



March 26, 2024

Representative Zack Stephenson, Chair
House Commerce Finance and Policy Committee

Re: House File 4757

Chair Stephenson and members of the Committee:

The Cannabis Retailers and Manufacturers Association of Minnesota (CRMA) is a member-driven organization of small and mid-size retailers and manufacturers across Minnesota.

We have engaged in numerous discussions with members over the past few weeks, and want to provide the following input on House File 4757 and the proposed DE amendment.

Sale of Hemp Derived Cannabinoid Products

We appreciate the inclusion of portions of Representative West's House File 4757, creating a definition for full spectrum products, allowing additional non-intoxicating cannabinoids (CBN and CBC), and creating a petitioning process for inclusion of additional non-intoxicating cannabinoids. This is one of the primary concerns of most retailers across the state.

Conversion to Hemp Business License

We appreciate the proposal to convert retailer registrations under section 151.72 to licenses under Chapter 342. This will save significant time and burden for low-potency retailers.

Vetted Lottery Proposal

CRMA remains concerned about a lottery for the issuance of licenses. Our members have spent the past ten months preparing for a merit-based application process, looking to achieve high scores on their applications. However, after further discussion, we appreciate the intent of a 'vetted' lottery, and hope to work with OCM to refine exactly what that means. Minnesota is unique in that it does not have a strong medical cannabis infrastructure to convert, and we would like to see OCM prioritize issuance of licenses to both SEAs and commercial applicants who are prepared to convert their hemp-based operations into cannabis businesses.

Unification of Supply Chain

The revised proposal for medical cannabis endorsements for cultivation and manufacturing is unnecessary. The OCM proposal to unify the supply chain, with additional requirements at retail, simplifies the supply chain and mitigates any risks of shortages for patients in the medical cannabis program.

Transportation Requirements

The CRMA supports the language that would allow microbusinesses and mezzobusinesses to self-transport products between their own facilities. Especially early in the market, this is a critical move to ensure infrastructure does not interfere with operations.

CRMA continues to engage in discussions about its concerns and priorities. We appreciate the opportunity to provide comments on this bill.

Sincerely,

John Bartee

President, Cannabis Retailers & Manufacturers Association of Minnesota



March 27, 2024

Representative Zack Stephenson, Chair
House Commerce Finance & Policy Committee

Re: House File 4757, DE1

Dear Chair Stephenson and Members of the Committee:

We have reviewed the DE1 for House File 4757 and want to share some thoughts for the Committee.

House File 3760 Inclusion: We appreciate the inclusion of Section 1 from House File 3760, enhancing patient protections for individuals in the medical cannabis program. However, we are disappointed that no other provisions from this legislation are included in the DE1. As a patient and consumer-led non-profit advocacy organization, we do this work as volunteers. As such, we depend on our elected officials to support constituencies with less power than those who can afford lobbyists at the Capitol. Respectfully, we request the inclusion of Sections 2 through 4, at a minimum, as this bill moves through the legislature.

House File 3766 Inclusion: Sensible Change Minnesota enthusiastically supports creating a caregiver cultivation program in Minnesota. As a patient-led organization, we respectfully request the following changes to what is proposed in the DE1:

1. Allow a registered designated caregiver to grow for two patient households; and
2. Allow a patient in the medical cannabis registry to grow twelve plants.

This would max out at a total of 16 mature plants, which is a reasonable amount of product to serve two patient households, and allows our caregivers to refine the strains to better help patients.

Unification of Supply Chain: We urge you to reconsider OCM's proposal to unify the cannabis supply chain at the point of cultivation and manufacturing. Although manufacturing may target specific medical cannabis products, such as suppositories, we believe these can be done in the same facility as adult-use cannabis, without the need for additional endorsements. At a minimum, the supply chain should be unified at the point of cultivation to prevent any future product shortages.

Medical Cannabis Retail Endorsement: Thank you for maintaining the OCM's recommendation to create a medical cannabis retail endorsement, and include Certified Medical Cannabis Consultants in the retail infrastructure. This should help immensely with access through smaller retailers.

Vetted Lottery: We remain uncertain and unclear about the rollout of the proposed vetted lottery system, and the impact that will have on the two existing medical cannabis manufacturers and a potential gap in product availability for medical cannabis patients.

We look forward to continued work on this legislation throughout the remainder of the 2024 legislative session.

Best Regards,
Maren Schroeder
Policy Director, Sensible Change Minnesota



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latinochambermn.com

81 S 9th St., Suite 200
Minneapolis, MN 55402

The Latino Chamber of Commerce of Minnesota (LCCMN) is a non-profit with a mission of empowering Latino businesses in Minnesota, spurring the economic growth of our state's Latino community. Our Chamber of Commerce brings together business, government, corporations, and community for the economic growth of Latinos living in Minnesota.

MN has a tremendous economic opportunity for every community of people with the emerging legal cannabis industry. For both social equity and commercial applicants to be successful the state must create a licensing system that is equitable and provides certainty and stability. We believe the way to achieve this is through a merit-based licensing system.

The recent legislation proposed by Office of Cannabis and Management moves away from the current merit-based system established in law. The Latino CC has concerns and opposes the implementing of a lottery system. We believe a lottery will hurt social equity applicants that have been working toward establishing a successful business under the current merit-based law.

In our view, to ensure the success of the social equity program and mitigate potential litigation in the long term the original merit-based licensing system is the fairest to all prospective social equity applicants.

We agree with Gov Walz that timeliness is critical. Pre-approval is necessary for getting the industry going as soon as possible, and there are both social equity and commercial applicants that are ready to start up the industry in a timely fashion.

Support MMA model for building an equitable licensing process for MN cannabis.

It is essential that social equity and commercial applicants work together in the shared goal of creating a vibrant industry that provides opportunity and benefits for all.

Sincerely,

John Pacheco
President, Latino Chamber of Commerce MN

March 26, 2024

Dear House Commerce Committee:

Re: 5101 Prohibit Simultaneously advertising cannabis and alcohol

I am writing in favor of this amendment. Let's discourage mixing of Cannabis/THC products with alcohol at the source: product packaging and advertisements.

There is too much misinformation already about the safety of consuming THC especially for our youth. Experience shows that over-indulgence, mixing of drugs, can have negative health impacts and risk overdose.

This is a simple way to educate and promote safe consumption habits.

I recall the discussion this past week (alluding to the difficulty of enforcing a rule that would prohibit selling, giving, furnishing, or procuring lower-potency hemp edibles for use by an obviously impaired person) re: HF 4209.

This rule would be much, much easier to enforce and I sincerely hope you will support it and ultimately vote in favor of including it.

Re: 5102 Adding a clinical pharmacy expert appointed by the Governor

I write in favor of including the appointment of a clinical pharmacy expert to the Advisory Council. Unfortunately, while it is easy to focus on the mechanics of starting up a state-run cannabis industry, the potential risks and harms of THC have been neglected.

The Advisory Council representatives are largely those from the cannabis industry, government or those who could benefit financially. As a result, there are less members with medical, clinical and research expertise on the Council.

Keeping the purpose of consumer protection in mind, I hope the committee will support this amendment and ultimately vote in favor of adding it to the final bill.

Thank you very much,

Linda Stanton
Woodbury, MN



March 26, 2024

House Commerce and Finance Policy

Dear Chair Stephenson and Committee Members:

The Minnesota Marijuana Association (MMA) was organized to build a coalition of cannabis business operators and adjacent industries. The MMA includes groups of all sizes and represents both social equity and commercial operators. MMA members have used HF100, the legislation passed in May of 2023 as the guiding North Star to prepare as they get ready to stand up the newest industry in our state: adult-use cannabis.

To that, the MMA believes that the licensing structure passed into law nearly one year ago, is a comprehensive, innovative, and fair approach to the licensing of cannabis businesses in the state of Minnesota. At the core of that legislation is a merit-based licensing system. This policy approach was developed over the course of many years of stakeholder engagement and was designed to balance concerns about equity, litigation, fairness, and the speed in which this new industry could be built in Minnesota. The MMA believes that this approach remains the best approach.

That said, no statute is ever perfect, and the MMA appreciates the work being done by legislators and the staff of the Minnesota Office of Cannabis Management as they confront the difficult task of standing up the legal cannabis industry in Minnesota. The MMA looks forward to continuing to work with legislators and the MN OCM to craft policy that serves the goal of expeditiously building an equitable cannabis industry in Minnesota. As part of that effort, we invite policymakers to read our recent report: *Building an Equitable Licensing Process for Minnesota Cannabis*, which has been included with this letter.

Sincerely,

John Hyduke
MMA Board Chair

Attachment: *Building an Equitable Licensing Process for Minnesota Cannabis*



March 27, 2024

Chair Stephenson and House Commerce Committee members,

My name is Glenn McElfresh and I am a co-founder of Plift, a black-owned, hemp-derived beverage company successfully operating in Minnesota.

First and foremost, I would like to offer my sincere congratulations and deep appreciation to Chair Stephenson, and all the members, who worked so hard to pass HF100 last year. A very special shoutout to all the amazing staff that have worked so hard on this historic legislation as well. HF100 is nationally recognized as the most equity-centric and pro-free market cannabis bills in America - we're only just beginning to feel the impact of the work you and your colleagues put into passing HF100 last session. Thank you.

For background, I have spent the past eleven years working in the cannabis industry across the country, including as a Chief Compliance Officer, an application writer, and a CEO of small hemp businesses, and I am writing to you in **enthusiastic support of Chair Stephenson's DE-1 amendment to HF4757, which includes pro-business and pro-public safety initiatives put forth by Representative West in HF4629.**

As amended, HF4757 creates more opportunities for small, agriculturally focused hemp businesses while strengthening consumer protections across Minnesota through the sale of full-spectrum hemp beverages and edibles, the addition of CBN and CBC and rescinding the "five-hour rule." This section removes what is commonly called the "5-hour rule" and would provide much needed relief to on-premises retailers across Minnesota. This bill will strengthen Minnesota's small business community and advance the nationally recognized cannabis market this body created last year.

Legalizing cannabis is complicated, complex, and nuanced - cannabis licensing even moreso. I appreciate everyone who continues to work hard on this noble issue and believe that you have fairly listened to stakeholders on all sides. I encourage all members to support HF4757 as amended to strengthen Minnesota's budding hemp and cannabis industry.

Chair Stephenson, and Members, thank you once again for the work you continue to do to make Minnesota the leader in hemp and cannabis policy, and for the opportunity to provide you with written testimony today.

Sincerely,

Glenn McElfresh

Plift

gam@plift.com

Since 2018, I've worked hard to serve and understand our community within the hemp industry, aligning my efforts with its needs and contributing to both culture and economy. As we move into the legal cannabis market moving to a licensing model without a merit-based system overlooks those efforts and the deep understanding developed by myself and others like me.

This shift isn't just about regulation; it risks ignoring the dedication to learning and community engagement that's been key to a responsible and integrated cannabis industry in Minnesota. It unfairly levels the field between those who have spent years navigating our local market's nuances, and newcomers without any of that insight or community connection.

I not only have I adhered to the continuous shifting regulations but have invested in the community, fostering relationships and economic growth. A licensing model that disregards these contributions and the quality of my business engagement and history puts myself and the community at a disadvantage. It allows entry for those possibly less committed to community values or even responsible practices.

I urge you to consider the impact of moving away from a system that values merit. Recognize the efforts of local entrepreneurs who've built a responsible, community-focused cannabis industry. It's essential that any legalization framework acknowledges the work and engagement of those who've played a critical role in this industry's ethical development.

Jamie Croyle
House of Oilworx
est 2018



Rep. Zack Stephenson, Chair
Committee on Commerce Finance and Policy
449 State Office Building
St. Paul, Minnesota 55155

March 27, 2024

Dear Chair Stephenson,

I am writing as the CEO of Vireo Health of Minnesota, one of Minnesota's medical cannabis licensees. I was personally present on July 1st, 2015 when Vireo served Minnesota's first medical patients, and for the past nine years, it's been an honor to lead our team while serving more than 55,000 Minnesotans with compassionate care.

I am proud of the way we have supported my home state; with our community partners, we have advanced medical research and supported expungement and clemency efforts, and we have a nine-year track record of providing jobs for hundreds of Minnesotans and supporting labor peace under a CBA with the UFCW Local 1189.

We applaud the work that went into crafting last year's adult-use bill, and into laying the initial groundwork for the launch of adult-use sales. HF 100/SF 73 contained many commonsense outcomes – streamlining efforts to expunge non-violent cannabis charges, generous home grow and possession limits, and the creation of the medical combination license which allows up to 90,000 square feet of cultivation capacity.

Achieving a successful roll-out of an adult-use program is a challenging undertaking, and we have seen programs fail when the process begins to pit applicants and stakeholders against each other. Our shared responsibility as stewards of cannabis in Minnesota is to be stronger together. This isn't a zero-sum game or winner takes all; a successful industry depends upon folks both competing and working together to have a robust supply chain, this supports good business, good product safety and brings consumers to the regulated and taxed market.

The demand for cannabis in Minnesota will be large enough to enable success at every level of the supply chain. But a minimally-viable market launch, with a slow or tiered issuance of licenses and an inefficient dual supply chain, will put a successful program implementation at risk. Establishing licensing timelines for all license types now will provide all applicants the visibility needed to ensure success in the market. Consumers want access to quality products at affordable prices, and making sure supply is adequate to meet this demand is crucial to curbing the illicit market, supporting public safety and generating tax revenue.

Unfortunately, last year's bill lacks a clear path to ensuring continuity of access for medical patients. For some patients, medical cannabis is a vital component of managing symptoms and living a fulfilling life. A responsible roll-out in Minnesota must ensure that medical patients can continue accessing the products they rely on.





Existing medical operators like Vireo are already experienced with the unique demands of regulated cannabis markets. Leaning on our experience and operations while also supporting smaller businesses and social equity applicants will help ensure adequate supply to meet consumer demand and prevent the illicit market from thriving. This will allow continuity for medical patients, enable success for small businesses and social equity applications, and protect hundreds of existing Minnesota jobs.

Minnesotans deserve to have choices in their cannabis industry, and a responsible, commonsense roll-out that fully utilizes all available infrastructure can – and should – be part of this program’s implementation.

Sincerely,

Amber Shimpa
CEO, Vireo Health of Minnesota



Monday, March 25th, 2024

House Commerce Committee
AMENDMENT FOR
Wednesday March 27, 2024

Amend

- III. HF4757 (Stephenson); Cannabis policy bill
a. DE amendment posted and attached

As Reads:

(d) Notwithstanding any law to the contrary, a registered designated caregiver approved 71.7 to assist a patient enrolled in the registry program with obtaining medical cannabis flower 71.8 may cultivate cannabis plants on behalf of one patient. The registered designated caregiver 71.9 may grow up to eight cannabis plants for the patient household that the registered designated 71.10 caregiver is approved to assist with obtaining medical cannabis flower

Please Amend to Strike:

(d) Notwithstanding any law to the contrary, a registered designated caregiver approved 71.7 to assist a patient enrolled in the registry program with obtaining medical cannabis flower 71.8 may cultivate cannabis plants on behalf of ~~one patient~~. The registered designated caregiver 71.9 may grow up to eight cannabis plants for the patient household that the registered designated 71.10 caregiver is approved to assist with obtaining medical cannabis flower

Please Amend to Add:

(d) Notwithstanding any law to the contrary, a registered designated caregiver approved 71.7 to assist a patient enrolled in the registry program with obtaining medical cannabis flower 71.8 may cultivate cannabis plants on behalf of **THREE patients**. The registered designated caregiver 71.9 may grow up to eight cannabis plants for the patient household that the registered designated 71.10 caregiver is approved to assist with obtaining medical cannabis flower

Comments and Concerns:

In regards to HF3766, Caregivers and Patients testified on Monday, March 25th that Caregivers already are averaging helping multiple patients with medicine. This Amendment would provide legal safety to those Caregivers looking to help multiple patients; Therefore, Amending HF4757 DE from “One Patient” to “Three Patients,” would satisfy the goals of HF3766.

Thank you for your consideration on this Amendment.

Regards,
Kayla Fearing

healingfearconsulting@gmail.com
651-307-9269



Maria K. Poirier M.D.
limitations modified.

HF 5101 Amendment

Cannabis advertisement

March 27, 2024

Chair Stephenson and members of the Commerce Finance and Policy Committee,

Thank you for allowing me to submit written testimony in support of limiting cannabis advertising. My name is Maria Poirier, and I am an internal medicine physician from Rochester with experience caring for patients who use cannabis. This amendment is needed to prevent cannabis industry advertisers from promoting self-medication, appealing to children, and encouraging co-consumption of cannabis and alcohol.

Because of the industry's promotion of cannabis use benefits and down-playing of health risks many of my patients are self-medicating with cannabis and subsequently suffering from common and serious side-effects. Advertising claims of health benefits or positive physical or mental effects on the body should be prohibited since state-regulated cannabis products have not been proven to diagnose, prevent, treat, or cure any disease.

Children and teens are attracted to candy and dessert flavors; therefore, advertisements should not contain images of either.

Co-consumption of drugs with central nervous system depressant effects is detrimental to health and public safety, therefore advertisements with pictures of alcohol or persons consuming alcohol should not be published.

I urge committee members to vote YES on HF 5101.

Thank you.

Maria K. Poirier M.D. HF 5102 Amendment Expert in clinical pharmacy added
to cannabis advisory council.

March 27, 2024

Chair Stephenson and members of the Commerce Finance and Policy Committee,

Thank you for allowing me to submit written testimony in **support** of adding an expert in clinical pharmacy to the Cannabis Advisory Council. My name is Maria Poirier, and I am an internal medicine physician from Rochester with experience caring for patients who use cannabis.

A clinical pharmacist would provide guidance to the OCM director about cannabis dosing, medical warnings on labels and packaging, medicine interactions and contraindications in specific populations. Clinical pharmacists have expertise in analyzing complex pharmacokinetic and pharmacodynamic studies and then communicating the results in reader-friendly language. Clinical pharmacy expertise would also be helpful in debunking cannabis use misinformation.

I urge committee members to vote **YES on HF 5102**.

Thank you.



Date: 3/26/2024

To: Commerce Committee

From: Ken Winters, Ph.D.

Re: Written testimony to the Commerce Committee hearing on Rep. Stephenson's HF4757 Cannabis policy bill and amendment HF 5101

Members of the Commerce Committee, thank you for allowing me to provide this written testimony to your group in **support of Rep. Robbins amendment to HF 5101.**

I am very knowledgeable about the research and science of cannabis use and other substances, including alcohol. I was a professor in psychiatry at the University of Minnesota for 20 years and now a Senior Scientist at the Oregon Research Institute (MN location). I co-founded Smart Approaches to Marijuana Minnesota, which is the state affiliate of the national group, Smart Approaches to Marijuana.

I urge you to approve the amendment offered by Rep. Robbins that would not allow advertisements for cannabis to contain an image of alcohol or a person or persons consuming alcohol.

This sensible public health safeguard is in-line with the state's cannabis bill that prohibits products to contain both intoxicating cannabinoids and alcohol, and is consistent with other legalized states that do not permit concurrent cannabis-alcohol advertisements.

Without the proposed restriction, the state would be sending the wrong message that co-use of cannabis and alcohol is safe. Research shows that being intoxicated from both substances confers an elevated health and safety risk to the individual and public. For example, the National Highway and Traffic Safety Administration identified 10 types of driving impairments when a person is impaired by both cannabis and alcohol use. Numerous other negative health consequences are more likely when co-use occurs.

I am grateful for Robbins and her efforts to strengthen the cannabis bill. I trust the committee will see this issue as I do and approve the advertising amendment to HF 5101.

Respectfully,

Ken Winters, Ph.D.
winte001@umn.edu



MELLO TYMES MN LLC
Savage, Minnesota 55378
Telephone 202-677-8571

March 27, 2024

Hon. Rep. Zack Stephenson (DFL)
And Members of the Committee on Commerce
Finance and Policy
449 State Office Building
St. Paul, MN 55155

Re: H.F. 4757 Cannabis Amendment

Mr. Chairman Stephenson and Members of the Committee,

My name is Eric Spencer and I am the Chief Executive Officer (“CEO”) and Policy Analyst for Mello Tymes MN LLC (“Mello Tymes”), a Minority and Returning Citizen (I was incarcerated for 13 years in federal prison as a first-time nonviolent felony offender for cannabis and other nonviolent offenses) owned Social Equity Brand. Mello Tymes recently submitted comments to this Committee on H.F. 4757 on March 22, 2024. We wanted to follow up with a few additional comments for the upcoming hearing scheduled for March 27, 2024 at 1pm.

We want to point out that in H.F. 100 there are no caps on licenses. To be certain Section 13 [342.13] reads in pertinent part:

(k) Nothing in this section shall prohibit a local government unit from allowing licensed cannabis retailers in excess of the minimums set in paragraph (i).

However, in H.F. 4757 [DE1], a maximum of 100 social equity licenses are available which will be distributed through a lottery as opposed to a merit-based system originally set out in H.F. 100. H.F. 4747 creates a limited license structure which is absent in H.F. 100.

This is important because the company used by the Office of Cannabis Management to commission a demand study did not mention a lottery or a limited number of licenses. However, the same organization that wrote the demand study has recently put out a paper titled: “10 Years After the World’s First Legal Sale of Cannabis, What Have We Learned?” The paper states that a point and merit-based systems should never be used. It touts potential litigation as a catalyst to implement a lottery system as opposed to a merit-based point system. However, the paper is keen to leave out the tragic consequences of the lottery system that was used in Arizona. Twenty-four of the 26 social equity licenses awarded in the lottery are now majority owned by large marijuana companies. Arizona legislature is trying to claw back the Social Equity Licenses and return them to the rightful social equity licensees.¹

¹ <https://www.marijuanamoment.net/arizona-bill-aims-to-claw-back-marijuana-social-equity-licenses-from-investors-and-corporate-dispensaries/>

Missouri, another state cited in the paper with a limited license structure, utilized a lottery and now faces its own set of issues in its social equity program.

If the Office of Cannabis Management would like to give Social Equity Applicants “First Mover Status,” it should employ New Jersey’s conditional license system (See Attachment 1) which includes a True Party of Interest assessment.² New Jersey also mandated that the conditional license be associated with a “significantly involved person” (See Attachment 2) that has lived in NJ for the last two years.³ The Significantly Involved Person requirement helps alleviate the out-of-state ownership fiasco so prevalent in Arizona and Missouri. The use of a “Significantly Involved Person” also limits lawsuits based on residency requirements for the Social Equity Applicant itself. Thus, there is no need for a lottery based on a limited set of licenses.

NJ has not encountered any lawsuits despite no caps on its Social Equity Conditional Retail Licenses. New Jersey gave *all* Social Equity Applicants a chance to participate in their Program through a point system and conditional licensing. Once awarded a conditional license, the Licensee has 180 days to find a suitable location to open and operate. New Jersey did not implement a lottery system for its conditional social equity licenses.

We believe Minnesota should also set a goal to award at least 35% (like New Jersey) to 50% (like New York) of its licenses including retail to Social Equity Licensees.

In conclusion, Social Equity is an experiment and no state will get it right. We believe some sections of H.F. 4757 are sound including “First Mover Status” and relaxation of ownership percentage to help raise capital. However, removing the point system and instituting caps and lotteries is counterproductive and will produce unintended consequences. The results will be a limited license culture of winners and losers a contradiction of Minnesota’s equity mandate.

Thank You,

Eric Spencer
CEO, and Policy Analyst
Mello Tymes MN LLC
202-677-8571
eric@mellotymes.com

² New York also employs a True Party of Interest to stem the flow of straw applicants.

³ We use attachments to ensure that these comments can be uploaded.

1. The record for review shall be the application and any attached supporting documents, N.J.S.A. 47:1A-5 et seq., or the common law concerning access to government records. Additional evidence and documentation shall not be considered.

(k) The final decision on an application shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court, pursuant to N.J.A.C. 17:30-17.9.

17:30-7.3 Conditional cannabis business license application

(a) A conditional license applicant shall submit a complete, separate application for each cannabis business license requested and for each physical address and cannabis business premises at which a license applicant seeks to operate.

(b) A license applicant shall disclose and submit, as part of the conditional license application, the following submissions for the Commission's evaluation:

1. The mailing and physical address of the license applicant's proposed cannabis business premises;
2. The Federal and State tax identification numbers for the license applicant;
3. Documentation of a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services in the Department of the Treasury;
4. Information about the license applicant entity, including its legal name, any registered alternate name under which it may conduct business, and a copy of its articles of organization and bylaws;

5. The business plan and management operation profile for the proposed cannabis business;
6. The plan by which the license applicant intends to obtain appropriate liability insurance coverage for the proposed cannabis business;
7. A regulatory compliance plan, which shall detail the plan by which the license applicant shall comply with the remaining regulatory requirements to convert to an annual license;
8. An affidavit that the statements included in the application are true and correct, sworn by the license holder representative;
9. An authorization to release all information pertaining to the license holder as requested by the Commission, signed by the license holder representative;
10. A waiver of liability for any damages results to the license holder from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any information acquired during the licensing process, signed by the license holder representative;
11. Any applicable fees required pursuant to N.J.A.C. 17:30-7.17; and
12. Any other application requirement established by the Commission in a notice of acceptance of application published in the New Jersey Register issued pursuant to N.J.A.C. 17:30-6.1.

(c) A license applicant shall disclose and submit, as part of the conditional license application, the following submissions relating to qualification, pursuant to N.J.A.C. 17:30-7.4:

1. A list of all owners, principals, and employees of the license applicant, including their names, addresses, dates of birth, resumes, and a photocopy of their driver's licenses or other state or Federal government-issued form of identification that may be used to prove each person is at least 21 years of age;
2. A list of the owners of the license applicant who have resided in this State for at least two years as of the date of the application, and documentation of such residency;
3. A list of the owners of the license applicant and the percentage of each owner's ownership interest;
4. A list of any proposed management services contractors, financial sources, or vendor-contractors;
5. Personal history disclosure forms for any owners, principals, financial sources, or management services contractors of the license applicant, as applicable;
6. Entity disclosure forms for any owners, principals, financial sources, or management services contractors of the license applicant, including entity formation documents, any proposed or signed management services or financial source agreements, and tax returns, as applicable;
7. Proof that each owner of the conditional license applicant who has decision-making authority has, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000, or no more than \$400,000 if filing jointly with another individual;
8. A certification that each owner of a license applicant applying for a conditional cannabis business license who has decision-making authority does not have any

ownership interest in a license applicant applying for or a license holder holding an annual cannabis business license;

9. For each owner, principal, or employee of a license applicant or license holder, as well as each staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items, written consent to be fingerprinted and to undergo a criminal history record background check and any evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12;
10. For each owner, principal, and employee of the license applicant, certification confirming the person's submission to the jurisdiction of the courts of the State and pledging to comply with all of the requirements of the laws of the State pertaining to the Commission;
11. For a license applicant that is a diversely owned business, the certification that the license applicant is one or more of a minority-owned business, women-owned business, or disabled veteran-owned business, as applicable;
12. For a license applicant that is an impact zone business, evidence from any qualifying owner, passive investor, or employee proving the qualification of the person under the impact zone business criteria pursuant to N.J.A.C. 17:30-6.5;
13. For a license applicant that is a social equity business, evidence from any qualifying owner or passive investor attesting to the qualification of the person under the social equity business criteria pursuant to N.J.A.C. 17:30-6.6; and

14. For a microbusiness license applicant, proof that at least 51 percent of the total number of persons included in the microbusiness license applicant or license holder, including all owners, principals, and employees, are residents of either of the municipality in which the microbusiness is or will be located, or of a municipality bordering such a municipality, at the time of the application.

(d) A conditional license applicant shall provide the Commission with a complete disclosure that includes all true parties of interest.

1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions, and such an attempt shall be grounds for denial of an application.

(e) Application materials submitted to the Commission pursuant to N.J.S.A. 24:61-36 and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.4 Conditional license holder qualification

(a) A license applicant or license holder is qualified to hold a conditional license where:

1. Each owner, principal, employee, management services contractor, and financial source of the license applicant or license holder has complied with N.J.A.C. 17:30-7.12;
2. No owner, principal, employee, or volunteer of the license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);

3. No staff member of a license applicant's or license holder's management services contractor that participates in the obtaining, possession, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items of the license applicant or license holder has a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) without evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
4. At least one owner of the license applicant shall have resided in this State for at least two years as of the date of the application;
5. Each owner in the conditional license applicant who also has decision-making authority has, for the immediately preceding taxable year, an adjusted gross income of no more than \$200,000 or no more than \$400,000 if filing jointly with another individual; and
6. Each owner and principal of the license applicant or license holder is eligible to be an owner or principal, respectively, of the license applicant or license holder in accordance with N.J.A.C. 17:30-6.8.

17:30-7.5 Conditional cannabis business license acceptance and issuance

(a) If the Commission approves an applicant applying for a conditional license, the Commission shall provide the applicant with written notice of approval.

(b) Within five business days of receiving notice of approval, a license applicant shall notify the Commission as to whether:

1. It will accept the license; or

2. It will abandon the license, including if accepting the license would violate N.J.A.C. 17:30-6.8 or make the license applicant otherwise ineligible or if the circumstances of the license applicant have changed.

(c) Failure of the applicant to notify the Commission of its decision to accept or abandon the license shall result in the license being deemed abandoned.

(d) If a license applicant from a lottery declines a license, the license shall be offered to the next applicant on the waitlist, pursuant to N.J.A.C. 17:30-6.2.

(e) If the license applicant approved for the conditional license accepts the license and provides to the Commission the conditional licensing fee pursuant to N.J.A.C. 17:30-7:17, no later than 30 days after giving notice of approval, unless the Commission finds the applicant is not in compliance with this subchapter or the Commission is notified by the relevant municipality that the applicant is not in compliance with its ordinances or regulations in effect at the time of the application, the Commission shall issue the conditional license and provide the conditional license to the license applicant.

(f) The Commission shall provide, to a denied applicant, the processes available at N.J.A.C. 17:30-7.2(i), (j), and (k).

17:30-7.6 Conditional cannabis license phase

(a) The conditional license phase:

1. Begins on the day that the conditional license is issued to the license applicant;
and
2. Expires 120 days after the day that the conditional license was issued or at the end of an extension.

- i. A conditional license shall not be renewed, but may be extended pursuant to this section or for good cause, as deemed necessary by the Commission.
- ii. A conditional license shall expire if replaced with an annual license or can be revoked at the discretion of the Commission.

(b) A conditional license holder may apply for a 45-day extension of the conditional license, and the Commission may grant the extension on a case-by-case basis.

(c) The Commission shall grant an extension of the conditional license where the conditional license holder has submitted a complete conditional license conversion application, during the time the complete conditional license conversion application is under consideration by the Commission.

(d) During the conditional licenses phase, a conditional license holder shall:

1. Establish control of the proposed site, through lease, purchase, or other means, for the cannabis business;
2. Gain municipal approval; and
3. Develop and submit a conditional license conversion application.

(e) During the conditional license phase, a conditional license holder shall not engage in purchasing, possessing, selling, cultivating, manufacturing, or selling cannabis or cannabis products.

(f) During the conditional license phase, the conditional license holder may obtain additional resources by adding new loans or gifts from new or existing financial sources not listed in the conditional license application.

(g) During the conditional license phase, the majority share of the ownership interest in the license holder shall remain the same as at the time of license issuance, however:

1. An owner or passive investor of the conditional license holder may transfer ownership interest to another qualified party; and
2. The conditional license holder may add new qualified owners and principals.

(h) Notwithstanding (g) above:

1. A diversely owned business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the diversely owned business criteria, pursuant to N.J.A.C. 17:30-6.4;
2. An impact zone business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the impact zone business criteria, pursuant to N.J.A.C. 17:30-6.5;
3. A social equity business conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the social equity business criteria, pursuant to N.J.A.C. 17:30-6.6;
4. A microbusiness conditional license holder shall not make any ownership interest transfer that causes the license applicant to no longer comply with the microbusiness license criteria, pursuant to N.J.A.C. 17:30-6.7; and
5. A conditional license holder shall not violate the limitations on owners and principals, pursuant to N.J.A.C. 17:30-6.8.

(i) A conditional license holder may apply for, and the Commission may authorize, a change in the location in which the license applicant was awarded conditional license approval to a different location, and such new location shall be reflected in the conditional license conversion application.

(j) During the conditional license phase, a conditional license holder may also notify the Commission of its intention to abandon the license and such license will be returned to the Commission.

17:30-7.7 Conditional cannabis business conversion application submission; approval; denial; acceptance; inspection; issuance; and commencement of cannabis business operations

(a) The Commission shall provide notice in the New Jersey Register of the application requirements for conditional license conversion applications in accordance with N.J.A.C. 17:30-6.1 and this subchapter.

1. Such notice shall be compliant with this subchapter and shall include:
 - i. Measures by which the license applicant will be scored;
 - ii. Maximum scores for each individual measure; and
 - iii. The total score required for a license applicant to be approved for a license.

(b) Prior to the expiration of the conditional license phase, a conditional license holder shall submit a conversion application to the Commission for an annual license.

(c) Applications shall be reviewed for completeness and then scored in accordance with the criteria included in the notice pursuant to N.J.A.C. 17:30-6.1 and 7.3.

(d) The Commission may verify the information contained in a conditional conversion application by:

1. Contacting the license applicant and its owners and principals by telephone, mail, or electronic mail;
2. Conducting an onsite visit; and

3. Requiring a face-to-face meeting and the production of additional identification materials if proof of identity is uncertain.

(e) At its discretion, the Commission may investigate and may conduct probity review of the license applicant, its owners, principals, and related entities and their finances, ownership, and control structure as is necessary for such verification pursuant to N.J.A.C. 17:30-7.13.

1. The license applicant shall cooperate with the Commission investigation and verification and provide all information requested by Commission staff.

(f) The Commission shall approve a license applicant for conversion to an annual license where the license applicant:

1. Has submitted a complete conditional license conversion application in accordance with N.J.A.C. 17:30-7.8;
2. Has scored sufficiently high to be issued an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and 7.8;
3. Has been deemed qualified for an annual license pursuant to N.J.A.C. 17:30-7.11;
4. Has submitted its conditional conversion application fee, as applicable, pursuant to N.J.A.C. 17:30-7.17; and
5. Has submitted sufficient information for the Commission to determine that it is implementing the plans, procedures, protocols, actions, or other measures set forth in its conditional license application and is in compliance with all applicable conditions.

(g) A license application the Commission deems incomplete because of failure to address all applicable criteria and measures, to provide requested information, or to present

truthful information in the application process shall be disqualified prior to a substantive review of the submission, and such disqualification shall be considered a final agency decision subject to judicial review pursuant to N.J.A.C. 17:30-17.9.

1. The Commission shall grant a license applicant the opportunity to cure the deficiencies in a license application and resubmit it.

(h) The Commission may deny a license an applicant for conversion, where the applicant:

1. Is not qualified to hold a license pursuant to N.J.A.C. 17:30-7.11;
2. Has not scored sufficiently high to convert a conditional license to an annual license in accordance with the criteria included in the notice of application pursuant to N.J.A.C. 17:30-6.1 and this subchapter;
3. Fails to reveal any material fact pertaining to qualification pursuant to N.J.A.C. 17:30-7.11; or
4. Has been determined by the Commission, by clear and convincing evidence, to be unsuitable to hold an annual cannabis business license pursuant to N.J.A.C. 17:30-7.11.

(i) If an application is denied, the Commission shall provide the denial to the applicant in writing, which shall include:

1. Notice of the denial of the annual license and the specific reason for the denial;
and
2. The opportunity to request an administrative hearing within 45 days after the date of the denial.

(j) Such administrative hearing shall take place in the Office of Administrative Law in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1.

1. The record for review shall be the application and any attached supporting documents excluding information deemed exempt pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records. Additional evidence and documentation shall not be considered.

(k) The final denial of an application shall be considered a final agency decision, subject to judicial review by, and of which jurisdiction and venue for such review are vested in, the Appellate Division of the Superior Court, pursuant to N.J.A.C. 17:30-17.9.

(l) Acceptance and issuance of the annual license, inspection of the cannabis business premises, and commencement of cannabis business operations shall proceed in accordance with N.J.A.C. 17:30-7.14.

17:30-7.8 Conditional cannabis business conversion application

(a) The conversion application shall include the following substantive requirements:

1. All information required pursuant to N.J.A.C. 17:30-7.3, including any updates;
2. For each proposed location of a license applicant's cannabis business premises, a description of the proposed location and its surrounding area, including the following:
 - i. The mailing and physical address of the license applicant's proposed location;
 - ii. A description of the suitability or advantages of the proposed location; and

- iii. A site plan of the proposed location, including a floor plan, which may optionally include renderings, architectural plans, or engineering plans;
3. For each proposed location of a license applicant's cannabis business premises, evidence of compliance with local codes and ordinances including, but not limited to:
 - i. The distance from the closest church, synagogue, temple, or other place used exclusively for religious worship; or
 - ii. The distance to the closest school, playground, park, or child daycare facility;
4. Zoning approval, which shall consist of a letter or affidavit from appropriate officials of the municipality that the location will conform to municipal zoning requirements allowing for activities related to the operations of the proposed cannabis cultivator, cannabis manufacturer, or cannabis retailer, as will be conducted at the proposed cannabis business premises, and any variances granted concerning the operation of a cannabis business;
5. Proof of local support, which shall be demonstrated by a resolution adopted by the municipality's governing body, or where the municipality has no governing body, a written letter of support from the municipality's executive;
6. For each proposed location of a license applicant's cannabis business premises, documentation demonstrating that the license applicant will have final control of the premises upon approval of the application, including, but not limited to, a lease agreement, contract for sale, title, deed, or similar documentation;

7. An environmental impact plan, which includes consideration of sustainable alternatives to single-use plastic packaging;
8. A safety and security plan that conforms with N.J.A.C. 17:30-9.10;
9. A community impact, social responsibility, and research statement;
10. A workforce development and job creation plan, which includes an optional diversity plan;
11. Standard operating procedures for:
 - i. Adverse event reporting;
 - ii. Quality assurance and quality control;
 - iii. Recall;
 - iv. Packaging and labeling;
 - v. Inventory control, storage, diversion prevention;
 - vi. Recordkeeping;
 - vii. Waste disposal/sanitation;
 - viii. Cultivation, manufacturing, retail sale, delivery, secure transport, as applicable, based on the class of license sought;
 - ix. Accounting and tax compliance; and
 - x. The reporting of test results, as applicable, based on the class of license sought;
12. An attestation signed by a bona fide labor organization stating that the license applicant has entered into a labor peace agreement with such bona fide labor organization.

- i. A conditional license holder operating as a microbusiness is exempted from this requirement;

13. For a social equity business, diversely owned business, and impact zone business, evidence the license applicant is still in compliance with the requirements of the designations; and

14. Any other application requirement established by the Commission pursuant to the notice of acceptance of application published in the New Jersey Register pursuant to N.J.A.C. 17:30-6.1.

(b) The conversion application shall include the annual license qualification submissions required pursuant to N.J.A.C. 17:30-7.10(d).

(c) A conditional cannabis business conversion applicant shall provide the Commission with a complete disclosure that includes all true parties of interest.

- 1. The license applicant or license holder shall not attempt to conceal or disguise ownership or other control over its operations in its submissions, and such an attempt shall be grounds for denial of an application.

(d) Application materials submitted to the Commission pursuant to N.J.S.A. 24:6I-36 and this section shall not be considered public records pursuant to N.J.S.A. 47:1A-1 et seq., or the common law concerning access to government records.

17:30-7.9 Annual cannabis business license application submission, approval, denial

(a) The Commission shall provide notice of the annual cannabis business license application requirements in accordance with N.J.A.C. 17:30-6.1.

- 1. Such notice shall be compliant with N.J.A.C. 17:30-7.10, and shall include:

N.J. Stat. § 24:6I-33

Section 24:6I-33 - Definitions relative to the regulation and use of cannabis

Definitions.

As used in P.L. 2021, c. 16(C.24:6I-31 et al.) regarding the personal use of cannabis, unless the context otherwise requires:

"Alternative treatment center" means an organization issued a permit pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L. 2009, c. 307(C.24:6I-1 et al.) to operate as a medical cannabis cultivator, medical cannabis manufacturer, medical cannabis dispensary, or clinical registrant, as well as any alternative treatment center deemed pursuant to section 7 of that act (C.24:6I-7) to concurrently hold a medical cannabis cultivator permit, a medical cannabis manufacturer permit, and a medical cannabis dispensary permit.

"Cannabis" means all parts of the plant *Cannabis sativa* L., whether growing or not, the seeds thereof, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds, except those containing resin extracted from the plant, which are cultivated and, when applicable, manufactured in accordance with P.L. 2021, c. 16(C.24:6I-31 et al.) for use in cannabis products as set forth in this act, but shall not include the weight of any other ingredient combined with cannabis to prepare topical or oral administrations, food, drink, or other product. "Cannabis" does not include: medical cannabis dispensed to registered qualifying patients pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L. 2009, c. 307(C.24:6I-1 et al.) and P.L. 2015, c. 158(C.18A:40-12.22 et al.); marijuana as defined in N.J.S. 2C:35-2 and applied to any offense set forth in chapters 35, 35A, and 36 of Title 2C of the New Jersey Statutes, or P.L. 2001, c. 114(C.2C:35B-1 et seq.), or marihuana as defined in section 2 of P.L. 1970, c.226 (C.24:21-2) and applied to any offense set forth in the "New Jersey Controlled Dangerous Substances Act," P.L. 1970, c.226 (C.24:21-1 et al.); or hemp or a hemp product cultivated, handled, processed, transported, or sold pursuant to the "New Jersey Hemp Farming Act," P.L. 2019, c. 238(C.4:28-6 et al.).

"Cannabis consumption area" means, as further described in section 28 of P.L. 2019, c. 153(C.24:6I-21), a designated location operated by a licensed cannabis retailer or permit holder for dispensing medical cannabis, for which both a State and local endorsement has been obtained, that is either:

- (1) an indoor, structurally enclosed area of the cannabis retailer or permit holder that is separate from the area in which retail sales of cannabis items or the dispensing of medical cannabis occurs; or
- (2) an exterior structure on the same premises as the cannabis retailer or permit holder, either separate from or connected to the cannabis retailer or permit holder, at which cannabis items or medical cannabis either obtained from the retailer or permit holder, or brought by a person to the consumption area, may be consumed.

"Cannabis cultivator" means any licensed person or entity that grows, cultivates, or produces cannabis in this State, and sells, and may transport, this cannabis to other cannabis cultivators, or usable cannabis to cannabis manufacturers, cannabis wholesalers, or cannabis retailers, but not to consumers. This person or entity shall hold a Class 1 Cannabis Cultivator license.

"Cannabis delivery service" means any licensed person or entity that provides courier services for consumer purchases of cannabis items and related supplies fulfilled by a cannabis retailer in order to make deliveries of the cannabis items and related supplies to that consumer, and which services include the ability of a consumer to purchase the cannabis items directly through the cannabis delivery service, which after presenting the purchase order to the cannabis retailer for fulfillment, is delivered to that consumer. This person or entity shall hold a Class 6 Cannabis Delivery license.

"Cannabis distributor" means any licensed person or entity that transports cannabis in bulk intrastate from one licensed cannabis cultivator to another licensed cannabis cultivator, or transports cannabis items in bulk intrastate from any one class of licensed cannabis establishment to another class of licensed cannabis establishment, and may engage in the temporary storage of cannabis or cannabis items as necessary to carry out transportation activities. This person or entity shall hold a Class 4 Cannabis Distributor license.

"Cannabis establishment" means a cannabis cultivator, a cannabis manufacturer, a cannabis wholesaler, or a cannabis retailer.

"Cannabis extract" means a substance obtained by separating resins from cannabis by:

- (1) a chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane, or propane;
- (2) a chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the process uses high heat or pressure; or
- (3) any other process identified by the Cannabis Regulatory Commission by rule or regulation.

"Cannabis flower" means the flower of the plant *Cannabis sativa* L. within the plant family Cannabaceae.

"Cannabis item" means any usable cannabis, cannabis product, cannabis extract, and any other cannabis resin. "Cannabis item" does not include: any form of medical cannabis dispensed to registered qualifying patients pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L. 2009, c. 307(C.24:6I-1 et al.) and P.L. 2015, c. 158(C.18A:40-12.22 et al.); or hemp or a hemp product cultivated, handled, processed, transported, or sold pursuant to the "New Jersey Hemp Farming Act," P.L. 2019, c. 238(C.4:28-6 et al.).

"Cannabis leaf" means the leaf of the plant *Cannabis sativa* L. within the plant family Cannabaceae.

"Cannabis manufacturer" means any licensed person or entity that processes cannabis items in this State by purchasing or otherwise obtaining usable cannabis, manufacturing, preparing, and packaging cannabis items, and selling, and optionally transporting, these items to other cannabis manufacturers, cannabis wholesalers, or cannabis retailers, but not to consumers. This person or entity shall hold a Class 2 Cannabis Manufacturer license."

"Cannabis paraphernalia" means any equipment, products, or materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing a cannabis item into the human body. "Cannabis paraphernalia" does not include drug paraphernalia as defined in N.J.S. 2C:36-1 and which is used or intended for use to commit a violation of chapter 35 or 36 of Title 2C of the New Jersey Statutes.

"Cannabis product" means a product containing usable cannabis, cannabis extract, or any other cannabis resin and other ingredients intended for human consumption or use, including a product intended to be applied to the skin or hair, edible cannabis products, ointments, and tinctures. "Cannabis product" does not include:

- (1) usable cannabis by itself; or
- (2) cannabis extract by itself; or
- (3) any other cannabis resin by itself.

"Cannabis resin" means the resin extracted from any part of the plant *Cannabis sativa* L., including cannabis extract and resin extracted using non-chemical processes, processed and used in accordance with P.L. 2021, c. 16(C.24:6I-31 et al.). "Cannabis resin" does not include: any form of medical cannabis dispensed to registered qualifying patients pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L. 2009, c. 307(C.24:6I-1 et al.) and P.L. 2015, c. 158(C.18A:40-12.22 et al.); hashish as defined in N.J.S. 2C:35-2 and applied to any offense set forth in chapters 35, 35A, and 36 of Title 2C of the New Jersey Statutes, or P.L. 2001, c. 114(C.2C:35B-1 et seq.), or as defined in section 2 of P.L. 1970, c.226 (C.24:21-2) and applied to any offense of the "New Jersey Controlled Dangerous Substances Act," P.L. 1970, c.226 (C.24:21-1 et al.); or hemp or a hemp product cultivated, handled, processed, transported, or sold pursuant to the "New Jersey Hemp Farming Act," P.L. 2019, c. 238(C.4:28-6 et al.). "Cannabis retailer" means any licensed person or entity that purchases or otherwise obtains usable cannabis from cannabis cultivators and cannabis items from cannabis manufacturers or cannabis wholesalers, and sells these to consumers from a retail store, and may use a cannabis delivery service or a certified cannabis handler for the off-premises delivery of cannabis items and related supplies to consumers. A cannabis retailer shall also accept consumer purchases to be fulfilled from its retail store that are presented by a cannabis delivery service which will be delivered by the cannabis delivery service to that consumer. This person or entity shall hold a Class 5 Cannabis Retailer license.

"Cannabis testing facility" means an independent, third-party entity meeting accreditation requirements established by the Cannabis Regulatory Commission that is licensed to analyze and certify cannabis items and medical cannabis for compliance with applicable health, safety, and potency standards.

"Cannabis wholesaler" means any licensed person or entity that purchases or otherwise obtains, stores, sells or otherwise transfers, and may transport, cannabis items for the purpose of resale or other transfer to either another cannabis wholesaler or to a cannabis retailer, but not to consumers. This person or entity shall hold a Class 3 Cannabis Wholesaler license.

"Commission" means the Cannabis Regulatory Commission established pursuant to section 31 of P.L. 2019, c. 153(C.24:6I-24).

"Conditional license" means a temporary license designated as either a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 3 Cannabis Wholesaler license, a Class 4 Cannabis Distributor license, a Class 5 Cannabis Retailer license, or a Class 6 Cannabis Delivery license that allows the holder to lawfully act as a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery service as the case may be, which is issued pursuant to an abbreviated application process, after which the conditional license holder shall have a limited period of time in which to become fully licensed by satisfying all of the remaining conditions for licensure which were not required for the issuance of the conditional license.

"Consumer" means a person 21 years of age or older who purchases, directly or through a cannabis delivery service, acquires, owns, holds, or uses cannabis items for personal use by a person 21 years of age or older, but not for resale to others.

"Consumption" means the act of ingesting, inhaling, or otherwise introducing cannabis items into the human body.

"Delivery" means the transportation of cannabis items and related supplies to a consumer. "Delivery" also includes the use by a licensed cannabis retailer of any third party technology platform to receive, process, and fulfill orders by consumers, which third party shall not be required to be a licensed cannabis establishment, distributor, or delivery service, provided that any physical acts in connection with fulfilling the order and delivery shall be accomplished by a certified cannabis handler performing work for or on behalf of the licensed cannabis retailer, which includes a certified cannabis handler employed or otherwise working on behalf of a cannabis delivery service making off-premises deliveries of consumer purchases fulfilled by that cannabis retailer.

"Department" means the Department of Health.

"Director" means the Director of the Office of Minority, Disabled Veterans, and Women Cannabis Business Development in the Cannabis Regulatory Commission.

"Executive director" means the executive director of the Cannabis Regulatory Commission.

"Financial consideration" means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions, or donations.

"Immature cannabis plant" means a cannabis plant that is not flowering.

"Impact zone" means any municipality, based on past criminal marijuana enterprises contributing to higher concentrations of law enforcement activity, unemployment, and poverty, or any combination thereof, within parts of or throughout the municipality, that:

- (1) has a population of 120,000 or more according to the most recently compiled federal decennial census as of the effective date of P.L. 2021, c. 16(C.24:6I-31 et al.);
- (2) based upon data for calendar year 2019, ranks in the top 40 percent of municipalities in the State for marijuana- or hashish-related arrests for violation of paragraph (4) of

subsection a. of N.J.S. 2C:35-10; has a crime index total of 825 or higher based upon the indexes listed in the annual Uniform Crime Report by the Division of State Police; and has a local average annual unemployment rate that ranks in the top 15 percent of all municipalities, based upon average annual unemployment rates estimated for the relevant calendar year by the Office of Research and Information in the Department of Labor and Workforce Development;

(3) is a municipality located in a county of the third class, based upon the county's population according to the most recently compiled federal decennial census as of the effective date of P.L. 2021, c. 16(C.24:6I-31 et al.), that meets all of the criteria set forth in paragraph (2) other than having a crime index total of 825 or higher; or

(4) is a municipality located in a county of the second class, based upon the county's population according to the most recently compiled federal decennial census as of the effective date of P.L. 2021, c. 16(C.24:6I-31 et al.):

(a) with a population of less than 60,000 according to the most recently compiled federal decennial census, that for calendar year 2019 ranks in the top 40 percent of municipalities in the State for marijuana- or hashish-related arrests for violation of paragraph (4) of subsection a. of N.J.S. 2C:35-10; has a crime index total of 1,000 or higher based upon the indexes listed in the 2019 annual Uniform Crime Report by the Division of State Police; but for calendar year 2019 does not have a local average annual unemployment rate that ranks in the top 15 percent of all municipalities, based upon average annual unemployment rates estimated for the relevant calendar year by the Office of Research and Information in the Department of Labor and Workforce Development; or

(b) with a population of not less than 60,000 or more than 80,000 according to the most recently compiled federal decennial census; has a crime index total of 650 or higher based upon the indexes listed in the 2019 annual Uniform Crime Report; and for calendar year 2019 has a local average annual unemployment rate of 3.0 percent or higher using the same estimated annual unemployment rates.

"License" means a license issued under P.L. 2021, c. 16(C.24:6I-31 et al.), including a license that is designated as either a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 3 Cannabis Wholesaler license, a Class 4 Cannabis Distributor license, a Class 5 Cannabis Retailer license, or a Class 6 Cannabis Delivery license. The term includes a conditional license for a designated class, except when the context of the provisions of P.L. 2021, c. 16(C.24:6I-31 et al.) otherwise intend to only apply to a license and not a conditional license.

"Licensee" means a person or entity that holds a license issued under P.L. 2021, c. 16(C.24:6I-31 et al.), including a license that is designated as either a Class 1 Cannabis Cultivator license, a Class 2 Cannabis Manufacturer license, a Class 3 Cannabis Wholesaler license, a Class 4 Cannabis Distributor license, a Class 5 Cannabis Retailer license, or a Class 6 Cannabis Delivery license, and includes a person or entity that holds a conditional license for a designated class, except when the context of the provisions of P.L. 2021, c. 16(C.24:6I-31 et al.) otherwise intend to only apply to a person or entity that holds a license and not a conditional license.

"Licensee representative" means an owner, director, officer, manager, employee, agent, or other representative of a licensee, to the extent that the person acts in a representative capacity.

"Manufacture" means the drying, processing, compounding, or conversion of usable cannabis into cannabis products or cannabis resins. "Manufacture" does not include packaging or labeling.

"Mature cannabis plant" means a cannabis plant that is not an immature cannabis plant.

"Medical cannabis" means cannabis dispensed to registered qualifying patients pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L. 2009, c. 307(C.24:6I-1 et al.) and P.L. 2015, c. 158(C.18A:40-12.22 et al.). "Medical cannabis" does not include any cannabis or cannabis item which is cultivated, produced, processed, and consumed in accordance with P.L. 2021, c. 16(C.24:6I-31 et al.).

"Microbusiness" means a person or entity licensed under P.L. 2021, c. 16(C.24:6I-31 et al.) as a cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery service that may only, with respect to its business operations, and capacity and quantity of product:

- (1) employ no more than 10 employees;
- (2) operate a cannabis establishment occupying an area of no more than 2,500 square feet, and in the case of a cannabis cultivator, grow cannabis on an area no more than 2,500 square feet measured on a horizontal plane and grow above that plane not higher than 24 feet;
- (3) possess no more than 1,000 cannabis plants each month, except that a cannabis distributor's possession of cannabis plants for transportation shall not be subject to this limit;
- (4) acquire each month, in the case of a cannabis manufacturer, no more than 1,000 pounds of usable cannabis;
- (5) acquire for resale each month, in the case of a cannabis wholesaler, no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof; and
- (6) acquire for retail sale each month, in the case of a cannabis retailer, no more than 1,000 pounds of usable cannabis, or the equivalent amount in any form of manufactured cannabis product or cannabis resin, or any combination thereof.

"Noncommercial" means not dependent or conditioned upon the provision or receipt of financial consideration.

"Premises" or "licensed premises" includes the following areas of a location licensed under P.L. 2021, c. 16(C.24:6I-31 et al.): all public and private enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms, and storerooms; all areas outside a building that the Cannabis Regulatory Commission has specifically licensed for the production, manufacturing, wholesaling, distributing, retail sale, or delivery of cannabis items; and, for a location that the commission has specifically licensed for the production of cannabis outside a building, the entire lot or parcel that the licensee owns, leases, or has a right to occupy.

"Produce" means the planting, cultivation, growing or harvesting of cannabis. "Produce" does not include the drying of cannabis by a cannabis manufacturer, if the cannabis manufacturer is not otherwise manufacturing cannabis.

"Public place" means any place to which the public has access that is not privately owned; or any place to which the public has access where alcohol consumption is not allowed, including, but not limited to, a public street, road, thoroughfare, sidewalk, bridge, alley, plaza, park, playground, swimming pool, shopping area, public transportation facility, vehicle used for public transportation, parking lot, public library, or any other public building, structure, or area.

"Radio" means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or Internet programming. "Radio" includes any audio programming downloaded or streamed via the Internet.

"Significantly involved person" means a person or entity who holds at least a five percent investment interest in a proposed or licensed cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery service, or who is a decision making member of a group that holds at least a 20 percent investment interest in a proposed or licensed cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery service, in which no member of that group holds more than a five percent interest in the total group investment interest, and the person or entity makes controlling decisions regarding the proposed or licensed cannabis cultivator, cannabis manufacturer, cannabis wholesaler, cannabis distributor, cannabis retailer, or cannabis delivery service operations.

"Television" means a system for transmitting visual images and sound that are reproduced on screens, and includes broadcast, cable, on-demand, satellite, or Internet programming. "Television" includes any video programming downloaded or streamed via the Internet.

"THC" means delta-9-tetrahydrocannabinol and its precursor, tetrahydrocannabinolic acid, the main psychoactive chemicals contained in the cannabis plant.

"Usable cannabis" means the dried leaves and flowers of the female plant *Cannabis sativa* L., and does not include the seedlings, seeds, stems, stalks, or roots of the plant.

N.J.S. § 24:6I-33

Added by L. 2021, c. 16,s. 3, eff. 2/22/2021.

- iv. Engaging in trafficking of controlled substances not authorized by the Act or this chapter, or other illegal activity; or
- v. Engaging in violence or the use of firearms as part of cannabis business operations.

(d) If the person is determined to be not qualified for an annual license, such disqualification shall be considered a final agency action subject to judicial review pursuant to N.J.A.C. 17:30-17.9, and the Commission shall provide the determination to the person in writing, which shall include:

1. Notice of the determination of disqualification, including when disqualification is due to a disqualifying conviction pursuant to N.J.A.C. 17:30-7.12(d) or the determination of the absence of sufficient evidence of rehabilitation pursuant to N.J.A.C. 17:30-7.12(e);
2. The specific reason for the disqualification, including any conviction that constitutes the basis for the disqualification; and
3. Information about appeal rights pursuant to N.J.A.C. 17:30-17.9.

17:30-7.12 Criminal history background check

(a) Each owner, principal, employee, or volunteer of a cannabis business or testing laboratory license applicant or license holder or staff member of a license applicant's or license holder's management services contractor shall provide written consent to submit to a criminal history background check pursuant to the Act and shall comply with procedures established by the Division of State Police pursuant to N.J.A.C. 13:59 for obtaining readable fingerprint impressions.

1. The license applicant, or license holder, as applicable, shall bear the cost for the criminal history background check, including all costs of fingerprinting and administering and processing the check.
2. For a management services contractor, only staff members that participate in obtaining, possessing, securing, cultivating, manufacturing, transporting, selling, delivering, or destroying cannabis items on behalf of a license applicant or license holder shall be required to consent and comply with a criminal history record background check.

(b) A person who is required to undergo a criminal history background check pursuant to this section who refuses to consent to, or cooperate in, the securing of a check of criminal history and background information shall not be considered by the Commission for participation in a license applicant or license holder.

(c) Where the criminal history background information demonstrates that a person has been convicted of a disqualifying conviction pursuant to (d) below, the Commission shall find the person disqualified from holding a license and shall not approve the person for participation in a license applicant or license holder.

(d) A disqualifying conviction is a conviction:

1. Of an indictable offense under this State's law, or equivalent offense under Federal law or any other state's law, that is substantially related to the qualifications, functions, or duties for which the license is required:
 - i. That shall include:
 - (A) N.J.S.A. 2C:35-4.1.b (Booby traps in manufacturing or distribution facilities);

- (B) N.J.S.A. 2C:35-6 (Employing a juvenile in a drug distribution scheme, or a similar indictable offense involving the use of a minor to dispense or distribute a controlled dangerous substance or controlled substance analog);
- (C) N.J.S.A. 2C:35-8 (Distribution to persons under age 18);
- (D) N.J.S.A. 2C:35-11.1 (Counterfeit drugs, medical devices); and
- (E) N.J.S.A. 2C:36-5 (Delivering drug paraphernalia to person under 18 years of age); and

ii. That may include any State, other state, or Federal offense involving fraud, deceit, or embezzlement; and

2. Where not more than five years have passed since the date of that conviction, satisfactory completion of probation or parole, or release from incarceration, whichever is later.

(e) Notwithstanding the provisions at (c) above to the contrary, a person required to consent to a criminal history background check pursuant to (a) above shall not be disqualified on the basis of any disqualifying conviction disclosed by a criminal history record background check if the person has affirmatively demonstrated to the Commission clear and convincing evidence of rehabilitation. In determining whether clear and convincing evidence of rehabilitation exists the Commission shall conduct a thorough review of any disqualifying conviction and consider and examine the following factors:

1. The nature and responsibility of the position that the person with a conviction would hold, has held, or currently holds;
2. The nature and seriousness of the crime or offense;

3. The circumstances under which the crime or offense occurred;
4. The date of the crime or offense;
5. The age of the person when the crime or offense was committed;
6. Whether the crime or offense was an isolated or repeated incident;
7. Any social conditions that may have contributed to the commission of the crime or offense; and
8. Any evidence of rehabilitation, including good conduct in prison or in the community, counseling or psychiatric treatment received, acquisition of additional academic or vocational schooling, successful participation in correctional work-release programs, or the recommendation of those who have had the person under their supervision.

(f) Notwithstanding the provisions at (c) above to the contrary, the Commission may, in its discretion, offer provisional authority for a person to be an owner, principal, or employee of a cannabis business or testing laboratory license applicant or license holder for a period not to exceed three months if the person submits to the Commission a sworn statement attesting that the person has not been convicted of any disqualifying conviction.

1. Such person's provisional status does not guarantee a person's qualification.
2. Submission of a false attestation shall result in a determination of the person's disqualification, the revocation of the person's provisional status and any Cannabis Business Identification Card and may result in permanent ineligibility for the person to participate in a license applicant or license holder.
3. If a license applicant or license holder demonstrates a pattern of submission of such false attestations, the Commission may sanction the license applicant or

license holder pursuant to N.J.A.C. 17:30-17, including with civil monetary penalties.

(g) In accordance with the provisions of the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., and 52:14F-1 et seq., and the Uniform Administrative Procedures Rules, N.J.A.C. 1:1, any individual disqualified from owning, operating, or being employed by a cannabis business or testing laboratory license applicant or license holder shall be given an opportunity to challenge the accuracy of the disqualifying criminal history record prior to being permanently disqualified from participation.

1. Such challenges shall be made within 20 days of the disqualification.

17:30-7.13 Probity review

(a) After the receipt of an application from a license applicant, as part of verification and probity review, the Commission, at its discretion, may require additional information and the submission, by the license applicant, of supporting documents and other evidence before issuing a license.

(b) At the discretion of the Commission, an owner, passive investor, management services contractor, or financial source may be required to submit documentation verifying the source of the funds provided to the license applicant, including, but not limited to, a promissory note, credit facility, debt instrument, guarantor agreement, or loan agreement, as well as closing documents.

(c) At the discretion of the Commission, the following persons or entities may be required to submit to a financial probity review:

1. Owners;