

[First Reprint]

ASSEMBLY, No. 5179

STATE OF NEW JERSEY

219th LEGISLATURE

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:

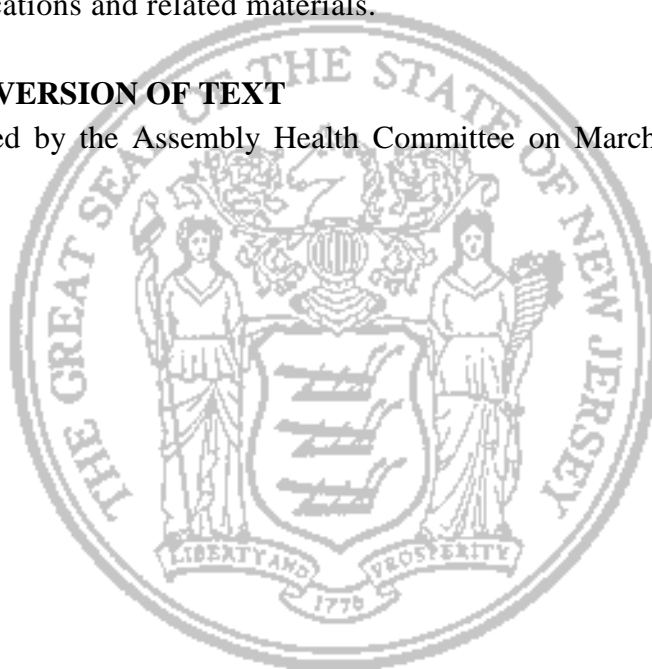
Assemblyman Johnson

SYNOPSIS

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

CURRENT VERSION OF TEXT

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



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

1 AN ACT concerning medical cannabis and amending P.L.2009,
2 c.307 ¹and P.L.2019, c.153¹ .
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:

¹Assembly AHE committee amendments adopted March 8, 2021.

1 (c) The provisions of subparagraph (a) of this paragraph shall
2 not apply to any alternative treatment center that was issued a
3 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-
4 5.1 et al.), to any alternative treatment center that was issued a
5 permit after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
6 pursuant to an application submitted prior to the effective date of
7 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
8 treatment centers issued a permit pursuant to an application
9 submitted after the effective date of P.L.2019, c.153 (C.24:6I-
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. ¹An applicant for a medical cannabis dispensary permit
21 that has or will receive significant financial or technical assistance
22 or the significant use of intellectual property under this
23 subsubparagraph shall include with the permit application materials
24 submitted to the commission a copy of the agreement to provide
25 significant financial or technical assistance or significant use of
26 intellectual property, or a combination thereof, which agreement
27 shall be subject to review by the commission as provided in
28 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).¹

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

47 In no case may the controlling interest in the entity that holds a
48 medical cannabis dispensary permit in which an investor, investor

1 group, or fund owns an interest as authorized under this
2 subsubparagraph revert to the investor, investor group, or fund in
3 the event of a default or failure by the certified minority or
4 women's business or disabled-veterans' business, as applicable, and
5 any such controlling interest may only be transferred to a certified
6 minority or women's business or a disabled-veterans' business.

7 An entity issued a medical cannabis cultivator, medical cannabis
8 manufacturer, or medical cannabis dispensary permit, or an
9 individual associated with the ownership or management of the
10 entity, may participate in an investor group or a fund that meets the
11 requirements of this subsubparagraph.

12 (e) No entity issued a medical cannabis cultivator, medical
13 cannabis manufacturer, or medical cannabis dispensary permit may
14 concurrently hold a clinical registrant permit issued pursuant to
15 section 13 of P.L.2019, c.153 (C.24:6I-7.3), and no entity issued a
16 clinical registrant permit pursuant to section 13 of P.L.2019, c.153
17 (C.24:6I-7.3) may concurrently hold a medical cannabis cultivator
18 permit, a medical cannabis manufacturer permit, or a medical
19 cannabis dispensary permit.

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

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

1 center based upon extenuating circumstances or for good cause
2 shown.

3 (3) The commission shall seek to ensure the availability of a
4 sufficient number of medical cannabis cultivators, medical cannabis
5 manufacturers, and medical cannabis dispensaries throughout the
6 State, pursuant to need, including at least two each in the northern,
7 central, and southern regions of the State. Medical cannabis
8 cultivators, medical cannabis manufacturers, and medical cannabis
9 dispensaries issued permits pursuant to this section may be
10 nonprofit or for-profit entities.

11 (4) The commission shall periodically evaluate whether the
12 number of medical cannabis cultivator, medical cannabis
13 manufacturer, and medical cannabis dispensary permits issued are
14 sufficient to meet the needs of qualifying patients in the State, and
15 shall make requests for applications and issue such additional
16 permits as shall be necessary to meet those needs. The types of
17 permits requested and issued, and the locations of any additional
18 permits that are authorized, shall be in the discretion of the
19 commission based on the needs of qualifying patients in the State.

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

34 (b) A medical cannabis manufacturer shall be authorized to:
35 purchase or acquire medical cannabis from any medical cannabis
36 cultivator, medical cannabis manufacturer, or clinical registrant in
37 the State; possess and utilize medical cannabis in the manufacture,
38 production, and creation of medical cannabis products; and deliver,
39 transfer, transport, supply, or sell medical cannabis products and
40 related supplies to any medical cannabis manufacturer, medical
41 cannabis dispensary, or clinical registrant in the State.

42 (c) A medical cannabis dispensary shall be authorized to:
43 purchase or acquire medical cannabis from any medical cannabis
44 cultivator, medical cannabis dispensary, or clinical registrant in the
45 State and medical cannabis products and related supplies from any
46 medical cannabis manufacturer, medical cannabis dispensary, or
47 clinical registrant in the State; purchase or acquire paraphernalia
48 from any legal source; and distribute, supply, sell, or dispense

1 medical cannabis, medical cannabis products, paraphernalia, and
2 related supplies to qualifying patients or their designated or
3 institutional caregivers who are registered with the commission
4 pursuant to section 4 of P.L.2009, c.307 (C.24:6I-4). A medical
5 cannabis dispensary may furnish medical cannabis, medical
6 cannabis products, paraphernalia, and related supplies to a medical
7 cannabis handler for delivery to a registered qualifying patient,
8 designated caregiver, or institutional caregiver consistent with the
9 requirements of subsection i. of section 27 of P.L.2019, c.153
10 (C.24:6I-20).

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

28 (7) Nonprofit medical cannabis cultivators, medical cannabis
29 manufacturers, and medical cannabis dispensaries need not be
30 recognized as a 501(c)(3) organization by the federal Internal
31 Revenue Service.

32 b. The commission shall require that an applicant provide such
33 information as the commission determines to be necessary pursuant
34 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-
35 1 et al.).

36 c. A person who has been convicted of a crime of the first,
37 second, or third degree under New Jersey law or of a crime
38 involving any controlled dangerous substance or controlled
39 substance analog as set forth in chapter 35 of Title 2C of the New
40 Jersey Statutes except paragraph (11) or (12) of subsection b. of
41 N.J.S.2C:35-5, or paragraph (3) or (4) of subsection a. of
42 N.J.S.2C:35-10, or any similar law of the United States or any other
43 state shall not be issued a permit to operate as a medical cannabis
44 cultivator, medical cannabis manufacturer, medical cannabis
45 dispensary, or clinical registrant or be a director, officer, or
46 employee of a medical cannabis cultivator, medical cannabis
47 manufacturer, medical cannabis dispensary, or clinical registrant,
48 unless such conviction occurred after the effective date of P.L.2009,

1 c.307 (C.24:6I-1 et al.) and was for a violation of federal law
2 relating to possession or sale of cannabis for conduct that is
3 authorized under P.L.2009, c.307 (C.24:6I-1 et al.) or P.L.2015,
4 c.158 (C.18A:40-12.22 et al.).

5 d. (1) The commission shall require each applicant seeking a
6 permit to operate as, to be a director, officer, or employee of, or to
7 be a significantly involved person in, a medical cannabis cultivator,
8 medical cannabis manufacturer, medical cannabis dispensary, or
9 clinical registrant to undergo a criminal history record background
10 check.

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

41 For purposes of this section, the term "applicant" shall include
42 any owner, director, officer, or employee of, and any significantly
43 involved person in, a medical cannabis cultivator, medical cannabis
44 manufacturer, medical cannabis dispensary, or clinical registrant.
45 The commission is authorized to exchange fingerprint data with and
46 receive criminal history record background information from the
47 Division of State Police and the Federal Bureau of Investigation
48 consistent with the provisions of applicable federal and State laws,

1 rules, and regulations. The Division of State Police shall forward
2 criminal history record background information to the commission
3 in a timely manner when requested pursuant to the provisions of
4 this section.

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

21 (2) The commission shall not approve an applicant for a permit
22 to operate, or authorization to be employed at or to be a
23 significantly involved person in, a medical cannabis cultivator,
24 medical cannabis manufacturer, medical cannabis dispensary, or
25 clinical registrant if the criminal history record background
26 information of the applicant reveals a disqualifying conviction as
27 set forth in subsection c. of this section.

28 (3) Upon receipt of the criminal history record background
29 information from the Division of State Police and the Federal
30 Bureau of Investigation, the commission shall provide written
31 notification to the applicant of the applicant's qualification for or
32 disqualification for a permit to operate or be a director, officer, or
33 employee of, or a significantly involved person in, a medical
34 cannabis cultivator, medical cannabis manufacturer, medical
35 cannabis dispensary, or clinical registrant.

36 If the applicant is disqualified because of a disqualifying
37 conviction pursuant to the provisions of this section, the conviction
38 that constitutes the basis for the disqualification shall be identified
39 in the written notice.

40 (4) The Division of State Police shall promptly notify the
41 commission in the event that an individual who was the subject of a
42 criminal history record background check conducted pursuant to
43 this section is convicted of a crime or offense in this State after the
44 date the background check was performed. Upon receipt of that
45 notification, the commission shall make a determination regarding
46 the continued eligibility to operate or be a director, officer, or
47 employee of, or a significantly involved person in, a medical

1 cannabis cultivator, medical cannabis manufacturer, medical
2 cannabis dispensary, or clinical registrant.

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

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

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

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

26 (c) the circumstances under which the crime or offense
27 occurred;

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

29 (e) the age of the individual when the crime or offense was
30 committed;

31 (f) whether the crime or offense was an isolated or repeated
32 incident;

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

35 (h) any evidence of rehabilitation, including good conduct in
36 prison or in the community, counseling or psychiatric treatment
37 received, acquisition of additional academic or vocational
38 schooling, successful participation in correctional work-release
39 programs, or the recommendation of those who have had the
40 individual under their supervision.

41 e. The commission shall issue a permit to operate or be an
42 owner, director, officer, or employee of, or a significantly involved
43 person in, a medical cannabis cultivator, medical cannabis
44 manufacturer, or medical cannabis dispensary if the commission
45 finds that issuing such a permit would be consistent with the
46 purposes of P.L.2009, c.307 (C.24:6I-1 et al.) and the requirements
47 of this section and section 11 of P.L.2019, c.153 (C.24:6I-7.1) are
48 met. The denial of an application shall be considered a final agency

1 decision, subject to review by the Appellate Division of the
2 Superior Court. A permit to operate a medical cannabis cultivator,
3 medical cannabis manufacturer, or medical cannabis dispensary
4 issued on or after the effective date of P.L.2019, c.153 (C.24:6I-
5 5.1 et al.) shall be valid for one year and shall be renewable
6 annually.

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

15 g. A medical cannabis cultivator, medical cannabis
16 manufacturer, medical cannabis dispensary, or clinical registrant
17 shall report any change in information to the commission not later
18 than 10 days after such change, or the permit shall be deemed null
19 and void.

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

48 i. The commission shall adopt regulations to:

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

14 (2) monitor, oversee, and investigate all activities performed by
15 medical cannabis cultivators, medical cannabis manufacturers,
16 medical cannabis dispensaries, and clinical registrants;

17 (3) ensure adequate security of all facilities 24 hours per day
18 and security of all delivery methods to registered qualifying
19 patients; and

20 (4) establish thresholds for administrative action to be taken
21 against a medical cannabis cultivator, medical cannabis
22 manufacturer, medical cannabis dispensary, or clinical registrant
23 and its employees, officers, investors, directors, or governing board
24 pursuant to subsection m. of this section, including, but not limited
25 to, specific penalties or disciplinary actions that may be imposed in
26 a summary proceeding.

27 j. (1) Each medical cannabis cultivator, medical cannabis
28 manufacturer, medical cannabis dispensary, and clinical registrant
29 shall require the owners, directors, officers, and employees at the
30 permitted facility to complete at least eight hours of ongoing
31 training each calendar year. The training shall be tailored to the
32 roles and responsibilities of the individual's job function, and shall
33 include training on confidentiality and such other topics as shall be
34 required by the commission.

35 (2) Each medical cannabis dispensary and clinical registrant
36 shall consider whether to make interpreter services available to the
37 population served, including for individuals with a visual or hearing
38 impairment. The commission shall provide assistance to any
39 medical cannabis dispensary or clinical registrant that seeks to
40 provide such services in locating appropriate interpreter resources.
41 A medical cannabis dispensary or clinical registrant shall assume
42 the cost of providing interpreter services pursuant to this
43 subsection.

44 k. (1) The first six alternative treatment centers issued permits
45 following the effective date of P.L.2009, c.307 (C.24:6I-1 et al.)
46 shall be authorized to sell or transfer such permit and other assets to
47 a for-profit entity, provided that: the sale or transfer is approved by
48 the commission; each owner, director, officer, and employee of, and

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

28 (2) The sale or transfer of any interest of five percent or more in
29 a medical cannabis cultivator, medical cannabis manufacturer,
30 medical cannabis dispensary, or clinical registrant permit shall be
31 subject to approval by the commission and conditioned on the entity
32 that is purchasing or receiving transfer of the interest in the medical
33 cannabis cultivator, medical cannabis manufacturer, medical
34 cannabis dispensary, or clinical registrant permit completing a
35 criminal history record background check pursuant to the
36 requirements of subsection d. of this section.

37 1. No employee of any department, division, agency, board, or
38 other State, county, or local government entity involved in the
39 process of reviewing, processing, or making determinations with
40 regard to medical cannabis cultivator, medical cannabis
41 manufacturer, medical cannabis dispensary, or clinical registrant
42 permit applications shall have any direct or indirect financial
43 interest in the cultivating, manufacturing, or dispensing of medical
44 cannabis or related paraphernalia, or otherwise receive anything of
45 value from an applicant for a medical cannabis cultivator, medical
46 cannabis manufacturer, medical cannabis dispensary, or clinical
47 registrant permit in exchange for reviewing, processing, or making
48 any recommendations with respect to a permit application.

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

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

17
18 ¹2. Section 11 of P.L.2019, c.153 (C.24:6I-7.1) is amended to
19 read as follows:

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

1 b. The commission may establish nonrefundable application
2 fees for permit applications and conditional permit applications, and
3 permit and conditional permit fees for successful applicants.

4 c. (1) The commission shall make a determination as to any
5 permit application, other than an application for a conditional
6 permit submitted pursuant to subsection d. of this section, no later
7 than 90 days after receiving the application, which may include a
8 determination that the commission reasonably requires more time to
9 adequately review the application.

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

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

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

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

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

44 (c) a criminal history record background check completed
45 pursuant to subsection d. of section 7 of P.L.2009, c.307 (C.24:6I-7)
46 for each owner, officer, director, and employee of, and each
47 significantly involved person in, the proposed medical cannabis

1 entity, provided that a conditional permit may be issued pending the
2 results of a criminal history record background check;

3 (d) documentation that each significantly involved person in the
4 proposed medical cannabis entity has, for the immediately
5 preceding taxable year, an adjusted gross income of no more than
6 \$200,000 or no more than \$400,000 if filing jointly with another;

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

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

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

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

21 (i) the plan by which the applicant intends to obtain appropriate
22 liability insurance coverage for the proposed medical cannabis
23 entity; and

24 (j) any other requirements established by the commission
25 pursuant to regulation.

26 (3) The commission shall make a determination on an
27 application for a conditional permit within 30 days after the date the
28 application is received. A determination made pursuant to this
29 paragraph may include a determination that the commission
30 requires more time to adequately review the application. The
31 commission shall approve a permit application that meets the
32 requirements of this subsection unless the commission finds by
33 clear and convincing evidence that the applicant would be
34 manifestly unsuitable to perform the activities authorized for the
35 permit sought by the applicant. The commission shall deny a
36 conditional permit to any applicant who fails to provide
37 information, documentation, and assurances as required by this
38 subsection; who fails to reveal any fact material to qualification; or
39 who supplies information that is untrue or misleading as to a
40 material fact pertaining to the qualification criteria for issuance of a
41 conditional permit. If the application is denied, the commission
42 shall notify the applicant in writing of the specific reason for its
43 denial and provide the applicant with the opportunity for a hearing
44 in accordance with the "Administrative Procedure Act," P.L.1968,
45 c.410 (C.52:14B-1 et seq.).

46 (4) The commission shall furnish to each entity issued a
47 conditional permit a list of the requirements that the entity will be
48 required to comply with within 120 days after issuance of the

1 conditional permit. If the commission subsequently determines
2 that, during the 120-day period, the conditional permit holder is in
3 compliance with all applicable conditions and is implementing the
4 plans, procedures, protocols, actions, or other measures set forth in
5 its application, the commission shall convert the conditional permit
6 into a full permit, which will expire one year from its date of
7 issuance and be subject to annual renewal; if the commission
8 determines that the conditional permit holder is not in compliance
9 with all applicable conditions or not implementing the plans,
10 procedures, protocols, actions, or other measures set forth in its
11 application, the conditional permit shall automatically expire at the
12 end of the 120-day period, or, at the discretion of the commission,
13 may be revoked prior to the end of the 120-day period.

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

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

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

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

33 (b) at least 51 percent of the owners, directors, officers, and
34 employees of the microbusiness shall be residents of the
35 municipality in which the microbusiness is or will be located, or a
36 municipality bordering the municipality in which the microbusiness
37 is or will be located;

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

41 (d) the microbusiness shall not exceed the following size and
42 capacity restrictions:

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

45 (ii) in the case of a microbusiness that is a medical cannabis
46 cultivator, the total medical cannabis grow area shall not exceed
47 2,500 square feet, measured on a horizontal plane, shall grow no
48 higher than 24 feet above that plane, and shall possess a total of no

1 more than 1,000 plants, including mature and immature medical
2 cannabis plants, but not including seedlings;

3 (iii) in the case of a microbusiness that is a medical cannabis
4 manufacturer, the manufacturer shall acquire and process no more
5 than 1,000 pounds of medical cannabis in dried form each month;
6 and

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

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

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

18 f. The commission shall have the authority to review any
19 services agreement submitted pursuant to subsection l. of section 12
20 of P.L.2019, c.153 (C.24:6I-7.2, and any agreement established
21 under subsubparagraph (ii) of subparagraph (d) of paragraph 2 of
22 subsection a. of section 7 of P.L.2009, c.307 (C.24:6I-7) to provide
23 significant financial or technical assistance or the significant use of
24 intellectual property to an applicant, to determine whether the terms
25 of the agreement, including interest rates, returns, and fees, are
26 commercially reasonable and consistent with the fair market value
27 for the terms generally applicable to agreements of a comparable
28 nature. In the event the commission determines the terms of an
29 agreement are not commercially reasonable or consistent with the
30 fair market value generally applicable to the services to be provided
31 under the agreement, the commission shall have the authority to
32 withhold approval of the permit application until the parties
33 renegotiate a new agreement that, as determined by the commission,
34 is commercially reasonable and consistent with the fair market
35 value for the terms generally applicable to agreements of a
36 comparable nature. The parties to the agreement may request that
37 the commission provide guidance as to what terms it would find to
38 be commercially reasonable and consistent with the fair market
39 value generally applicable to agreements of a comparable nature.
40 Nothing in this subsection shall be construed to require the
41 commission to award a permit to an applicant if the commission
42 determines the applicant does not otherwise meet the requirements
43 for issuance of the permit.¹

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

45
46 ¹3. Section 12 of P.L.2019, c.153 (24:6I-7.2) is amended to read
47 as follows:

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

18 b. An initial permit application shall be evaluated according to
19 criteria to be developed by the commission. The commission shall
20 determine the point values to be assigned to each criterion, which
21 shall include bonus points for applicants who are residents of New
22 Jersey.

23 c. 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 d. and e. of this section and any other
26 criteria developed by the commission, an analysis of the applicant's
27 operating plan, excluding safety and security criteria, which shall
28 include the following:

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

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

34 (b) conventional horticulture or agriculture, familiarity with
35 good agricultural practices, and any relevant certifications or
36 degrees;

37 (c) quality control and quality assurance;

38 (d) recall plans;

39 (e) packaging and labeling;

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

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

43 (h) water management practices;

44 (i) odor mitigation practices;

45 (j) onsite and offsite recordkeeping;

46 (k) strain variety and plant genetics;

47 (l) pest control and disease management practices, including
48 plans for the use of pesticides, nutrients, and additives;

1 (m) waste disposal plans; and

2 (n) compliance with applicable laws and regulations.

3 (2) In the case of an applicant for a medical cannabis
4 manufacturer permit, the operating plan summary shall include a
5 written description concerning the applicant's qualifications for,
6 experience in, and knowledge of each of the following topics:

7 (a) State-authorized manufacture, production, and creation of
8 cannabis products using appropriate extraction methods, including
9 intended use and sourcing of extraction equipment and associated
10 solvents or intended methods and equipment for non-solvent
11 extraction;

12 (b) pharmaceutical manufacturing, good manufacturing
13 practices, and good laboratory practices;

14 (c) quality control and quality assurance;

15 (d) recall plans;

16 (e) packaging and labeling;

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

19 (g) analytical chemistry and testing of medical cannabis and
20 medical cannabis products and formulations;

21 (h) water management practices;

22 (i) odor mitigation practices;

23 (j) onsite and offsite recordkeeping;

24 (k) a list of product formulations or products proposed to be
25 manufactured with estimated cannabinoid profiles, if known,
26 including varieties with high cannabidiol content;

27 (l) intended use and sourcing of all non-cannabis ingredients
28 used in the manufacture, production, and creation of cannabis
29 products, including methods to verify or ensure the safety and
30 integrity of those ingredients and their potential to be or contain
31 allergens;

32 (m) waste disposal plans; and

33 (n) compliance with applicable laws and regulations.

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

38 (a) State-authorized dispensation of medical cannabis to
39 qualifying patients;

40 (b) healthcare, medicine, and treatment of patients with
41 qualifying medical conditions;

42 (c) medical cannabis product evaluation procedures;

43 (d) recall plans;

44 (e) packaging and labeling;

45 (f) inventory control and point-of-sale software or systems for
46 the sale of medical cannabis;

47 (g) patient counseling procedures;

1 (h) the routes of administration, strains, varieties, and
2 cannabinoid profiles of medical cannabis and medical cannabis
3 products;

4 (i) odor mitigation practices;

5 (j) onsite and offsite recordkeeping;

6 (k) compliance with State and federal patient privacy rules;

7 (l) waste disposal plans; and

8 (m) compliance with applicable laws and regulations.

9 d. The criteria to be developed by the commission pursuant to
10 subsection b. of this section shall include, in addition to the criteria
11 set forth in subsections c. and e. of this section and any other
12 criteria developed by the commission, an analysis of the following
13 factors, if applicable:

14 (1) The applicant's environmental impact plan.

15 (2) A summary of the applicant's safety and security plans and
16 procedures, which shall include descriptions of the following:

17 (a) plans for the use of security personnel, including
18 contractors;

19 (b) the experience or qualifications of security personnel and
20 proposed contractors;

21 (c) security and surveillance features, including descriptions of
22 any alarm systems, video surveillance systems, and access and
23 visitor management systems, along with drawings identifying the
24 proposed locations for surveillance cameras and other security
25 features;

26 (d) plans for the storage of medical cannabis and medical
27 cannabis products, including any safes, vaults, and climate control
28 systems that will be utilized for this purpose;

29 (e) a diversion prevention plan;

30 (f) an emergency management plan;

31 (g) procedures for screening, monitoring, and performing
32 criminal history record background checks of employees;

33 (h) cybersecurity procedures, including, in the case of an
34 applicant for a medical cannabis dispensary permit, procedures for
35 collecting, processing, and storing patient data, and the applicant's
36 familiarity with State and federal privacy laws;

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

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

41 (k) procedures for reporting adverse events; and

42 (l) a sanitation practices plan.

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

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

47 (b) the applicant's experience in operating alternative treatment
48 centers and related medical cannabis production and dispensation

1 entities under the laws of New Jersey or any other state or
2 jurisdiction within the United States; and

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

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

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

20 (a) the proposed location, the surrounding area, and the
21 suitability or advantages of the proposed location, along with a
22 floor plan and optional renderings or architectural or engineering
23 plans;

24 (b) the submission of zoning approvals for the proposed
25 location, which shall consist of a letter or affidavit from appropriate
26 municipal officials that the location will conform to municipal
27 zoning requirements allowing for such activities related to the
28 cultivation, manufacturing, or dispensing of medical cannabis,
29 cannabis products, and related supplies as will be conducted at the
30 proposed facility; and

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

38 Notwithstanding any other provision of this subsection, an
39 application shall be disqualified from consideration unless it
40 includes documentation demonstrating that the applicant will have
41 final control of the premises upon approval of the application,
42 including, but not limited to, a lease agreement, contract for sale,
43 title, deed, or similar documentation. In addition, if the applicant
44 will lease the premises, the application will be disqualified from
45 consideration unless it includes certification from the landlord that
46 the landlord is aware that the tenant's use of the premises will
47 involve activities related to the cultivation, manufacturing, or
48 dispensing of medical cannabis and medical cannabis products. An

1 application shall not be disqualified from consideration if the
2 application does not include the materials described in
3 subparagraph (b) or (c) of this paragraph.

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

7 (a) a community impact plan summarizing how the applicant
8 intends to have a positive impact on the community in which the
9 proposed entity is to be located, which shall include an economic
10 impact plan, a description of outreach activities, and any financial
11 assistance or discount plans the applicant will provide to qualifying
12 patients and designated caregivers;

13 (b) a written description of the applicant's record of social
14 responsibility, philanthropy, and ties to the proposed host
15 community;

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

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

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

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

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

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

45 (b) a demonstration of the applicant's financial ability to
46 implement its business plan, which may include, but shall not be
47 limited to, bank statements, business and individual financial

1 statements, net worth statements, and debt and equity financing
2 statements; and

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

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

23 (9) Whether the applicant can demonstrate that its governance
24 structure includes the involvement of a school of medicine or
25 osteopathic medicine licensed and accredited in the United States,
26 or a general acute care hospital, ambulatory care facility, adult day
27 care services program, or pharmacy licensed in New Jersey,
28 provided that:

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

34 (b) the school, hospital, facility, or pharmacy holds a profit
35 share or ownership interest in the applicant's organization of 10
36 percent or more, except in the case of an accredited school of
37 medicine or osteopathic medicine that is located and licensed in
38 New Jersey; and

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

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

46 (11) Whether the applicant intends to or has entered into a
47 partnership with a prisoner re-entry program for the purpose of
48 identifying and promoting employment opportunities at the

1 applicant's organization for former inmates and current inmates
2 leaving the corrections system. If so, the applicant shall provide
3 details concerning the name of the re-entry program, the
4 employment opportunities at the applicant's organization that will
5 be made available to the re-entry population, and any other
6 initiatives the applicant's organization will undertake to provide
7 support and assistance to the re-entry population.

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

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

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

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

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

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

43 The requirements of this subsection shall not apply to a
44 microbusiness applying for a conditional or annual permit of any
45 type.

46 f. In reviewing an initial permit application, unless the
47 information is otherwise solicited by the commission in a specific
48 application question, the commission's evaluation of the application

1 shall be limited to the experience and qualifications of the
2 applicant's organization, including any entities with common
3 ownership or control of the applicant's organization, controlling
4 owners or interest holders in the applicant's organization, the
5 officers, directors, and current or prospective employees of the
6 applicant's organization who have a bona fide relationship with the
7 applicant's organization as of the date of the application, and
8 consultants and independent contractors who have a bona fide
9 relationship with the applicant as of the date of the application.
10 Responses pertaining to applicants who are exempt from the
11 criminal history record background check requirements of section 7
12 of P.L.2009, c.307 (C.24:6I-7) shall not be considered. Each
13 applicant shall certify as to the status of the individuals and entities
14 included in the application.

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

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

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

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

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

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

33 j. If the commission notifies an applicant that it has performed
34 sufficiently well on multiple applications to be awarded more than
35 one medical cannabis cultivator permit, more than one medical
36 cannabis manufacturer permit, or more than one medical cannabis
37 dispensary permit by the commission, the applicant shall notify the
38 commission, within seven business days after receiving such notice,
39 as to which permit it will accept. For any permit award declined by
40 an applicant pursuant to this subsection, the commission shall, upon
41 receiving notice from the applicant of the declination, award the
42 permit to the applicant for that permit type who, in the
43 determination of the commission, best satisfies the commission's
44 criteria while meeting the commission's determination of Statewide
45 need. If an applicant fails to notify the commission as to which
46 permit it will accept, the commission shall have the discretion to
47 determine which permit it will award to the applicant, based on the
48 commission's determination of Statewide need and other

1 applications submitted for facilities to be located in the affected
2 regions.

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

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

13 l. In addition to the information to be submitted pursuant to
14 subsections c., d., and e. of this section, the commission shall
15 require all permit applicants to submit a copy of any services
16 agreement entered into by the applicant with third party entity,
17 which agreement shall be subject to review as provided in
18 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).¹
19 (cf: P.L.2019, c.153, s.12)

20

21 ¹**【2.】** 4.¹ This act shall take effect immediately.