



State of New Jersey
CANNABIS REGULATORY COMMISSION

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Honorable Members of the New Jersey Legislature:

In accordance with the Cannabis Regulatory Enforcement Assistance, and Marketplace Modernization Act (the "CREAMM Act"), please find enclosed a copy of the Cannabis Regulatory Commission's June 30 report with recommendations to the Governor and Legislature for making social equity appropriations based upon the Social Equity Excise Fee projected to be collected for Fiscal Year 2022 and Fiscal Year 2023.

To gather information to make these recommendations, the Commission held three regional public hearings to solicit public input on the social equity investments. The Commission has organized the funding recommendations expressed by the regional hearing participants into the following four (4) key categories: economic development; justice reinvestment; public health; and workforce development and education.

Under the CREAMM Act, appropriations made by the Governor and Legislature should be invested in grants, loans, and other financial assistance for private organizations or public entities, including municipal "impact zones," as well as provide direct financial assistance to promote educational and economic opportunities and the overall health and well-being of both communities and individuals.

Now that New Jersey has authorized legalized adult-use cannabis sales which are generating revenue, New Jersey can invest cannabis revenues in ways that can repair the deleterious impacts of marijuana prohibition.

The Cannabis Regulatory Commission looks forward to continuing to work with stakeholders and our trusted partners in government to ensure that New Jersey's resources are used to uplift communities and open opportunities for New Jerseyans to reach their full potential here in the great Garden State.

A handwritten signature in black ink, appearing to read "DH", with a horizontal line extending to the right.

Dianna Houenou, Esq.
Chairperson
New Jersey Cannabis Regulatory Commission



**RECOMMENDATIONS TO THE NEW JERSEY GOVERNOR AND
STATE LEGISLATURE FOR ALLOCATING SOCIAL EQUITY EXCISE
FEE REVENUE FROM CANNABIS SALES FOR SOCIAL EQUITY
INVESTMENTS**

June 30, 2022

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ABOUT THE CANNABIS REGULATORY COMMISSION

The New Jersey Cannabis Regulatory Commission (the “Commission” or “NJ-CRC”) is the independent licensing and regulatory agency for New Jersey’s medicinal and personal-use cannabis industry. The Commission officially launched on April 12, 2021, and has been working ever since to strengthen the medicinal cannabis program and establish the new, personal-use cannabis industry. Applying the values of safety and equity, the Commission centers its work around creating and protecting access for patients, ensuring the production of safe products, and promoting diversity and inclusion in the industry to develop a national model for sensible, fair oversight.

The Commission is comprised of five commission members, appointed by the Governor and confirmed by the State Senate, and an executive director who oversees agency staff. Commissioners serve staggered, five-year terms. Information about public meetings of the Board of Commissioners is available on the Commission’s website: <https://www.nj.gov/cannabis/>.

CORE NJ-CRC RECOMMENDATION

The Social Equity Excise Fee is a per-ounce flat-rate fee assessed on all cannabis cultivated and sold in New Jersey's recreational cannabis market. The NJ-CRC adopted regulations on August 19, 2021, that set the Social Equity Excise Fee at the statutorily required rate of 1/3 of 1% of the average retail price of cannabis. The NJ-CRC authorized retail sales of personal use cannabis on April 21, 2022, and through guidance based on an analysis of past sales, established the initial Social Equity Excise Fee is \$1.10 per ounce.

The NJ-CRC projects the Social Equity Excise Fee will bring in roughly \$225,000 in Fiscal Year 2022. By law, 15% of the generated revenue, or \$33,750, is required to be deposited into the Underage Deterrence and Prevent Account¹, leaving only \$191,250 in Fiscal Year 2022 to spend on recommended programs. The NJ-CRC further recommends that additional revenue collected in Fiscal Year 2023 (projected to be approximately \$3.5 million) be allocated in accordance with this recommendation.

Based on the public comments received, and the projected amount of expected revenue to be raised by the Social Equity Excise Fee, the Cannabis Regulatory Commission recommends investing the funds from FY2022 and FY2023 in grants and low-interest loans for aspiring entrepreneurs in impact zones² and economically disadvantaged areas³, or areas with other economic designations that overlap with impact zones or economically disadvantaged areas, such as Urban Enterprise Zones.

Every public hearing featured participants highlighting (1) the challenges involved in accessing capital for cannabis businesses, (2) the need to assist aspiring entrepreneurs from diverse backgrounds and with past marijuana convictions with starting capital, and (3) the need to target such efforts to individuals, geographical regions, and communities most negatively impacted by marijuana prohibition. By investing cannabis revenue in a program to provide grants and no-interest or low-interest loans to social equity applicants or other individuals, New Jersey could extend already successful equity initiatives to spur a diverse, equitable cannabis industry. In fact, the Economic Development Authority operates several similar programs in other industries and

¹ N.J.S.A. 24:6I-50(a) requires cannabis revenues, including revenues from the Social Equity Excise Fee, to be deposited into the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund. Fifteen percent of the monies in the Fund is required to be dedicated to a subaccount within the Fund known as the Underage Deterrence and Prevention Account.

² NJ Cannabis Regulatory Commission: Identifying Impact Zones - <https://www.nj.gov/cannabis/documents/businesses/priority-applications/Updated%20Identifying%20Impact%20Zones%20011321%20Clean.pdf>

³ NJ Cannabis Regulatory Commission: Identifying Economically Disadvantaged Areas - https://www.nj.gov/cannabis/documents/businesses/priority-applications/Identifying%20Economically%20Disadvantaged%20Areas_FINAL.pdf

is uniquely poised to operationalize such a program for cannabis, provided certain statutory restrictions can be addressed⁴.

EXECUTIVE SUMMARY

The New Jersey Cannabis Regulatory Commission (NJ-CRC) presents recommendations listed herein for the use of Social Equity Excise Fee (also herein referenced as the “excise fee”) revenue to the New Jersey Governor and Legislature, based on public input received by the NJ-CRC at three regional public hearings.

Pursuant to N.J.S.A. 24:6I-50(d)(1)(a), the NJ-CRC is required to make recommendations to the Governor and Legislature for social equity appropriations for any revenues collected during the current fiscal year for the Social Equity Excise Fee. To gather information to make these recommendations, the NJ-CRC is required to hold at least three regional public hearings throughout the State, with at least one hearing in the northern, central, and southern regions of the state, to solicit public input on the social equity investments.

The Social Equity Excise Fee should be used to provide financial assistance to organizations and government entities, including municipalities designated as “impact zones,” as well as provide financial assistance to individuals, to create, expand, or promote educational and economic opportunities and activities, and the health and well-being of both communities and individuals. The NJ-CRC is charged with making recommendations for the use of this excise fee that may include, but are not limited to, recommending investments in the following categories of social equity programs:

- (a) educational support, including GED preparedness assistance, vocational programming, and extended learning time programs;
- (b) economic development, including job readiness training, business marketing, and community activities to stimulate economic activity or increase or preserve residential amenities;
- (c) social support services, including food assistance, mental health services, treatment and recovery for substance use disorders, youth recreation, life skills support services, and services for adults and juveniles being released from incarceration; and
- (d) legal aid for civil and criminal cases.

The NJ-CRC adopted regulations on August 19, 2021, that set the Social Equity Excise Fee at the statutorily required rate of 1/3rd of 1% of the average retail price of cannabis. The NJ-CRC

⁴ N.J.S.A. 6I-49 restricts all state and local economic incentives from cannabis businesses.

authorized retail sales of personal use cannabis on April 21, 2022, and issued guidance based on an analysis of past sales, noting that the initial Social Equity Excise Fee is \$1.10 per ounce. The NJ-CRC estimates the Social Equity Excise Fee will bring in roughly \$191,250 before the end of Fiscal Year 2022.

The NJ-CRC held three regional hearings – North Jersey, Central Jersey, and South Jersey – to solicit input from community members, organizations, and other key stakeholders. With regional hearings complete, this report summarizes the public’s input received during those meetings.

The regional hearings generated a variety of ideas and considerations; however, it is noted that all hearings demonstrated some common themes throughout. The NJ-CRC has organized the common themes communicated by participants of the regional hearings into the following four (4) key public policy categories in recommending the distribution of revenues from the Social Equity Excise Fee:

1. Economic Development:

- Financial Assistance – Public input suggested using revenue to provide grants and low- or no-interest loans to people with past marijuana convictions, or to people from economically disadvantaged areas.
- Housing – Participants expressed an interest in seeing revenue used to expand housing opportunities, especially for homeownership.

2. Justice Reinvestment:

- No Money for Law Enforcement – Many members of the public stressed that cannabis revenue should not be used to fund law enforcement and should instead be targeted to community-based organizations.
- Reentry Support Services – Supports that offer housing, job opportunities, and access to health and wellness services are critical components to ensuring successful reintegration into the community after incarceration.

3. Public Health:

- Healthcare – Commenters suggested that revenue from cannabis sales support the expansion of healthcare services in communities to ensure that New Jersey is building healthy infrastructures, healthy people, healthy communities, and a healthy society.
- Mental Health – The NJ-CRC received recommendations that revenues should support services for mental health, including intervention support services, mental health urgent care centers, and restorative healthcare centers.
- Harm Reduction – Speakers called for investments in services for people who use drugs, which can reduce the number of drug-related deaths.
- Public Health and Safety Messaging – Cannabis revenues could be used to support public health messaging campaigns, as well as research to better understand cannabis’s effect on the body.

4. Workforce Development and Education:

- Workforce Development – The public expressed interest in using revenue for critical educational services, including scholarships for young people and adults, vocational training, professional certificate programs, business development, and financial literacy.
- Youth Services – Hearing participants recommended that revenue support programs that provide safe spaces for young children to maintain constructive activities and develop a healthy lifestyle.

Importantly, speakers expressed a desire to see that, regardless of the specific investment made, the benefit from cannabis revenue go to individuals and communities disproportionately harmed by the devastation of marijuana criminalization and enforcement. As the Governor and Legislature consider the recommendations of the NJ-CRC, particular consideration and prioritization should be given to those who were most harmed by the drug war.

As the agency with knowledge of and expertise in the operations of the cannabis industry, the NJ-CRC wishes to amplify the specific recommendation that the State provide financial assistance to those cannabis entrepreneurs who are in most need of funding support. Many New Jersey entrepreneurs are in need of financial support to start and sustain their cannabis businesses, especially those entrepreneurs from communities that have historically lacked access to traditional funding sources such as bank loans and well-established investment firms.

The Governor and Legislature are strongly encouraged to assess the State’s ability to make grants or business loans available using existing State agencies with the capacity and expertise to administer such programs. Grants and loans should be prioritized for small businesses attempting to gain licensure as a cannabis business, especially those owned and operated by individuals from economically disadvantaged areas and individuals with past marijuana convictions who are in need of funding.

The Governor and Legislature are also encouraged to examine the CREAMM Act provisions concerning state and local economic incentives (N.J.S.A. 24:6I-49(b)) to determine what, if any, changes in the law may be necessary.

Now that the NJ-CRC has authorized legalized adult-use cannabis sales which are generating revenue, New Jersey can invest cannabis revenues in ways that can repair the deleterious impacts of marijuana prohibition.

THE MANDATE FOR INVESTMENTS IN SOCIAL EQUITY

Pursuant to the New Jersey Cannabis Regulatory Enforcement Assistance, and Marketplace Modernization Act (the “CREAMM Act”), the NJ-CRC is required to make recommendations to the Governor and Legislature for social equity appropriations for any revenues collected during the current fiscal year for the Social Equity Excise Fee. The excise fee is levied by the Commission

on the cultivation of cannabis for the personal-use cannabis marketplace and not for the medicinal cannabis marketplace. The fee is imposed on the receipts from the sale of personal-use cannabis by a cannabis cultivator to any other cannabis business.

On August 19, 2021, the NJ-CRC set the Social Equity Excise Fee at the rate of 1/3 of 1% of the average retail price of cannabis. Based on an analysis of past sales, the Social Equity Excise Fee levied on cultivators, which began personal-use operations on April 21, 2022, amounted to \$1.10 per ounce. Revenues from the excise fee are deposited into the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund (the “CREAMM Fund”).

The NJ-CRC estimates the Social Equity Excise Fee will bring in roughly \$225,000 in Fiscal Year 2022. By law, 15% of the generated revenue, or \$33,750, is required to be allocated in a separate Underage Deterrence and Prevention Account, leaving only \$191,250 in Fiscal Year 2022 to spend on recommended programs.

Under the law, the Governor and Legislature, through the annual appropriations process, have the sole authority to allocate or distribute revenues generated from the excise fee. The Commission’s role, as described in statute, is to provide recommendations to the Governor and Legislature on how those revenues should be spent. The law directs the Commission to “consult and make recommendations to the Governor and Legislature for making social equity appropriations based upon the amount of any revenues collected during the current fiscal year for the Social Equity Excise Fee.”⁵ Some individuals expressed a desire to see the recommendations be considered for allocating other revenues that are deposited into the CREAMM Fund.

To gather information to make these recommendations, the NJ-CRC is required to hold at least three regional public hearings throughout the state to solicit the public input on the social equity investments, with at least one hearing in the northern, central, and southern regions of the state. The NJ-CRC held three regional hearings virtually on March 2 (northern region), March 9 (central region), and March 16 (southern region) to solicit input from the community members, organizations, and other key stakeholders. Video recordings of the hearings are available on the Commission’s website.

The regional hearings were advertised on the Commission’s social media pages, during the Commission’s February 24 public meeting, and with the Commission’s media list. Flyers for the hearings were distributed to members of the public subscribed to the NJ-CRC’s email distribution, as well as shared directly with stakeholders, advocacy groups, and community organizations. Approximately 50 people spoke to provide comments during the hearings, and the Commission received 53 written submissions.

Under the CREAMM Act, appropriations made by the Governor and Legislature should be invested in grants, loans, and other financial assistance for private organizations or public

⁵ N.J.S.A. 24:6I-50(d)(1)(a).

entities, including municipal “impact zones⁶,” as well as provide direct financial assistance to promote educational and economic opportunities and the overall health and well-being of both communities and individuals.

Recommendations may include, but are not limited to, investments in the following categories of social equity programs:

- (a) educational support, including GED preparedness assistance, vocational programming, and extended learning time programs;
- (b) economic development, including job readiness training, business marketing, and community activities to stimulate economic activity or increase or preserve residential amenities;
- (c) social support services, including food assistance, mental health services, treatment and recovery for substance use disorders, youth recreation, life skills support services, and services for adults and juveniles being released from incarceration; and
- (d) legal aid for civil and criminal cases.

Before the beginning of the next fiscal year, the Legislature is required to provide the Commission a list of investments that will be made through the annual appropriations process, including identifying the recipients. The Legislature’s statement must also include details on how the investment is intended to support and advance social equity.

As the agency responsible for overseeing the cannabis industry, the NJ-CRC does not make any representations as to the viability, efficacy, or appropriateness of the investments described in this report. Nor does the NJ-CRC make any representations about whether the initiatives suggested by public commenters is consistent with best practices in a particular subject area. Rather, this report elevates the recommendations and desires expressed by members of the public who participated in the Commission’s regional hearings. The Governor and Legislature are encouraged to consult with the relevant subject matter experts to understand the appropriateness and viability of the concepts presented here.

ECONOMIC DEVELOPMENT

FINANCIAL ASSISTANCE

⁶ The NJ-CRC analyzed data in accordance with the statutory definition of an “impact zone” to generate a list of 87 New Jersey municipalities that qualify for the designation. A list of the qualifying municipalities, along with the NJ-CRC’s analysis, is included as an appendix and is available on the NJ-CRC’s website at <https://www.nj.gov/cannabis/businesses/priority-applications/impact-zones.shtml>.

One of the most prevalent barriers to entry into the legal cannabis industry is access to capital. Across the nation, the cost to enter the cannabis industry tends to be very high, due to costs for compliance, banking services, property acquisition, and professional and other services.⁷ While New Jersey’s cannabis business application fees are actually among the lowest in the nation, the ongoing costs to run a sustainable business in a highly regulated industry can pose a significant challenge to many aspiring entrepreneurs. As such, successfully creating access to capital should be elevated to the highest priority for the Governor and Legislature to consider based on the Commission’s recommendations in this report.

With cannabis still federally illegal, New Jersey businesses may have a difficult time obtaining loans or other financial assistance through traditional lenders. Operators with existing wealth or capital resources are more likely to obtain a license and open a successful business more easily.⁸ The cumulative result can be a cannabis industry that does not accurately reflect the diversity of New Jersey’s communities and leaves aspiring business owners behind.

RECOMMENDATION

As the agency with knowledge of and expertise in the operations of the cannabis industry, the NJ-CRC wishes to amplify this specific recommendation that the State provide financial assistance to those cannabis entrepreneurs who are most in need of funding support. Based on its review of applications for cannabis business licenses, and consultation with cannabis regulators in other jurisdictions, the NJ-CRC knows that many New Jersey entrepreneurs are in need of financial capital and early sustenance. Funding is particularly needed for those entrepreneurs from communities that have historically lacked access to traditional funding sources such as bank loans, venture capitalists, and well-established investment firms.

The Governor and Legislature should address this dilemma by prioritizing financial assistance and targeting revenue to support certain eligible individuals and communities who want to become cannabis business owners. Revenues should be used to fund grants and no-/low-interest loans to individuals looking to enter the cannabis industry, specifically those who lacking access to traditional business capital funding and have prior marijuana- or hashish-related convictions and/or live in an economically disadvantaged area. Funds could also be used for other purposes that may help alleviate entrepreneurs’ economic position (e.g., payment for utility bills, rent/mortgage, tuition, or business operations).

State financial assistance for new cannabis businesses, be it through grants or loans, can greatly improve the sustainability prospects for new businesses and facilitate inclusion of business owners who would otherwise be shut out of New Jersey’s industry as they have been in other states.

⁷ See “How Much Does It Cost To Launch a Cannabis Business?,” at [Leafly](#) (2021).

⁸ See “Fair and Square: How to Effectively Incorporate Social Equity Into Cannabis Laws and Regulations,” at [The Ohio State University Moritz College of Law](#) (2021).

The Governor and Legislature are strongly encouraged to assess the State's ability to make assistance funds available using existing infrastructure of State agencies that can appropriately administer grant or loan programs. Revenue from the Social Equity Excise Fee should be used to provide grants and low-interest loans for aspiring entrepreneurs in impact zones and economically disadvantaged areas through public economic development agencies.

Based on comments received during the three regional hearings, it is recommended that the Governor and Legislature use place-based qualifiers and other criteria to target funding to those with the greatest need. Because the list of impact zones is expansive, consistent with public sentiment, the NJ-CRC recommends using additional criteria to ensure revenue generated from the excise fee is targeted based on need. It is recommended that the Governor and Legislature utilize factors for the prioritization for distribution of funding that uses (1) population, (2) median household income, (3) percentage of homeownership in the community, and (4) high school graduation rates to rank municipalities based on need.

Additionally, where revenue is used to invest in existing State programs, other State agencies could look to already established designations/zones to target programming in areas where other economic or social empowerment initiatives overlap with impact zones. These include, but are not limited to:

- Opportunity Zones;
- Urban Enterprise Zones;
- Main Street Municipalities; and
- New Jersey Redevelopment Authority Designated Municipalities.

By focusing programs and efforts on individuals, families, and communities most harmed by marijuana criminalization and enforcement, New Jersey can set a model for other states regarding how revenue should be spent and who should benefit directly.

If not provided through a public entity, the State should consider providing access to capital through a private, nonprofit economic development organization. Incentives can also be considered to induce cannabis industry investment to support an equity capital fund through payments or tax credits in lieu of taxes or fees.

The Governor and Legislature are encouraged to examine the CREAMM Act provisions concerning state and local economic incentives (N.J.S.A. 24:6I-49(b)) to determine what, if any, changes in the law may be necessary to establish a diverse and inclusive market.

Recommended financial assistance programs unrelated to cannabis include novel programs to offset common costs of living, including, but not limited to, energy, health care, food, rent/mortgage payments, or child-care. Opportunities that can create new wealth-building opportunities include universal basic income programs and investment in financial accounts benefiting children in low- to moderate-income households.

HOUSING

Hearing participants expressed a sincere interest in seeing revenue used to expand housing opportunities, especially for homeownership. Homeownership and property inheritance have been pointed to as one way to generate wealth that benefits future generations.⁹ According to the New Jersey Institute for Social Justice, the median net worth for White families is \$322,500, compared to the median net worth of \$17,700 for Black families and \$26,100 for Latino/a families.¹⁰

RECOMMENDATION

It is recommended that the Governor and Legislature consider using revenue from cannabis sales to expand homeownership opportunities by funding efforts by the New Jersey Housing and Mortgage Finance Agency (NJHMFA), Department of Community Affairs (DCA), New Jersey Redevelopment Authority (NJRA), as well as funding State agencies and community organizations, to establish a first-time homebuyer’s program for families most harmed by the drug war. Any respective recipient of appropriated funds should be responsible stewards of revenue that can ensure allocations are appropriately targeted for individuals and communities.

JUSTICE REINVESTMENT

NO MONEY FOR LAW ENFORCEMENT

Many participants in the regional hearings expressed opinions that no revenue should fund law enforcement efforts. While law enforcement is a critical element of public safety, and criminal laws are written to be race-neutral, advocacy groups note that arrest data can indicate disparate enforcement of laws. A 2021 report from New Jersey Policy Perspective points to unequal treatment and enforcement of drug laws, evidenced by racially disparate drug arrests across the nation from the mid-1980s through the late 1990s.¹¹

RECOMMENDATION

⁹ Pfeffer, Fabian T, and Alexandra Killewald. “Generations of Advantage. Multigenerational Correlations in Family Wealth.” *Social forces; a scientific medium of social study and interpretation* vol. 96,4 (2018): 1411-1442. doi:10.1093/sf/sox086.

¹⁰ “Making the Two New Jerseys One: Closing the \$300,000 Racial Wealth Gap,” at [New Jersey Institute of Social Justice](#) (NJISJ, 2022).

¹¹ “A War On Us, How Much New Jersey Spends Enforcing the Drug War,” at [New Jersey Policy Perspective](#) (NJPP, 2021).

It is recommended that the Governor and Legislature only use revenue from cannabis sales to fund law enforcement purposes where statutorily required. Consistent with other public policy efforts toward equitable policing, revenue from the excise fee should support mental health services, crisis intervention, violence prevention, etc. and other trained professionals to respond to certain situations or disturbances through non-police methods. Special consideration should be given to use cannabis revenue to invest in organizations that disrupt cycles of violence, defuse confrontations, and offer healing and support services to people and communities who have been adversely impacted by the drug war.

REENTRY SUPPORT SERVICES

Reentry services provide a continuum of support for individuals being released from incarceration by removing barriers to housing, employment, medical access, and creating pathways for a safer and more successful reintegration into communities. Individuals who have limited social supports in the community are at high risk for homelessness, lack of access to medical care and mental health services, and disruption to necessary medication.

➤ **Supportive Housing Needs**

One of the biggest barriers individuals face when returning to the community is the inability to access safe and affordable housing. Supportive housing helps the formerly incarcerated return to the community and reduces the risk of recidivism. Without stable housing and comprehensive support, chances of one's success in the community rapidly decline. Studies show that the first month after release is a vulnerable period during which recidivism and the risk of becoming homeless are both high.¹² Many individuals leaving prison find that they can only afford housing in high-crime areas, which can present triggers for those who struggle with addiction or criminogenic behaviors. Additionally, strict housing policies make it harder for these individuals to be considered as viable candidates for housing.

➤ **Job Training and Skills Development**

As individuals return to communities, they need to learn the skills and norms that exist today to be able to adapt. Some people may be entering a different landscape with new technologies and advancements that they are not familiar with or never used. Individuals need a safe space to develop their understanding and build the tools that they need to thrive now that they are back home. By learning to prepare a resume, conduct a job interview, sharpen specific job skills, or communicate effectively with people, returning citizens may be able to earn and maintain a quality job and livelihood.

¹² Cortes & Rogers (2010).

➤ **Medication and Wraparound Services**

After incarceration, returning citizens may struggle with securing a reliable way to access their medicine. Consideration should be given to assist returning citizens with day-to-day services to meet their necessities such as food and other reasonable incidentals. By providing wrap-around services, we can really help restore individuals harmed by the failed drug war.

RECOMMENDATION

It is recommended that the Governor and Legislature use revenue from cannabis sales to fund State Regional Health Hubs, or similarly situated State agencies and community organizations, that have the infrastructure to provide reentry services that offer supportive housing and wrap-around programs for formerly incarcerated persons. Similar programs currently exist for individuals under the supervision of parole, however there is a need for safe, transitory support (e.g., daily living skills training, case management, affordable housing, job assistance, advocacy and outreach, education, substance use education, prescription/medical assistance, professional skills development, mental health services, etc.) for individuals who are no longer under State supervision. These efforts help support an individual's successful and safe transition back into their respective communities and are important factors in recidivism prevention.

PUBLIC HEALTH

MENTAL HEALTH

There are a limited number of Early Intervention Support Services (EISS) in New Jersey. In addition to long wait times, there are significant shortages of licensed professionals, including psychiatric Advanced Practice Nurses (APNs) and psychiatrists in New Jersey. EISS's were created to provide short-term emergency subacute mental health services and out-patient aftercare. EISS provides a flexible, comprehensive suite of services around the clock for enrolled customers as a diversion to local emergency rooms. There is capacity for outreach services to engage individuals who may not have access, as well as up to 30 days of housing in order to transition to aftercare services safely and smoothly.

Oftentimes, individuals experiencing a mental health crisis are seen in emergency rooms but are not admitted to the hospital. Many of these individuals could be seen at a sub-acute level to appropriately treat and resolve crises at a lower cost. In other circumstances, appropriate referrals can be made to higher levels of care. Using a portion of the revenue from cannabis sales to fund EISS could provide expanded access, increased hours of operation, and additional services to so many more individuals in need.

RECOMMENDATION

It is recommended that the Governor and Legislature consider using revenue from cannabis sales to increase funding and expand Early Intervention Support Services, mental health urgent care centers, and similar community resources, so that there remains no less than one such center in every county in the state. This investment may decrease the utilization of emergency rooms and referrals to law enforcement.

HEALTHCARE

Healthcare is one of the most fundamental necessities. Hearing participants shared insight into a range of healthcare services that can be funded through revenue from cannabis sales, including, but not limited to the creation of black maternal healthcare centers, the expansion of pre- and post-natal services to support overall improvement of wellness and healthcare needs. Members of the public also discussed the creation of Restorative Healthcare Centers that offer mental health, conflict resolution, harm reduction, therapy, and other services. Support and expansion of HIV/AIDS services was also raised.

RECOMMENDATION

It is recommended that the Governor and Legislature consider using revenue from cannabis sales to fund efforts by the Department of Health (DOH) and other State agencies and community organizations to support access to maternal healthcare and restorative healthcare in every county in the State. Additionally, funding should be considered to support HIV/AIDS work.

HARM REDUCTION SERVICES

Consideration should be given to provide emergency subacute substance use treatment services, such as the promotion of the most evidenced-based medication assisted treatment (e.g., buprenorphine) to treat opioid use disorders and harm reduction services to prevent communicable disease and overdose death. According to the Office of the Chief State Medical Examiner, there were 44 suspected drug overdose deaths throughout New Jersey in the one-week period of April 11 to 17, 2022.¹³

People that have emergency needs should be able to access care immediately, just as they can at a hospital emergency room. More overdoses occur during the afternoon, early evenings and on Saturdays, and many services are offered during daytime business hours, leaving a dangerous gap in care.

¹³ Finalized numbers and statistics are provided in the annual report of the NJ State Medical Examiner. Office of the Chief State Medical Examiner (April 2022).

RECOMMENDATION

It is recommended that the Governor and Legislature consider using revenue from cannabis sales to fund efforts by State Regional Health Hubs, the Division of Mental Health and Addiction Services (DMHAS) within the NJ Department of Human Services, Early Intervention Support Services (EISS), and other organizations to provide emergency subacute substance abuse treatment on a 24/7, walk-in basis. Additionally, it is recommended that the Governor and Legislature consider expansion of harm reduction services. This investment would decrease the burden on the emergency rooms while at the same time offering a more strategic, thoughtful, and appropriate level of care for a presenting problem.

PUBLIC HEALTH AND SAFETY MESSAGING

Public health and safety should be a core tenant to public policy. Educating the public on the safe, responsible use of cannabis, potential health risks, minor use prevention, and child safety should be on the forefront of protecting New Jerseyans against potential safety and health risks. In addition, members of the business community have communicated to the NJ-CRC significant concerns over changes in workplace protocols brought on by the legalization of recreational cannabis and employees and employers alike need to be educated on their rights and responsibilities under the law.

RECOMMENDATION

It is recommended that the Governor and Legislature consider using revenue from cannabis sales to fund programs and activities that educate and promote public awareness in the responsible use of recreational cannabis, potential health and safety risks such as driving under the influence, and child safety. Examples of such funding can include media Public Service Announcement campaigns to facilitate public awareness, data collection for educational health resources, and funding of quantitative and clinical research studies by New Jersey-based universities.

In addition, in order to address concerns from members of the business community, funding should be allocated to research efforts that supports entities involved in creating technologies to clinically identify the period of time that cannabis causes impairment, as well as supporting initiatives focused on creating and maintaining safe work environments.

It is also recommended that the Governor and Legislature use revenue from cannabis sales to fund these public awareness efforts through the Department of Education (DOE), Department of Community Affairs (DCA), New Jersey Public Libraries (NJPL), or similarly situated agencies or community non-profit organizations.

WORKFORCE DEVELOPMENT AND EDUCATION

WORKFORCE DEVELOPMENT

Hearing participants expressed significant interest in seeing revenue go towards a host of educational services. They shared suggestions for services that offer people opportunities to learn more about cannabis and the different career paths within the industry, whether they are plant-touching or ancillary in nature.

According to a 2022 Leafly Jobs Report, there are currently 428,059 cannabis-related jobs in America and over 3,000 cannabis-related jobs here in New Jersey¹⁴, with the latter number expected to grow with the expansion of the medicinal and personal-use markets. Cannabis education is a critical tool that will inform New Jersey's newest workforce and prepare people for the cannabis careers of the future. Universities and community colleges throughout New Jersey are already developing and expanding their cannabis curriculum in anticipation of this new opportunity.

In addition, participants of the hearings also want to see revenue support more general educational services. Specifically, there were requests for enrichment in financial literacy, scholarships for vocational training or college tuition, professional career certificates or licenses, and business development programs. For so many people and families, cannabis legalization gives them new hope, and offers a fresh start to pursue their dreams.

RECOMMENDATION

It is recommended that the Governor and Legislature use revenue from the excise fee to fund programs and activities that promote individuals' personal and professional development. Such programs should include scholarships for young people and adults, vocational training, professional certificate programs, apprenticeship programs, business development, and efforts to expand financial literacy. These types of programs would add to the State's ongoing efforts to strengthen the New Jersey labor force and enable employers to quickly and efficiently fill their talent needs. Whether programs are targeted towards workforce development in the cannabis industry, the ancillary cannabis industry, or broader public or private sectors, New Jersey should continue preparing residents to succeed in their careers and offering new opportunities for people who are already working.

YOUTH SERVICES

¹⁴ "The US cannabis industry now supports 428,059 jobs," at [Leafly](#) (2022).

Many members of the public want to ensure that adequate investments are made in our children. As explained by the Afterschool Alliance, academic programs, youth sports, arts and culture exposure, and other youth enrichment programs can support children throughout critical phases in their development, helping them build skills to make smart choices, develop healthy relationships, understand and avoid risky behavior, and graduate from different levels of academia.¹⁵ These programs also support families by helping parents maintain their job schedules, while also connecting families with community resources and activities.¹⁶

Additionally, many afterschool and summer programs have connections with underserved communities disproportionately impacted by the drug war and investing in these communities can help repair some of the harm done.¹⁷ Several states are already using revenue to invest in youth services – both afterschool and summer programs – along with other creative initiatives that support the healthy, responsible activities and curriculum that help our youth grow.

RECOMMENDATION

It is recommended that the Governor and Legislature use cannabis revenue from cannabis sales to fund efforts by the Department of Community Affairs (DCA), or similarly situated state agencies and community organizations, to support no less than one Community Resource Center¹⁸, in every county in the state. The resource center could serve as a hub for general wrap around services such as food assistance, housing assistance, tutoring, therapy, mental health, wellness, and other critical tools that are lacking in our most impacted communities. In addition, the resource center can also serve as a green, open space for safe recreational activities such as sports tournaments, training sessions, musical performances, and other community-focused events.

Revenue from cannabis sales should also be used to fund afterschool and summer opportunities for the youth. The time after school and during the summer are critical windows where children are often unsupervised and where high-quality, developmentally appropriate activities could have a strong positive impact. Afterschool and summer programs provide an ideal environment for youth to build their self-esteem, avoid substance misuse, and ultimately reach their full potential. They can engage in constructive activities surrounded by caring adults that foster a safe space for self-expression, peer interaction, and skill development.¹⁹

CONCLUSION

¹⁵ “Advancing Afterschool and Summer Opportunities Using Cannabis Revenue,” at [Afterschool Alliance](#) (2022).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ New Jersey State Parole Board – Division of Community Programs: Community Resource Center Programs: <https://www.nj.gov/parole/functions/community-programs/>.

¹⁹ “Advancing Afterschool and Summer Opportunities Using Cannabis Revenue,” at [Afterschool Alliance](#) (2022).

The Cannabis Regulatory Commission believes all these areas are key needs in addressing the deleterious effects of marijuana prohibition on people and communities, and ensuring a safe and equitable cannabis industry, and therefore recommend assessing the feasibility of funding initiatives in these areas in future years as the Social Equity Excise Fee grows, and with additional cannabis revenues (sales and use tax). Health, well-being, and prosperity are holistic and therefore the full range of cannabis revenues – and the opportunity they represent for New Jersey – should be assessed and invested holistically and cross-sector.

The Commission thanks the Governor and Legislature for considering the recommendations provided herein. In summary, the NJ-CRC expects roughly \$191,250 to be available from the Social Equity Excise Fee revenue in Fiscal Year 2022 and recommends that revenue be invested in grants and low interest loans to small businesses attempting to gain licensure as a cannabis business, especially those owned and operated by individuals from economically disadvantaged areas and individuals with past marijuana convictions. The NJ-CRC further recommends that additional SEEF revenue collected in Fiscal Year 2023 be allocated to the same purpose.

The NJ-CRC commissioners and staff look forward to continuing to work with State partners to amplify the expressed wishes of New Jerseyans and ensure that the social equity investments to be made with cannabis Social Equity Excise Fee revenue will benefit those most harmed by the failed war on drugs, uphold the pillars of the NJ-CRC, and reflect the diversity of our great Garden State.

APPENDIX

New Jersey municipalities that qualify as impact zones, as defined in N.J.S.A. 24:6I-31

Municipality	County	Population
Asbury Park city	Monmouth	16,116
Atlantic City city, NJ	Atlantic	39,558
Bass River township	Burlington	1,443
Bellmawr borough	Camden	11,583
Berlin borough	Camden	7,588
Berlin township	Camden	5,357
Bordentown township	Burlington	11,367
Bridgeton city, NJ	Cumberland	25,349
Brooklawn borough	Camden	1,955
Buena borough	Atlantic	4,603
Buena Vista township	Atlantic	7,570
Burlington city	Burlington	9,920
Burlington township	Burlington	22,594
Camden city, NJ	Camden	77,344
Carneys Point township	Salem	8,049
Carteret borough	Middlesex	22,844
Cinnaminson township	Burlington	15,569
City of Orange township, NJ	Essex	30,134
Commercial township	Cumberland	5,178
Deptford township, NJ	Gloucester	30,561
Dover town	Morris	18,157
East Brunswick township, NJ	Middlesex	47,512
East Hanover township	Morris	11,157
East Orange city, NJ	Essex	64,270
Elizabeth city, NJ	Union	124,969
Evesham township, NJ	Burlington	45,538
Ewing township, NJ	Mercer	35,790
Franklin township	Gloucester	16,820
Franklin township, NJ	Somerset	62,300
Garfield city, NJ	Bergen	30,487
Glassboro borough	Gloucester	18,579
Gloucester City city	Camden	11,456
Gloucester township, NJ	Camden	64,634
Haledon borough	Passaic	8,318
Hamilton township, NJ	Atlantic	26,503
Hanover township	Morris	13,712
Hillside township	Union	21,404
Irvington township, NJ	Essex	53,926

Jersey City city, NJ	Hudson	247,597
Lawrence township, NJ	Mercer	33,472
Lindenwold borough	Camden	17,613
Lower township	Cape May	22,866
Lumberton township	Burlington	12,559
Mantua township	Gloucester	15,217
Maurice River township	Cumberland	7,976
Metuchen borough	Middlesex	13,574
Middle township	Cape May	18,911
Millville city, NJ	Cumberland	28,400
Monroe township, NJ	Gloucester	39,132
Monroe township, NJ	Middlesex	39,132
Morris Plains borough	Morris	5,532
Morristown town	Morris	18,411
Mount Ephraim borough	Camden	4,676
Mount Holly township	Burlington	9,536
New Brunswick city, NJ	Middlesex	55,181
Newark city, NJ	Essex	277,140
North Brunswick township, NJ	Middlesex	40,742
North Plainfield borough	Somerset	21,936
North Wildwood city	Cape May	4,041
Palmyra borough	Burlington	7,398
Passaic city, NJ	Passaic	69,781
Paterson city, NJ	Passaic	146,199
Paulsboro borough	Gloucester	6,097
Pemberton township, NJ	Burlington	27,912
Pennsauken township, NJ	Camden	35,885
Perth Amboy city, NJ	Middlesex	50,814
Plainfield city, NJ	Union	49,808
Pleasantville city	Atlantic	20,249
Prospect Park borough	Passaic	5,865
Riverdale borough	Morris	3,559
Roselle borough	Union	21,085
Salem city	Salem	5,146
Seaside Heights borough	Ocean	2,887
South Plainfield borough	Middlesex	23,385
Southampton township	Burlington	10,464
Trenton city, NJ	Mercer	84,913
Tuckerton borough	Ocean	3,347
Vineland city, NJ	Cumberland	60,724
Washington township, NJ	Gloucester	48,559
Wayne township, NJ	Passaic	54,717
West Deptford township	Gloucester	21,677
Westampton township	Burlington	8,813

Wildwood city	Cape May	5,325
Willingboro township, NJ	Burlington	31,629
Winslow township, NJ	Camden	39,499
Woodbury city	Gloucester	10,174



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