39 caregiver. The rate of a transfer tax established pursuant to this  
40 subsection shall be at the discretion of the municipality, except that  
41 in no case shall the rate exceed two percent of the purchase price of  
42 the medical cannabis.

43 (cf: P.L.2019, c.153, s.18)  
44

45 2. Section 13 of P.L.1980, c.105 (C.54:32B-8.1) is amended to  
46 read as follows:

1       13. a. Receipts from sales of the following sold for human use  
2 are exempt from the tax imposed under the "Sales and Use Tax  
3 Act":

- 4       (1) drugs sold pursuant to a doctor's prescription;  
5       (2) over-the-counter drugs;  
6       (3) diabetic supplies;  
7       (4) prosthetic devices;  
8       (5) tampons or like products;  
9       (6) medical oxygen;  
10      (7) human blood and its derivatives;  
11      (8) durable medical equipment for home use;  
12      (9) mobility enhancing equipment sold by prescription; **[and]**  
13      (10) repair and replacement parts for any of the foregoing  
14 exempt devices and equipment; and  
15      (11) medical cannabis dispensed pursuant to the "Jake Honig  
16 Compassionate Use Medical Cannabis Act," P.L.2009, c.307  
17 (C.24:6I-1 et seq.).

18      b. As used in this section:

19      "Drug" means a compound, substance, or preparation, and any  
20 component of a compound, substance, or preparation, other than  
21 food and food ingredients, dietary supplements, or alcoholic  
22 beverages:

23      (1) recognized in the official United States Pharmacopoeia,  
24 official Homeopathic Pharmacopoeia of the United States, or  
25 official National Formulary, and supplement to any of them; or

26      (2) intended for use in the diagnosis, cure, mitigation, treatment,  
27 or prevention of disease; or

28      (3) intended to affect the structure or any function of the body.

29      "Over-the-counter-drug" means a drug that contains a label  
30 which identifies the product as a drug, required by 21 CFR 201.66.  
31 The label includes:

32      (1) a "Drug Facts" panel or

33      (2) a statement of the "active ingredient" or "active ingredients"  
34 with a list of those ingredients contained in the compound,  
35 substance or preparation. "Over-the-counter drug" does not include  
36 a grooming and hygiene product.

37      "Grooming and hygiene product" is soap or cleaning solution,  
38 shampoo, toothpaste, mouthwash, anti-perspirant, or sun tan lotion  
39 or screen, regardless of whether the item meets the definition of  
40 "over-the-counter drug."

41      "Prescription" means an order, formula, or recipe issued in any  
42 form of oral, written, electronic, or other means of transmission by  
43 a duly licensed practitioner authorized by the laws of this State.

44      "Prosthetic device" means a replacement, corrective, or  
45 supportive device including repair and replacement parts for same  
46 worn on or in the body in order to:

- 47      (1) artificially replace a missing portion of the body; or  
48      (2) prevent or correct a physical disability; or

1 (3) support a weak or disabled portion of the body.

2 "Durable medical equipment" means equipment, including repair  
3 and replacement parts, but not including mobility enhancing  
4 equipment, that:

5 (1) can withstand repeated use;

6 (2) is primarily and customarily used to serve a medical  
7 purpose;

8 (3) is generally not useful to a person in the absence of illness or  
9 injury; and

10 (4) is not worn in or on the body.

11 "Mobility enhancing equipment" means equipment, including  
12 repair and replacement parts, other than durable medical equipment,  
13 that:

14 (1) is primarily and customarily used to provide or increase the  
15 ability to move from one place to another and which is appropriate  
16 for use either at home or in a motor vehicle; and

17 (2) is not generally used by persons with typical mobility; and

18 (3) does not include any motor vehicle or equipment on a motor  
19 vehicle normally provided by a motor vehicle manufacturer.

20 c. Receipts from sales of supplies purchased for use in  
21 providing medical services for compensation, but not transferred to  
22 the purchaser of the service in conjunction with the performance of  
23 the service, shall be considered taxable receipts from retail sales  
24 notwithstanding the exemption from the tax imposed under the  
25 "Sales and Use Tax Act" provided under this section.

26 (cf: P.L.2017, c.131, s.214)

27

28 3. This act shall take effect immediately.

29

30

31 STATEMENT

32

33 This bill provides that medical cannabis dispensed to a registered  
34 qualifying patient from a medical cannabis dispensary or clinical  
35 registrant will not be subject to any tax imposed under the "Sales  
36 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

37 Currently, as provided in section 13 of P.L.1980, c.105  
38 (C.54:32B-8.1), prescription and over-the-counter drugs are exempt  
39 from taxation under the "Sales and Use Tax Act." It is the  
40 sponsor's belief that medical cannabis should be treated the same as  
41 other medications for taxation purposes, and that allowing sales and  
42 use taxes to be assessed against medical cannabis sets an  
43 unfortunate precedent that could serve to economically burden  
44 patients and undermine access to needed forms of medical  
45 treatment.