

[Third Reprint]

**SENATE, No. 2875**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED SEPTEMBER 14, 2020

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblyman BRIAN BERGEN**

**District 25 (Morris and Somerset)**

**Assemblyman JAMEL C. HOLLEY**

**District 20 (Union)**

**Co-Sponsored by:**

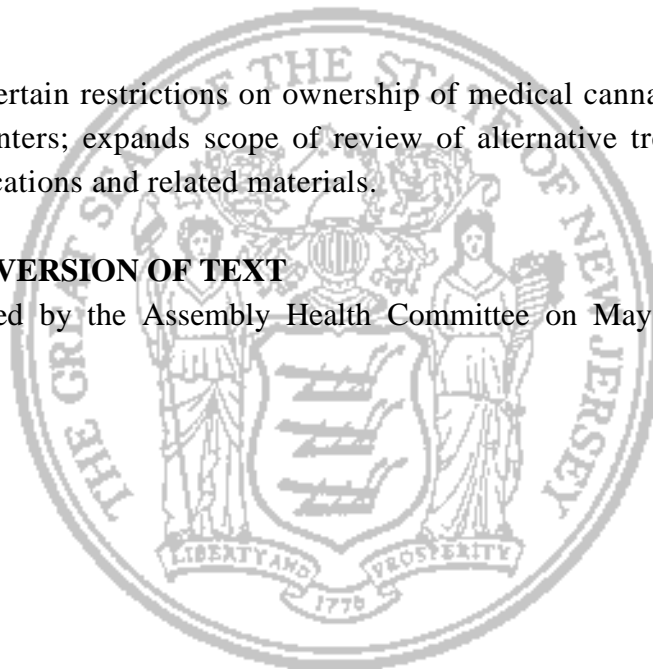
**Assemblyman Johnson**

**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 May 5, 2021, with amendments.



**(Sponsorship Updated As Of: 5/20/2021)**

1 AN ACT concerning medical cannabis and amending P.L.2009,  
2 c.307 <sup>2</sup>and P.L.2019, c.153<sup>2</sup> .

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:**

<sup>1</sup>Senate SJU committee amendments adopted December 14, 2020.

<sup>2</sup>Assembly AHE committee amendments adopted March 8, 2021.

<sup>3</sup>Assembly AHE committee amendments adopted May 5, 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 property<sup>1</sup>, or a combination  
2 thereof,<sup>1</sup> 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.)<sup>1</sup>,<sup>1</sup> 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 **<sup>3</sup>[40]** <sup>3</sup>35<sup>3</sup> percent  
8 interest in up to **<sup>3</sup>[10]** seven<sup>3</sup> entities that have been issued a  
9 medical cannabis dispensary permit, provided that <sup>1</sup>each such  
10 medical cannabis dispensary is a certified minority or women's  
11 business or a disabled-veterans' business, and<sup>1</sup> the terms of the  
12 agreement to <sup>1</sup>provide significant<sup>1</sup> financial or technical assistance  
13 or the <sup>1</sup>significant<sup>1</sup> use of intellectual property, <sup>1</sup>or a combination  
14 thereof,<sup>1</sup> 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 <sup>1</sup>significant<sup>1</sup> financial or technical assistance or the  
19 <sup>1</sup>significant<sup>1</sup> use of intellectual property<sup>1</sup>, or a combination  
20 thereof,<sup>1</sup> may include performance, quality, and other requirements  
21 as a condition of providing the financial or technical assistance or  
22 use of intellectual property. <sup>2</sup>An 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 subsubparagraph 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).<sup>2</sup>

32 <sup>1</sup>An 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 subsubparagraph  
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 **<sup>3</sup>[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]** in a period not less than five years<sup>3</sup> after the date  
42 of the agreement <sup>3</sup>if the full value of the assistance or property is  
43 less than \$100,000, in a period not less than seven years after the  
44 date of the agreement if the full value of the assistance or property  
45 is between \$100,001 and \$250,000, in a period not less than 10  
46 years after the date of agreement if the full value of the assistance

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

13 In no case may the controlling interest in the entity that holds  
14 ‘[the] a<sup>1</sup> medical cannabis dispensary permit<sup>1</sup> in which an investor,  
15 investor group, or fund owns an interest as authorized under this  
16 subparagraph<sup>1</sup> revert to the<sup>1</sup> investor,<sup>1</sup> investor group<sup>1</sup>,<sup>1</sup> or fund  
17 in the event of a default or failure by the certified minority or  
18 women’s business or disabled-veterans’ business, as applicable, and  
19 any such controlling interest may only be transferred to a certified  
20 minority or women’s business or a disabled-veterans’ business.

21 An entity issued a medical cannabis cultivator,<sup>1</sup> medical  
22 cannabis<sup>1</sup> manufacturer, or<sup>1</sup> medical cannabis<sup>1</sup> dispensary permit,  
23 or an individual associated with the ownership or management of  
24 the entity, may participate in an investor group or a fund that meets  
25 the requirements of this subparagraph<sup>1</sup> [, provided that the  
26 entity’s or individual’s interest in the investor group or the fund  
27 does not exceed 10 percent]<sup>1</sup> .

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 i. The commission shall adopt regulations to:

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

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

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

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

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

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

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

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

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

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

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

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

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

33

34 <sup>2</sup>2. Section 11 of P.L.2019, c.153 (C.24:6I-7.1) is amended to  
35 read as follows:

36 11. a. The commission shall, no later than 90 days after the  
37 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) or upon  
38 adoption of rules and regulations as provided in subsection c. of  
39 section 18 of P.L.2009, c.307 (C.24:6I-16), whichever occurs later,  
40 begin accepting and processing applications for new medical  
41 cannabis cultivator, medical cannabis manufacturer, and medical  
42 cannabis dispensary permits. Notwithstanding the provisions of  
43 subparagraph (i) of subparagraph (a) of paragraph (2) of  
44 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7), the first  
45 three alternative treatment center permits issued by the commission  
46 pursuant to an application submitted on or after the effective date of  
47 P.L.2019, c.153 (C.24:6I-5.1 et al.) and up to four alternative  
48 treatment centers permits issued by the commission after the

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

16 b. The commission may establish nonrefundable application  
17 fees for permit applications and conditional permit applications, and  
18 permit and conditional permit fees for successful applicants.

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

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

36 d. (1) The commission shall ensure that at least one third of the  
37 total permits issued for each type of medical cannabis permit are  
38 conditional permits, which one-third figure shall include any  
39 conditional permit issued to an applicant which is subsequently  
40 converted by the commission into a full permit pursuant to  
41 paragraph (4) of this subsection and any conditional permit,  
42 including a converted permit, issued to a microbusiness pursuant to  
43 subsection e. of this section. The requirements of this subsection  
44 shall not apply to permits issued to clinical registrants or to permits  
45 issued to the three alternative treatment centers issued a permit  
46 pursuant to subsection a. of this section that are expressly exempt  
47 from the provisions of subparagraph (i) of subparagraph (a) of

1 paragraph (2) of subsection a. of section 7 of P.L.2009, c.307  
2 (C.24:6I-7).

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

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

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

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

18 (d) documentation that each significantly involved person in the  
19 proposed medical cannabis entity has, for the immediately  
20 preceding taxable year, an adjusted gross income of no more than  
21 \$200,000 or no more than \$400,000 if filing jointly with another;

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

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

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

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

36 (i) the plan by which the applicant intends to obtain appropriate  
37 liability insurance coverage for the proposed medical cannabis  
38 entity; and

39 (j) any other requirements established by the commission  
40 pursuant to regulation.

41 (3) The commission shall make a determination on an  
42 application for a conditional permit within 30 days after the date the  
43 application is received. A determination made pursuant to this  
44 paragraph may include a determination that the commission  
45 requires more time to adequately review the application. The  
46 commission shall approve a permit application that meets the  
47 requirements of this subsection unless the commission finds by  
48 clear and convincing evidence that the applicant would be



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

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

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

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

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

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

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

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

9 (d) the microbusiness shall not exceed the following size and  
10 capacity restrictions:

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

13 (ii) in the case of a microbusiness that is a medical cannabis  
14 cultivator, the total medical cannabis grow area shall not exceed  
15 2,500 square feet, measured on a horizontal plane, shall grow no  
16 higher than 24 feet above that plane, and shall possess a total of no  
17 more than 1,000 plants, including mature and immature medical  
18 cannabis plants, but not including seedlings;

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

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

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

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

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

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

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

13

14 <sup>2</sup>3. Section 12 of P.L.2019, c.153 (24:6I-7.2) is amended to read  
15 as follows:

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

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

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

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

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

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

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

1 collecting, processing, and storing patient data, and the applicant's  
2 familiarity with State and federal privacy laws;

3 (i) workplace safety plans and the applicant's familiarity with  
4 federal Occupational Safety and Health Administration regulations;

5 (j) the applicant's history of workers' compensation claims and  
6 safety assessments;

7 (k) procedures for reporting adverse events; and

8 (l) a sanitation practices plan.

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

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

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

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

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

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

34 (a) the proposed location, the surrounding area, and the  
35 suitability or advantages of the proposed location, along with a  
36 floor plan and optional renderings or architectural or engineering  
37 plans;

38 (b) the submission of zoning approvals for the proposed  
39 location, which shall consist of a letter or affidavit from appropriate  
40 municipal officials that the location will conform to municipal  
41 zoning requirements allowing for such activities related to the  
42 cultivation, manufacturing, or dispensing of medical cannabis,  
43 cannabis products, and related supplies as will be conducted at the  
44 proposed facility; and

45 (c) the submission of proof of local support for the suitability of  
46 the location, which may be demonstrated by a resolution adopted by  
47 the municipality's governing body indicating that the intended  
48 location is appropriately located or otherwise suitable for such

1 activities related to the cultivation, manufacturing, or dispensing of  
2 medical cannabis, cannabis products, and related supplies as will be  
3 conducted at the proposed facility.

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

18 (5) A community impact, social responsibility, and research  
19 statement, which shall include, but shall not be limited to, the  
20 following:

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

27 (b) a written description of the applicant's record of social  
28 responsibility, philanthropy, and ties to the proposed host  
29 community;

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

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

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

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

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

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

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

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

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

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

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

47 (b) the school, hospital, facility, or pharmacy holds a profit  
48 share or ownership interest in the applicant's organization of 10



1 percent or more, except in the case of an accredited school of  
2 medicine or osteopathic medicine that is located and licensed in  
3 New Jersey; and

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

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

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

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

23 e. In addition to the information to be submitted pursuant to  
24 subsections c. and d. of this section, the commission shall require  
25 all permit applicants, other than applicants issued a conditional  
26 permit, to submit an attestation signed by a bona fide labor  
27 organization stating that the applicant has entered into a labor peace  
28 agreement with such bona fide labor organization. Except in the  
29 case of an entity holding an unconverted conditional permit, the  
30 maintenance of a labor peace agreement with a bona fide labor  
31 organization shall be an ongoing material condition of maintaining  
32 a medical cannabis cultivator, medical cannabis manufacturer, or  
33 medical cannabis dispensary permit. The submission of an  
34 attestation and maintenance of a labor peace agreement with a bona  
35 fide labor organization by an applicant issued a conditional permit  
36 pursuant to subsection d. of section 11 of P.L.2019, c.153 (C.24:6I-  
37 7.1.) shall be a requirement for conversion of a conditional permit  
38 into a full permit. The failure to enter into a collective bargaining  
39 agreement within 200 days after the date that a medical cannabis  
40 cultivator, medical cannabis manufacturer, or medical cannabis  
41 dispensary first opens shall result in the suspension or revocation of  
42 such permit or conditional permit. In reviewing initial permit  
43 applications, the commission shall give priority to the following:

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

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

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

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

10 The requirements of this subsection shall not apply to a  
11 microbusiness applying for a conditional or annual permit of any  
12 type.

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

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

47 (1) at least 15 percent of the total number of new medical  
48 cannabis cultivator permits, medical cannabis manufacturer permits,

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

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

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

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

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

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

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

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

29 l. In addition to the information to be submitted pursuant to  
30 subsections c., d., and e. of this section, the commission shall  
31 require all permit applicants to submit a copy of any services  
32 agreement entered into by the applicant with third party entity,  
33 which agreement shall be subject to review as provided in  
34 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).<sup>2</sup>  
35 (cf: P.L.2019, c.153, s.12)

36

37 <sup>2</sup>**[2.] 4.**<sup>2</sup> This act shall take effect immediately.