

The New Jersey Cannabis Regulatory and Expungement Aid Modernization Act (S-2703)

The bill would legalize the possession and use of limited amounts of marijuana for adults 21 and older and provide structure and protections to those engaging in its purchase and sale. Under the bill, it would become legal to possess, use, purchase or transport:

- marijuana paraphernalia;
- one ounce or less of marijuana;
- 16 ounces or less of marijuana infused product in solid form;
- Seventy-two (72) ounces or less in liquid form; or
- Seven grams or less of marijuana concentrate.
- Possession of more than one ounce of marijuana in violation of the bill will result in a \$50 civil penalty, rather than criminal prosecution.

The Need for Social Justice

- Decades of marijuana prohibition have disproportionately impacted communities of color. African Americans are three times more likely than Whites to be arrested for marijuana possession.
- A marijuana arrest and/or conviction carries with it a lifetime of punishment, that makes it difficult to secure employment, housing, or student loans.
- The 23,000 arrests for marijuana in NJ in 2015 took officers away from responding to other crimes as well as overstocking our already crowded jails and prisons.
- In a recent study nearly \$127 million is spent per year in marijuana possession-related costs.

Social Justice Provisions

Expungement

- The bill would make anyone previously convicted of marijuana possession eligible to have his or her record expunged. Anyone whose past act is no longer considered to be a crime or offense under this bill would be eligible.
- The expungement application fee of approximately \$200 would be waived for marijuana possession offenses.
- Those persons may file a petition for expungement at any time.
- The court, upon review of the petition, shall immediately grant the expungement.
- Also, under the bill, all pending possession cases would be dismissed and people currently incarcerated for marijuana possession would be released.

Impact Zones

- Impact zones are places that have been the most negatively affected by the State's previously misguided marijuana policy.
- Impact Zones are specifically defined as municipalities that rank in the top 15% in unemployment, bottom 33% in medium income and have a crime index total of 1,000 or

higher based on the most recently issued annual Uniform Crime Report. Impact Zone municipalities are (16): Atlantic City, Bridgeton, Camden, East Orange, Hamilton Twp, Irvington, Newark, Millville, Passaic, Paterson, Perth Amboy, Plainfield, Trenton, Vineland, Elizabeth and Jersey City.

- Under the bill, 25% of the total licenses issued may be awarded to people who have lived in an impact zone for three or more consecutive years at the time of making the application, regardless of where the cannabis establishment is, or is, intended to be, located.

Office of Minority, Disabled Veterans and Women Cannabis Business Development

- Establish practices for promoting prospective and existing minority, disabled vet and women owned businesses.
- Establish licensing benchmark for minority, disabled-veterans and women businesses, to encourage that not less than 30 percent of the total number of licenses.

Making Licenses More Accessible

- The bill would eliminate many prior convictions that could disqualify someone from obtaining a license to sell Cannabis. Rather than disqualifying almost anyone previously convicted of a drug offense, the Division will only be able to take into account prior convictions for indictable offenses that are “substantially related to the qualifications, functions, and duties for which the license is required.”

Cannabis Regulatory Commission:

- The Commission's primary charge will be to provide oversight of activities associated with personal use of cannabis and assume responsibility from the Department of Health of activities associated with medical cannabis.
- In but not of the Department of Treasury. Five full-time members; Three members appointed by Gov. w/ Senate consent, One member recommend by Senate President, One recommended by Speaker.
- File initial regulations with the OAL w/in 180 days of enactment. W/in 30 days thereafter, begin accepting applications for licenses.
- The Commission will have the power to:
 - Establish the number of cannabis retailers and other licenses to be granted;
 - Develop and maintain a system for tracking the transfer and sale of cannabis items;
 - Regulate the purchase, sale, advertising, production, processing and delivery of cannabis;
 - Grant, deny, suspend or cancel cannabis licenses;
 - Establish rules regulating advertising, including a requirement that it not be marketed to people under 21, not placed on TV between 6:00Am and 10:00PM, and not placed within 200 feet of a school, unless the advertisement is on the establishment itself; and

- Investigate and aid in the prosecution of violations; including the power to issue subpoenas, compel the attendance of witnesses or production of documents, and take depositions.
- After five years, the work of the commission will be reviewed with a university study to determine if the commission should continue, be part time, or modified in any other ways.

Licenses:

- In order to obtain a NJ marijuana license every member of the applying entity must be at least 21 years old and must have a “significantly involved person” who has lived in the state for at the last two (2) years. A “significantly involved person” is someone with at least a 20% interest in the entity.
- Class 1 Cannabis Grower - A person who grows, cultivates or produces marijuana.
- Class 2 Cannabis Processor - A processor takes the “raw” marijuana and processes, compounds, or converts it into marijuana products.
- Class 3 Cannabis Wholesaler - A license for each building where the marijuana is warehoused.
- Class 4 Cannabis Retailer - A license will be required for each store where the marijuana will be sold to end-users. Only marijuana items and paraphernalia will be allowed to be sold on the premises

Consumption Area:

- The bill would permit a licensed retailer to operate a “consumption area,” where the retailer could sell marijuana, marijuana concentrate and other products in the store for consumption on the premises. The consumption area must be in the same local jurisdiction as the retail business but be physically separate. The bill, however, makes clear that smoking on the premises would NOT be allowed and no one under 21 will be permitted to enter the area.

Marketplace Regulation:

- For a period of 18 months after cannabis retail sales begin, no grower, testing facility, processor or wholesaler can retail cannabis; and vice-versa.
- Restriction not applicable to Alternative Treatment Centers licensed under NJ Compassionate Use Medical Cannabis Act
- After that 18 month period a license holder may concurrently hold more than one but no more than one of each class

Taxation:

- Imposes a 12% excise tax on cannabis products
- A local governmental entity may impose additional tax of 2% upon cannabis products sold or otherwise transferred within the local entity
- Tax revenue to Cannabis Regulatory Fund for development, regulation, and enforcement of cannabis activities including defraying marijuana conviction expungement costs

Local Control:

- Each municipality will be given 180 days after enactment to decide to prohibit cannabis establishments in its city. The municipality will be allowed to prohibit certain types of facilities, while allowing others.
- If the municipality does not affirmatively “opt-out,” those activities will be allowed in the municipality for the succeeding five years, when the municipality will have another chance to prohibit the opening of any additional facilities.
- The state will reimburse municipalities for costs of training law enforcement in Drug Recognition Enforcement.
- Towns will have zoning authority over siting cannabis facilities.