

**ASSEMBLY, No. 5179**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED DECEMBER 21, 2020

**Sponsored by:**

**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.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/25/2021)**

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

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

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

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

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

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

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

34 (b) Commencing 18 months after the effective date of P.L.2019,  
35 c.153 (C.24:6I-5.1 et al.), a permit holder shall be authorized to  
36 concurrently hold a medical cannabis cultivator permit, a medical  
37 cannabis manufacturer permit, and a medical cannabis dispensary  
38 permit, provided that no permit holder shall be authorized to  
39 concurrently hold more than one permit of each type. The permit  
40 holder may submit an application for a permit of any type that the  
41 permit holder does not currently hold prior to the expiration of the  
42 18-month period described in subparagraph (a) of this paragraph,  
43 provided that no additional permit shall be awarded to the permit  
44 holder during the 18 month period.

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

Matter underlined thus is new matter.

1 (c) The provisions of subparagraph (a) of this paragraph shall  
2 not apply to any alternative treatment center that was issued a  
3 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-  
4 5.1 et al.), to any alternative treatment center that was issued a  
5 permit after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)  
6 pursuant to an application submitted prior to the effective date of  
7 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative  
8 treatment centers issued a permit pursuant to an application  
9 submitted after the effective date of P.L.2019, c.153 (C.24:6I-  
10 5.1 et al.) pursuant to a request for applications published in the  
11 New 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 fund that provides  
47 significant financial or technical assistance or the significant use of  
48 intellectual property, or a combination thereof, to an applicant for a

1 medical cannabis dispensary permit, which applicant has been  
2 certified as a minority business pursuant to P.L.1986, c.195  
3 (C.52:27H-21.18 et seq.), a women's business pursuant to P.L.1986,  
4 c.195 (C.52:27H-21.18 et seq.), or is a disabled-veterans' business,  
5 as defined in section 2 of P.L.2015, c.116 (C.52:32-31.2), may own  
6 up to a 40 percent interest in up to 10 entities that have been issued  
7 a medical cannabis dispensary permit, provided that each such  
8 medical cannabis dispensary is a certified minority or women's  
9 business or a disabled-veterans' business, and the terms of the  
10 agreement to provide significant financial or technical assistance or  
11 the significant use of intellectual property, or a combination thereof,  
12 whether provided in the form of equity, a loan, or otherwise,  
13 including interest rates, returns, and fees, are commercially  
14 reasonable based on the terms generally provided to comparable  
15 businesses. The terms of the agreement for the provision of  
16 significant financial or technical assistance or the significant use of  
17 intellectual property, or a combination thereof, may include  
18 performance, quality, and other requirements as a condition of  
19 providing the financial or technical assistance or use of intellectual  
20 property.

21 An applicant for a medical cannabis dispensary permit that  
22 receives significant financial or technical assistance or the  
23 significant use of intellectual property under this subsubparagraph  
24 shall pay back to the investor, investor group, or fund the full value  
25 of the financial or technical assistance or intellectual property  
26 provided under the agreement, plus any applicable interest and fees,  
27 within seven years after the date the applicant entered into the  
28 agreement for the provision of significant financial or technical  
29 assistance or significant use of intellectual property, but no earlier  
30 than three years after the date of the agreement. An investor,  
31 investor group, or fund that has acquired an ownership interest in  
32 one or more entities that have been issued a medical cannabis  
33 dispensary permit as authorized under this subsubparagraph may  
34 maintain the ownership interest after the date the full value of the  
35 financial or technical assistance or use of intellectual property  
36 provided under the agreement, plus interest and fees, has been  
37 repaid by the applicant that received the assistance or use of  
38 intellectual property.

39 In no case may the controlling interest in the entity that holds a  
40 medical cannabis dispensary permit in which an investor, investor  
41 group, or fund owns an interest as authorized under this  
42 subsubparagraph revert to the investor, investor group, or fund in  
43 the event of a default or failure by the certified minority or  
44 women's business or disabled-veterans' business, as applicable, and  
45 any such controlling interest may only be transferred to a certified  
46 minority or women's business or a disabled-veterans' business.

47 An entity issued a medical cannabis cultivator, medical cannabis  
48 manufacturer, or medical cannabis dispensary permit, or an

1 individual associated with the ownership or management of the  
2 entity, may participate in an investor group or a fund that meets the  
3 requirements of this subsubparagraph.

4 (e) No entity issued a medical cannabis cultivator, medical  
5 cannabis manufacturer, or medical cannabis dispensary permit may  
6 concurrently hold a clinical registrant permit issued pursuant to  
7 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a  
8 clinical registrant permit pursuant to section 13 of P.L.2019, c.153  
9 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator  
10 permit, a medical cannabis manufacturer permit, or a medical  
11 cannabis dispensary permit.

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

16 (g) An alternative treatment center that was issued a permit prior  
17 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was  
18 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-  
19 5.1 et al.) pursuant to an application submitted pursuant to a request  
20 for applications published in the New Jersey Register prior to the  
21 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was  
22 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-  
23 5.1 et al.) pursuant to an application submitted prior to the effective  
24 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to  
25 submit an attestation signed by a bona fide labor organization  
26 stating that the alternative treatment center has entered into a labor  
27 peace agreement with such bona fide labor organization no later  
28 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-  
29 5.1 et al.) or no later than 100 days after the date the alternative  
30 treatment center first opens, whichever date is later. The  
31 maintenance of a labor peace agreement with a bona fide labor  
32 organization shall be an ongoing material condition of maintaining  
33 the alternative treatment center's permit. The failure to submit an  
34 attestation as required pursuant to this subparagraph within 100  
35 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)  
36 or within 100 days after the alternative treatment center first opens,  
37 as applicable, shall result in the suspension or revocation of the  
38 alternative treatment center's permit, provided that the commission  
39 may grant an extension to this deadline to the alternative treatment  
40 center based upon extenuating circumstances or for good cause  
41 shown.

42 (3) The commission shall seek to ensure the availability of a  
43 sufficient number of medical cannabis cultivators, medical cannabis  
44 manufacturers, and medical cannabis dispensaries throughout the  
45 State, pursuant to need, including at least two each in the northern,  
46 central, and southern regions of the State. Medical cannabis  
47 cultivators, medical cannabis manufacturers, and medical cannabis

1 dispensaries issued permits pursuant to this section may be  
2 nonprofit or for-profit entities.

3 (4) The commission shall periodically evaluate whether the  
4 number of medical cannabis cultivator, medical cannabis  
5 manufacturer, and medical cannabis dispensary permits issued are  
6 sufficient to meet the needs of qualifying patients in the State, and  
7 shall make requests for applications and issue such additional  
8 permits as shall be necessary to meet those needs. The types of  
9 permits requested and issued, and the locations of any additional  
10 permits that are authorized, shall be in the discretion of the  
11 commission based on the needs of qualifying patients in the State.

12 (5) (a) A medical cannabis cultivator shall be authorized to:  
13 acquire a reasonable initial and ongoing inventory, as determined  
14 by the commission, of cannabis seeds or seedlings and  
15 paraphernalia; possess, cultivate, plant, grow, harvest, and package  
16 medical cannabis, including prerolled forms, for any authorized  
17 purpose, including, but not limited to, research purposes; and  
18 deliver, transfer, transport, distribute, supply, or sell medical  
19 cannabis and related supplies to any medical cannabis cultivator,  
20 medical cannabis manufacturer, medical cannabis dispensary, or  
21 clinical registrant in the State. In no case shall a medical cannabis  
22 cultivator operate or be located on land that is valued, assessed or  
23 taxed as an agricultural or horticultural use pursuant to the  
24 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-  
25 23.1 et seq.).

26 (b) A medical cannabis manufacturer shall be authorized to:  
27 purchase or acquire medical cannabis from any medical cannabis  
28 cultivator, medical cannabis manufacturer, or clinical registrant in  
29 the State; possess and utilize medical cannabis in the manufacture,  
30 production, and creation of medical cannabis products; and deliver,  
31 transfer, transport, supply, or sell medical cannabis products and  
32 related supplies to any medical cannabis manufacturer, medical  
33 cannabis dispensary, or clinical registrant in the State.

34 (c) A medical cannabis dispensary shall be authorized to:  
35 purchase or acquire medical cannabis from any medical cannabis  
36 cultivator, medical cannabis dispensary, or clinical registrant in the  
37 State and medical cannabis products and related supplies from any  
38 medical cannabis manufacturer, medical cannabis dispensary, or  
39 clinical registrant in the State; purchase or acquire paraphernalia  
40 from any legal source; and distribute, supply, sell, or dispense  
41 medical cannabis, medical cannabis products, paraphernalia, and  
42 related supplies to qualifying patients or their designated or  
43 institutional caregivers who are registered with the commission  
44 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical  
45 cannabis dispensary may furnish medical cannabis, medical  
46 cannabis products, paraphernalia, and related supplies to a medical  
47 cannabis handler for delivery to a registered qualifying patient,  
48 designated caregiver, or institutional caregiver consistent with the

1 requirements of subsection i. of section 27 of P.L.2019, c.153  
2 (C.24:6I-20).

3 (6) A medical cannabis cultivator shall not be limited in the  
4 number of strains of medical cannabis cultivated, and a medical  
5 cannabis manufacturer shall not be limited in the number or type of  
6 medical cannabis products manufactured, produced, or created. A  
7 medical cannabis manufacturer may package, and a medical  
8 cannabis dispensary may directly dispense medical cannabis and  
9 medical cannabis products to qualifying patients and their  
10 designated and institutional caregivers in any authorized form.  
11 Authorized forms shall include dried form, oral lozenges, topical  
12 formulations, transdermal form, sublingual form, tincture form, or  
13 edible form, or any other form as authorized by the commission.  
14 Edible form shall include pills, tablets, capsules, drops or syrups,  
15 oils, chewable forms, and any other form as authorized by the  
16 commission, except that the edible forms made available to minor  
17 patients shall be limited to forms that are medically appropriate for  
18 children, including pills, tablets, capsules, chewable forms, and  
19 drops, oils, syrups, and other liquids.

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

24 b. The commission shall require that an applicant provide such  
25 information as the commission determines to be necessary pursuant  
26 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-  
27 1 et al.).

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

45 d. (1) The commission shall require each applicant seeking a  
46 permit to operate as, to be a director, officer, or employee of, or to  
47 be a significantly involved person in, a medical cannabis cultivator,  
48 medical cannabis manufacturer, medical cannabis dispensary, or

1 clinical registrant to undergo a criminal history record background  
2 check.

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

33 For purposes of this section, the term "applicant" shall include  
34 any owner, director, officer, or employee of, and any significantly  
35 involved person in, a medical cannabis cultivator, medical cannabis  
36 manufacturer, medical cannabis dispensary, or clinical registrant.  
37 The commission is authorized to exchange fingerprint data with and  
38 receive criminal history record background information from the  
39 Division of State Police and the Federal Bureau of Investigation  
40 consistent with the provisions of applicable federal and State laws,  
41 rules, and regulations. The Division of State Police shall forward  
42 criminal history record background information to the commission  
43 in a timely manner when requested pursuant to the provisions of  
44 this section.

45 An applicant who is required to undergo a criminal history  
46 record background check pursuant to this section shall submit to  
47 being fingerprinted in accordance with applicable State and federal  
48 laws, rules, and regulations. No check of criminal history record



1 background information shall be performed pursuant to this section  
2 unless the applicant has furnished the applicant's written consent to  
3 that check. An applicant who is required to undergo a criminal  
4 history record background check pursuant to this section who  
5 refuses to consent to, or cooperate in, the securing of a check of  
6 criminal history record background information shall not be  
7 considered for a permit to operate, or authorization to be employed  
8 at or to be a significantly involved person in, a medical cannabis  
9 cultivator, medical cannabis manufacturer, medical cannabis  
10 dispensary, or clinical registrant. An applicant shall bear the cost  
11 for the criminal history record background check, including all  
12 costs of administering and processing the check.

13 (2) The commission shall not approve an applicant for a permit  
14 to operate, or authorization to be employed at or to be a  
15 significantly involved person in, a medical cannabis cultivator,  
16 medical cannabis manufacturer, medical cannabis dispensary, or  
17 clinical registrant if the criminal history record background  
18 information of the applicant reveals a disqualifying conviction as  
19 set forth in subsection c. of this section.

20 (3) Upon receipt of the criminal history record background  
21 information from the Division of State Police and the Federal  
22 Bureau of Investigation, the commission shall provide written  
23 notification to the applicant of the applicant's qualification for or  
24 disqualification for a permit to operate or be a director, officer, or  
25 employee of, or a significantly involved person in, a medical  
26 cannabis cultivator, medical cannabis manufacturer, medical  
27 cannabis dispensary, or clinical registrant.

28 If the applicant is disqualified because of a disqualifying  
29 conviction pursuant to the provisions of this section, the conviction  
30 that constitutes the basis for the disqualification shall be identified  
31 in the written notice.

32 (4) The Division of State Police shall promptly notify the  
33 commission in the event that an individual who was the subject of a  
34 criminal history record background check conducted pursuant to  
35 this section is convicted of a crime or offense in this State after the  
36 date the background check was performed. Upon receipt of that  
37 notification, the commission shall make a determination regarding  
38 the continued eligibility to operate or be a director, officer, or  
39 employee of, or a significantly involved person in, a medical  
40 cannabis cultivator, medical cannabis manufacturer, medical  
41 cannabis dispensary, or clinical registrant.

42 (5) Notwithstanding the provisions of subsection c. of this  
43 section to the contrary, the commission may offer provisional  
44 authority for an applicant to be an owner, director, officer, or  
45 employee of, or a significantly involved person in, a medical  
46 cannabis cultivator, medical cannabis manufacturer, medical  
47 cannabis dispensary, or clinical registrant for a period not to exceed  
48 three months if the applicant submits to the commission a sworn

1 statement attesting that the person has not been convicted of any  
2 disqualifying conviction pursuant to this section.

3 (6) Notwithstanding the provisions of subsection c. of this  
4 section to the contrary, no applicant to be an owner, director,  
5 officer, or employee of, or a significantly involved person in, a  
6 medical cannabis cultivator, medical cannabis manufacturer,  
7 medical cannabis dispensary, or clinical registrant shall be  
8 disqualified on the basis of any conviction disclosed by a criminal  
9 history record background check conducted pursuant to this section  
10 if the individual has affirmatively demonstrated to the commission  
11 clear and convincing evidence of rehabilitation. In determining  
12 whether clear and convincing evidence of rehabilitation has been  
13 demonstrated, the following factors shall be considered:

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

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

17 (c) the circumstances under which the crime or offense  
18 occurred;

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

20 (e) the age of the individual when the crime or offense was  
21 committed;

22 (f) whether the crime or offense was an isolated or repeated  
23 incident;

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

26 (h) any evidence of rehabilitation, including good conduct in  
27 prison or in the community, counseling or psychiatric treatment  
28 received, acquisition of additional academic or vocational  
29 schooling, successful participation in correctional work-release  
30 programs, or the recommendation of those who have had the  
31 individual under their supervision.

32 e. The commission shall issue a permit to operate or be an  
33 owner, director, officer, or employee of, or a significantly involved  
34 person in, a medical cannabis cultivator, medical cannabis  
35 manufacturer, or medical cannabis dispensary if the commission  
36 finds that issuing such a permit would be consistent with the  
37 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements  
38 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are  
39 met. The denial of an application shall be considered a final agency  
40 decision, subject to review by the Appellate Division of the  
41 Superior Court. A permit to operate a medical cannabis cultivator,  
42 medical cannabis manufacturer, or medical cannabis dispensary  
43 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-  
44 5.1 et al.) shall be valid for one year and shall be renewable  
45 annually.

46 f. A person who has been issued a permit pursuant to this  
47 section or a clinical registrant permit pursuant to section 13 of  
48 P.L.2019, c.153 (C.24:6I-7.3) shall display the permit at the front

1 entrance to the premises of the permitted facility at all times when  
2 the facility is engaged in conduct authorized pursuant to P.L.2009,  
3 c.307 (C.24:6I-1 et al.) involving medical cannabis, including, but  
4 not limited to, the cultivating, manufacturing, or dispensing of  
5 medical cannabis.

6 g. A medical cannabis cultivator, medical cannabis  
7 manufacturer, medical cannabis dispensary, or clinical registrant  
8 shall report any change in information to the commission not later  
9 than 10 days after such change, or the permit shall be deemed null  
10 and void.

11 h. Each medical cannabis dispensary and clinical registrant  
12 shall maintain and make available on its Internet website, if any, a  
13 standard price list that shall apply to all medical cannabis, medical  
14 cannabis products, and related supplies and paraphernalia sold or  
15 dispensed by the medical cannabis dispensary or clinical registrant,  
16 which prices shall be reasonable and consistent with the actual costs  
17 incurred by the medical cannabis dispensary or clinical registrant in  
18 connection with acquiring and selling, transferring, or dispensing  
19 the medical cannabis or medical cannabis product and related  
20 supplies and paraphernalia. The prices charged by the medical  
21 cannabis dispensary or clinical registrant shall not deviate from the  
22 prices indicated on the entity's current price list, provided that a  
23 price list maintained by a medical cannabis dispensary or clinical  
24 registrant may allow for medical cannabis to be made available at a  
25 reduced price or without charge to qualifying patients who have a  
26 demonstrated financial hardship, as that term shall be defined by the  
27 commission by regulation. A price list required pursuant to this  
28 subsection may be revised no more than once per month, and each  
29 medical cannabis dispensary and clinical registrant shall be  
30 responsible for ensuring that the commission has a copy of the  
31 facility's current price list. A medical cannabis dispensary or  
32 clinical registrant shall be liable to a civil penalty of \$1,000 for  
33 each sale that occurs at a price that deviates from the entity's current  
34 price list, and to a civil penalty of \$10,000 for each week during  
35 which the entity's current price list is not on file with the  
36 commission. Any civil penalties collected by the commission  
37 pursuant to this section shall be used by the commission for the  
38 purposes of administering the State medical cannabis program.

39 i. The commission shall adopt regulations to:

40 (1) require such written documentation of each delivery or  
41 dispensation of cannabis to, and pickup of cannabis for, a registered  
42 qualifying patient, including the date and amount dispensed, and, in  
43 the case of delivery, the date and times the delivery commenced and  
44 was completed, the address where the medical cannabis was  
45 delivered, the name of the patient or caregiver to whom the medical  
46 cannabis was delivered, and the name, handler certification number,  
47 and delivery certification number of the medical cannabis handler  
48 who performed the delivery, to be maintained in the records of the

1 medical cannabis dispensary or clinical registrant, as the  
2 commission determines necessary to ensure effective  
3 documentation of the operations of each medical cannabis  
4 dispensary or clinical registrant;

5 (2) monitor, oversee, and investigate all activities performed by  
6 medical cannabis cultivators, medical cannabis manufacturers,  
7 medical cannabis dispensaries, and clinical registrants;

8 (3) ensure adequate security of all facilities 24 hours per day  
9 and security of all delivery methods to registered qualifying  
10 patients; and

11 (4) establish thresholds for administrative action to be taken  
12 against a medical cannabis cultivator, medical cannabis  
13 manufacturer, medical cannabis dispensary, or clinical registrant  
14 and its employees, officers, investors, directors, or governing board  
15 pursuant to subsection m. of this section, including, but not limited  
16 to, specific penalties or disciplinary actions that may be imposed in  
17 a summary proceeding.

18 j. (1) Each medical cannabis cultivator, medical cannabis  
19 manufacturer, medical cannabis dispensary, and clinical registrant  
20 shall require the owners, directors, officers, and employees at the  
21 permitted facility to complete at least eight hours of ongoing  
22 training each calendar year. The training shall be tailored to the  
23 roles and responsibilities of the individual's job function, and shall  
24 include training on confidentiality and such other topics as shall be  
25 required by the commission.

26 (2) Each medical cannabis dispensary and clinical registrant  
27 shall consider whether to make interpreter services available to the  
28 population served, including for individuals with a visual or hearing  
29 impairment. The commission shall provide assistance to any  
30 medical cannabis dispensary or clinical registrant that seeks to  
31 provide such services in locating appropriate interpreter resources.  
32 A medical cannabis dispensary or clinical registrant shall assume  
33 the cost of providing interpreter services pursuant to this  
34 subsection.

35 k. (1) The first six alternative treatment centers issued permits  
36 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)  
37 shall be authorized to sell or transfer such permit and other assets to  
38 a for-profit entity, provided that: the sale or transfer is approved by  
39 the commission; each owner, director, officer, and employee of, and  
40 significantly involved person in, the entity seeking to purchase or  
41 receive the transfer of the permit, undergoes a criminal history  
42 record background check pursuant to subsection d. of this section,  
43 provided that nothing in this subsection shall be construed to  
44 require any individual to undergo a criminal history record  
45 background check if the individual would otherwise be exempt from  
46 undergoing a criminal history record background check pursuant to  
47 subsection d. of this section; the commission finds that the sale or  
48 transfer of the permit would be consistent with the purposes of

1 P.L.2009, c.307 (C.24:6I-1 et al.); and no such sale or transfer shall  
2 be authorized more than one year after the effective date of  
3 P.L.2019, c.153 (C.24:6I-5.1 et al.). The sale or transfer of a permit  
4 pursuant to this subsection shall not be subject to the requirements  
5 of the "New Jersey Nonprofit Corporation Act," N.J.S.15A:1-  
6 1 et seq., provided that, prior to or at the time of the sale or transfer,  
7 all debts and obligations of the nonprofit entity are either paid in  
8 full or assumed by the for-profit entity purchasing or acquiring the  
9 permit, or a reserve fund is established for the purpose of paying in  
10 full the debts and obligations of the nonprofit entity, and the for-  
11 profit entity pays the full value of all assets held by the nonprofit  
12 entity, as reflected on the nonprofit entity's balance sheet, in  
13 addition to the agreed-upon price for the sale or transfer of the  
14 entity's alternative treatment center permit. Until such time as the  
15 members of the Cannabis Regulatory Commission are appointed  
16 and the commission first organizes, the Department of Health shall  
17 have full authority to approve a sale or transfer pursuant to this  
18 paragraph.

19 (2) The sale or transfer of any interest of five percent or more in  
20 a medical cannabis cultivator, medical cannabis manufacturer,  
21 medical cannabis dispensary, or clinical registrant permit shall be  
22 subject to approval by the commission and conditioned on the entity  
23 that is purchasing or receiving transfer of the interest in the medical  
24 cannabis cultivator, medical cannabis manufacturer, medical  
25 cannabis dispensary, or clinical registrant permit completing a  
26 criminal history record background check pursuant to the  
27 requirements of subsection d. of this section.

28 1. No employee of any department, division, agency, board, or  
29 other State, county, or local government entity involved in the  
30 process of reviewing, processing, or making determinations with  
31 regard to medical cannabis cultivator, medical cannabis  
32 manufacturer, medical cannabis dispensary, or clinical registrant  
33 permit applications shall have any direct or indirect financial  
34 interest in the cultivating, manufacturing, or dispensing of medical  
35 cannabis or related paraphernalia, or otherwise receive anything of  
36 value from an applicant for a medical cannabis cultivator, medical  
37 cannabis manufacturer, medical cannabis dispensary, or clinical  
38 registrant permit in exchange for reviewing, processing, or making  
39 any recommendations with respect to a permit application.

40 m. In the event that a medical cannabis cultivator, medical  
41 cannabis manufacturer, medical cannabis dispensary, or clinical  
42 registrant fails to comply with any requirements set forth in  
43 P.L.2009, c.307 (C.24:6I-1 et al.) or any related law or regulation,  
44 the commission may invoke penalties or take administrative action  
45 against the medical cannabis cultivator, medical cannabis  
46 manufacturer, medical cannabis dispensary, or clinical registrant  
47 and its employees, officers, investors, directors, or governing board,  
48 including, but not limited to, assessing fines, referring matters to

1 another State agency, and suspending or terminating any permit  
 2 held by the medical cannabis cultivator, medical cannabis  
 3 manufacturer, medical cannabis dispensary, or clinical registrant.  
 4 Any penalties imposed or administrative actions taken by the  
 5 commission pursuant to this subsection may be imposed in a  
 6 summary proceeding.  
 7 (cf: P.L.2019, c.153, s.10)

8  
 9 2. This act shall take effect immediately.

10

11

12

## STATEMENT

13

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

17 Current law provides that, subject to certain exceptions, no entity  
 18 may simultaneously hold more than one medical cannabis  
 19 cultivator, medical cannabis manufacturer, or medical cannabis  
 20 dispensary permit, although, effective January 2021, a single entity  
 21 may hold up to one of each type of permit.

22 This bill would establish a new exception to these ownership  
 23 restrictions, pursuant to which an investor, investor group, or fund  
 24 that provides significant financial or technical assistance or the use  
 25 of intellectual property, or a combination thereof, to an applicant  
 26 for a medical cannabis dispensary permit that has been certified as a  
 27 minority or women's business or is a disabled-veterans' business,  
 28 may own up to a 40 percent interest in up to 10 entities that have  
 29 been issued a medical cannabis dispensary permit, provided any  
 30 such dispensary permit holder is also certified as a minority or  
 31 women's business or is a disabled-veterans' business.

32 The bill requires that the terms of the agreement for the  
 33 provision of significant financial or technical assistance or use of  
 34 intellectual property, whether provided in the form of equity, a loan,  
 35 or otherwise, including interest rates, returns, and fees, are  
 36 commercially reasonable based on the terms generally provided to  
 37 comparable businesses. The terms of the agreement may include  
 38 performance, quality, and other requirements as a condition of  
 39 providing the significant financial or technical assistance or the use  
 40 of intellectual property.

41 Under the bill, an applicant for a medical cannabis dispensary  
 42 permit that receives significant financial or technical assistance or  
 43 the use of intellectual property will be required to pay back the full  
 44 value of the financial or technical assistance or intellectual property  
 45 provided, plus any applicable interest and fees, within seven years  
 46 after the date of the agreement, but no earlier than three years after  
 47 the date of the agreement. An investor, investor group, or fund that  
 48 has acquired an ownership interest in one or more medical cannabis

1 dispensaries as authorized under the bill will be permitted to  
2 maintain the ownership interest after the full value of the assistance  
3 provided has been repaid.

4 The bill provides that in no case may the controlling interest in  
5 the entity that holds a medical cannabis dispensary permit revert to  
6 the investor group or fund in the event of a default or failure by the  
7 certified minority or women's business or disabled-veterans'  
8 business, and any such controlling interest may only be transferred  
9 to a certified minority or women's business or a disabled-veterans'  
10 business.

11 The bill allows an entity holding a medical cannabis cultivator,  
12 manufacturer, or dispensary permit, or an individual associated with  
13 the ownership or management of the entity, to participate in an  
14 investor group or a fund that meets the requirements of the bill.