

New Jersey's Adult-Use Cannabis Program Licensing Begins

On August 19, 2021, the New Jersey Cannabis Regulatory Commission approved the first set of rules governing the state's adult-use cannabis program. The rules will allow the Cannabis Regulatory Commission to begin licensing cannabis businesses. The rules are effective upon their filing with the state's Office of Administrative Law, until August 19, 2022.

Licenses will be issued for cultivators, manufacturers, retailers, distributors, and delivery services; however, no more than 37 cultivator licenses will be awarded within the 24-month period after February 22, 2021, except for microbusiness cultivators, described below. License application fees will be as low as \$100. All recreational cannabis businesses will be subject to annual license fees ranging from \$1,000 for a microbusiness to \$50,000 for a cultivator with up to 150,000 square feet of cultivation capacity. The businesses also must secure zoning approval and must comply with any municipal restrictions.

While license applications will generally be reviewed on a rolling basis, licenses for any of the following businesses will be reviewed before other applications, regardless of when the application is filed: (1) social equity businesses, meaning businesses owned by people who have lived in economically disadvantaged areas of the state or who were previously convicted of cannabis offenses; (2) diversely owned businesses, meaning businesses that are owned by women, minorities, or disabled veterans and are certified as such by the New Jersey Department of Treasury; and (3) impact zone businesses, meaning businesses located in a New Jersey Impact Zone, or employing residents of an impact zone. A social equity excise fee may be imposed on cultivation that has the potential to increase as consumer prices decrease. The fee will be allocated to raise money for educational support, economic development, and social support services in impact zones.

Microbusinesses, meaning those with up to 10 employees and premises no larger than 2,500 square feet, may apply for a conditional license. The conditional license program is intended to help smaller entrepreneurs break into the market. Applicants for a conditional license only need to submit background disclosure information, a business plan, and a regulatory compliance plan to receive a conditional license. Once approved, the applicant has 120 days to find a site, get municipal approval, and apply to convert their conditional license to an annual license. The applicant will not have to complete the portion of the application that describes past experience in a regulated cannabis industry. Microbusinesses will pay a reduced application fee and a reduced license fee.

Restrictions will be imposed on retailers to prevent minors from accessing cannabis. Edible products that resemble food — such as cookies and brownies — are prohibited. Only syrups, pills, tablets, capsules, and chewable may be sold by a cannabis retailer. Packaging must be child-proof.

The rules are available [here](#).



Heidi R. Schwartz

Associate

hschwartz@cozen.com
Phone: (215) 665-2799
Fax: (215) 665-2013

Industry Sectors

- Cannabis