

[Second 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:

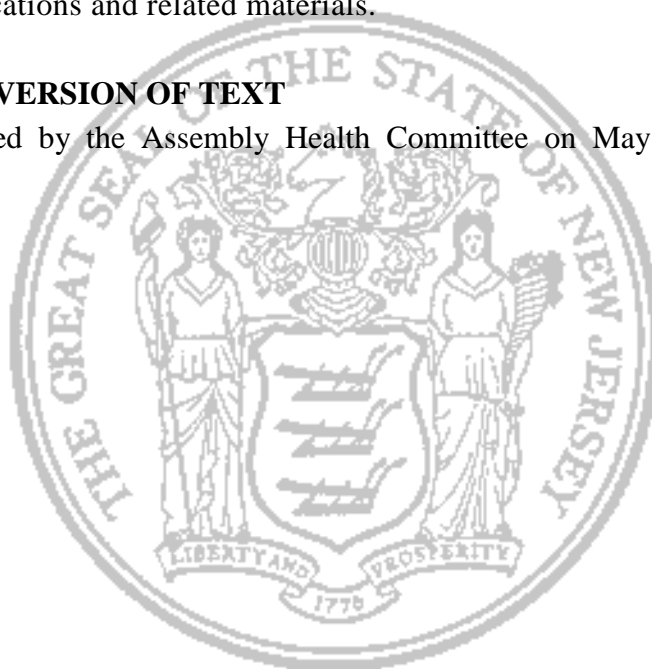
Assemblyman Johnson

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 May 5, 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.

²Assembly AHE committee amendments adopted May 5, 2021.

1 (c) The provisions of subparagraph (a) of this paragraph shall
2 not apply to any alternative treatment center that was issued a
3 permit prior to the effective date of P.L.2019, c.153 (C.24:6I-
4 5.1 et al.), to any alternative treatment center that was issued a
5 permit after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
6 pursuant to an application submitted prior to the effective date of
7 P.L.2019, c.153 (C.24:6I-5.1 et al.), to one of the four alternative
8 treatment centers issued a permit pursuant to an application
9 submitted after the effective date of P.L.2019, c.153 (C.24:6I-
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 ²[40] 35² percent interest in up to ²[10] seven² entities that
7 have been issued a medical cannabis dispensary permit, provided
8 that each such medical cannabis dispensary is a certified minority or
9 women's business or a disabled-veterans' business, and the terms of
10 the agreement to provide significant financial or technical
11 assistance or the significant use of intellectual property, or a
12 combination thereof, whether provided in the form of equity, a loan,
13 or otherwise, including interest rates, returns, and fees, are
14 commercially reasonable based on the terms generally provided to
15 comparable businesses. The terms of the agreement for the
16 provision of significant financial or technical assistance or the
17 significant use of intellectual property, or a combination thereof,
18 may include performance, quality, and other requirements as a
19 condition of providing the financial or technical assistance or use of
20 intellectual property. ¹An applicant for a medical cannabis
21 dispensary permit that has or will receive significant financial or
22 technical assistance or the significant use of intellectual property
23 under this subsubparagraph shall include with the permit
24 application materials submitted to the commission a copy of the
25 agreement to provide significant financial or technical assistance or
26 significant use of intellectual property, or a combination thereof,
27 which agreement shall be subject to review by the commission as
28 provided in subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-
29 7.1)).¹

30 An applicant for a medical cannabis dispensary permit that
31 receives significant financial or technical assistance or the
32 significant use of intellectual property under this subsubparagraph
33 shall pay back to the investor, investor group, or fund the full value
34 of the financial or technical assistance or intellectual property
35 provided under the agreement, plus any applicable interest and fees,
36 ²[within seven years after the date the applicant entered into the
37 agreement for the provision of significant financial or technical
38 assistance or significant use of intellectual property, but no earlier
39 than three years] in a period not less than five years² after the date
40 of the agreement ²if the full value of the assistance or property is
41 less than \$100,000, in a period not less than seven years after the
42 date of the agreement if the full value of the assistance or property
43 is between \$100,001 and \$250,000, in a period not less than 10
44 years after the date of agreement if the full value of the assistance
45 or property is between \$250,001 and \$500,000, and, subject to any
46 terms and conditions imposed by a lender, in a period not less than
47 10 years after the date of the agreement if the full value of the

1 assistance or property is greater than \$500,000². An investor,
2 investor group, or fund that has acquired an ownership interest in
3 one or more entities that have been issued a medical cannabis
4 dispensary permit as authorized under this subsubparagraph may
5 maintain the ownership interest after the date the full value of the
6 financial or technical assistance or use of intellectual property
7 provided under the agreement, plus interest and fees, has been
8 repaid by the applicant that received the assistance or use of
9 intellectual property.

10 In no case may the controlling interest in the entity that holds a
11 medical cannabis dispensary permit in which an investor, investor
12 group, or fund owns an interest as authorized under this
13 subsubparagraph revert to the investor, investor group, or fund in
14 the event of a default or failure by the certified minority or
15 women's business or disabled-veterans' business, as applicable, and
16 any such controlling interest may only be transferred to a certified
17 minority or women's business or a disabled-veterans' business.

18 An entity issued a medical cannabis cultivator, medical cannabis
19 manufacturer, or medical cannabis dispensary permit, or an
20 individual associated with the ownership or management of the
21 entity, may participate in an investor group or a fund that meets the
22 requirements of this subsubparagraph.

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

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

35 (g) An alternative treatment center that was issued a permit prior
36 to the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), that was
37 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
38 5.1 et al.) pursuant to an application submitted pursuant to a request
39 for applications published in the New Jersey Register prior to the
40 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.), or that was
41 issued a permit after the effective date of P.L.2019, c.153 (C.24:6I-
42 5.1 et al.) pursuant to an application submitted prior to the effective
43 date of P.L.2019, c.153 (C.24:6I-5.1 et al.), shall be required to
44 submit an attestation signed by a bona fide labor organization
45 stating that the alternative treatment center has entered into a labor
46 peace agreement with such bona fide labor organization no later
47 than 100 days after the effective date of P.L.2019, c.153 (C.24:6I-
48 5.1 et al.) or no later than 100 days after the date the alternative

1 treatment center first opens, whichever date is later. The
2 maintenance of a labor peace agreement with a bona fide labor
3 organization shall be an ongoing material condition of maintaining
4 the alternative treatment center's permit. The failure to submit an
5 attestation as required pursuant to this subparagraph within 100
6 days after the effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.)
7 or within 100 days after the alternative treatment center first opens,
8 as applicable, shall result in the suspension or revocation of the
9 alternative treatment center's permit, provided that the commission
10 may grant an extension to this deadline to the alternative treatment
11 center based upon extenuating circumstances or for good cause
12 shown.

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

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

30 (5) (a) A medical cannabis cultivator shall be authorized to:
31 acquire a reasonable initial and ongoing inventory, as determined
32 by the commission, of cannabis seeds or seedlings and
33 paraphernalia; possess, cultivate, plant, grow, harvest, and package
34 medical cannabis, including prerolled forms, for any authorized
35 purpose, including, but not limited to, research purposes; and
36 deliver, transfer, transport, distribute, supply, or sell medical
37 cannabis and related supplies to any medical cannabis cultivator,
38 medical cannabis manufacturer, medical cannabis dispensary, or
39 clinical registrant in the State. In no case shall a medical cannabis
40 cultivator operate or be located on land that is valued, assessed or
41 taxed as an agricultural or horticultural use pursuant to the
42 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-
43 23.1 et seq.).

44 (b) A medical cannabis manufacturer shall be authorized to:
45 purchase or acquire medical cannabis from any medical cannabis
46 cultivator, medical cannabis manufacturer, or clinical registrant in
47 the State; possess and utilize medical cannabis in the manufacture,
48 production, and creation of medical cannabis products; and deliver,

1 transfer, transport, supply, or sell medical cannabis products and
2 related supplies to any medical cannabis manufacturer, medical
3 cannabis dispensary, or clinical registrant in the State.

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

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

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

42 b. The commission shall require that an applicant provide such
43 information as the commission determines to be necessary pursuant
44 to regulations adopted pursuant to P.L.2009, c.307 (C.24:6I-
45 1 et al.).

46 c. A person who has been convicted of a crime of the first,
47 second, or third degree under New Jersey law or of a crime
48 involving any controlled dangerous substance or controlled

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

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

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

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

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

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

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

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

46 If the applicant is disqualified because of a disqualifying
47 conviction pursuant to the provisions of this section, the conviction

1 that constitutes the basis for the disqualification shall be identified
2 in the written notice.

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

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

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

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

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

36 (c) the circumstances under which the crime or offense
37 occurred;

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

39 (e) the age of the individual when the crime or offense was
40 committed;

41 (f) whether the crime or offense was an isolated or repeated
42 incident;

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

45 (h) any evidence of rehabilitation, including good conduct in
46 prison or in the community, counseling or psychiatric treatment
47 received, acquisition of additional academic or vocational
48 schooling, successful participation in correctional work-release

1 programs, or the recommendation of those who have had the
2 individual under their supervision.

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

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

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

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

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

10 i. The commission shall adopt regulations to:

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

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

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

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

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

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

1 medical cannabis dispensary or clinical registrant that seeks to
2 provide such services in locating appropriate interpreter resources.
3 A medical cannabis dispensary or clinical registrant shall assume
4 the cost of providing interpreter services pursuant to this
5 subsection.

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

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

47 l. No employee of any department, division, agency, board, or
48 other State, county, or local government entity involved in the

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

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

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

27

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

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

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

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

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

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

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

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

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

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

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

12 (d) documentation that each significantly involved person in the
13 proposed medical cannabis entity has, for the immediately
14 preceding taxable year, an adjusted gross income of no more than
15 \$200,000 or no more than \$400,000 if filing jointly with another;

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

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

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

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

30 (i) the plan by which the applicant intends to obtain appropriate
31 liability insurance coverage for the proposed medical cannabis
32 entity; and

33 (j) any other requirements established by the commission
34 pursuant to regulation.

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

1 material fact pertaining to the qualification criteria for issuance of a
2 conditional permit. If the application is denied, the commission
3 shall notify the applicant in writing of the specific reason for its
4 denial and provide the applicant with the opportunity for a hearing
5 in accordance with the "Administrative Procedure Act," P.L.1968,
6 c.410 (C.52:14B-1 et seq.).

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

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

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

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

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

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

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

4 (d) the microbusiness shall not exceed the following size and
5 capacity restrictions:

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

8 (ii) in the case of a microbusiness that is a medical cannabis
9 cultivator, the total medical cannabis grow area shall not exceed
10 2,500 square feet, measured on a horizontal plane, shall grow no
11 higher than 24 feet above that plane, and shall possess a total of no
12 more than 1,000 plants, including mature and immature medical
13 cannabis plants, but not including seedlings;

14 (iii) in the case of a microbusiness that is a medical cannabis
15 manufacturer, the manufacturer shall acquire and process no more
16 than 1,000 pounds of medical cannabis in dried form each month;
17 and

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

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

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

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

1 be commercially reasonable and consistent with the fair market
2 value generally applicable to agreements of a comparable nature.
3 Nothing in this subsection shall be construed to require the
4 commission to award a permit to an applicant if the commission
5 determines the applicant does not otherwise meet the requirements
6 for issuance of the permit.¹
7 (cf: P.L.2019, c.153, s.11)
8

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

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

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

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

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

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

44 (b) conventional horticulture or agriculture, familiarity with
45 good agricultural practices, and any relevant certifications or
46 degrees;

47 (c) quality control and quality assurance;

48 (d) recall plans;

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

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

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

3 (k) procedures for reporting adverse events; and

4 (l) a sanitation practices plan.

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

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

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

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

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

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

30 (a) the proposed location, the surrounding area, and the
31 suitability or advantages of the proposed location, along with a
32 floor plan and optional renderings or architectural or engineering
33 plans;

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

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

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

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

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

24 (b) a written description of the applicant's record of social
25 responsibility, philanthropy, and ties to the proposed host
26 community;

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

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

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

46 (6) A workforce development and job creation plan, which may
47 include, but shall not be limited to a description of the applicant's
48 workforce development and job creation plan, which may include

1 information on the applicant's history of job creation and planned
2 job creation at the proposed facility; education, training, and
3 resources to be made available for employees; any relevant
4 certifications; and a diversity plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 The requirements of this subsection shall not apply to a
8 microbusiness applying for a conditional or annual permit of any
9 type.

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

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

44 (1) at least 15 percent of the total number of new medical
45 cannabis cultivator permits, medical cannabis manufacturer permits,
46 and medical cannabis dispensary permits issued on or after the
47 effective date of P.L.2019, c.153 (C.24:6I-5.1 et al.) are issued to a

1 qualified applicant that has been certified as a minority business
2 pursuant to P.L.1986, c.195 (C.52:27H-21.18 et seq.); and

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

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

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

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

46 j. If the commission notifies an applicant that it has performed
47 sufficiently well on multiple applications to be awarded more than
48 one medical cannabis cultivator permit, more than one medical

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

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

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

26 l. In addition to the information to be submitted pursuant to
27 subsections c., d., and e. of this section, the commission shall
28 require all permit applicants to submit a copy of any services
29 agreement entered into by the applicant with third party entity,
30 which agreement shall be subject to review as provided in
31 subsection f. of section 11 of P.L.2019, c.153 (C.24:6I-7.1).¹

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

33

34 ¹**【2.】** 4.¹ This act shall take effect immediately.