



MEMORANDUM

TO: MEMBERS OF THE COMMISSION
FROM: JEFF BROWN, EXECUTIVE DIRECTOR
SUBJECT: NOTICE OF APPLICATION ACCEPTANCE
DATE: NOVEMBER 9, 2021

SUMMARY

The Commission has before it the Notice of Application Acceptance that will begin the historic process of accepting license applications for recreational cannabis businesses and testing laboratories in New Jersey. This notice was developed pursuant to N.J.A.C. 17:30-6.1 and complies with all relevant regulations in N.J.A.C. 17:30. Under this Notice, the Commission will begin accepting applications for Class 1 Cultivators, Class 2 Manufacturers, and Testing Laboratories on December 15, 2021, at 9 AM Eastern Time (ET) ; and Class 5 Retailers at 9 AM ET on March 15, 2021, ninety days later.

In summary, the Notice of Application Acceptance:

- Prioritizes the review and scoring of Social Equity Business license applicants, which are businesses owned by individuals from Economically Disadvantaged Areas or who have past cannabis convictions, in both conditional and annual license categories;
- Prioritizes conditional license applicants over annual license applicants;
- Provides that microbusiness applicants are given priority in every category of license application; and
- Establishes pass/fail scoring criteria that comply with the statute and rules by which applications will be reviewed.

In order to allow the market to develop without arbitrary restrictions on growth, the Notice establishes no caps on the number of licenses available statewide, and no geographic restrictions on the availability of licenses. However, municipalities may enact limits on the number of licenses within their borders and the Commission will not issue annual or converted conditional licenses in municipalities that have opted out of having cannabis businesses operate within their borders.

The notice additionally provides more details on how municipalities can submit their preferences for licensure, and what license applicants need to include in their applications to prove they have



local support. Letters of support given to license applicants and the submission of municipal preference directly to the Commission must be consistent.

All applications will be submitted electronically, through the application submission portal which will open up on December 15, 2021, at 9 AM ET at nj.gov/cannabis.

Alternative Treatment Centers (“ATCs”), which are eligible to expand pursuant to N.J.A.C. 17:30-7.1 are not eligible to submit applications in accordance with this proposed Notice. Instead, ATCs will be able to submit certifications proving they have adequate supply and can engage in personal use cannabis sales without negatively impacting patient access through forthcoming guidance.

Potential applicants and stakeholders can submit questions about the application process in writing to crc.licensing@crc.nj.gov.

More details on the application portal, application requirements, and responses to Frequently-Asked-Questions will be made available through a Pre-Application Webinar to be delivered on November 30, 2021.

More details on Economically Disadvantaged Areas and Impact Zones will be released no later than November 15, 2021.

BACKGROUND

On August 19, 2021, the Cannabis Regulatory Commission (“Commission”) adopted rules pursuant to P.L. 2021, C.16 which established the licensure process for cannabis businesses and testing laboratories. Pursuant to those rules, the Commission is to issue a Notice of Application Acceptance which notes the date(s) on which the Commission will begin accepting applications, the requirements for those applications, and the scoring rubric by which license applicant will be measured.

AUTHORITY

N.J.S.A. 24:6I-35 states:

“a. The commission shall adopt rules and regulations, pursuant to subsection d. of section 6 of P.L.2021, c.16 (C.24:6I-34), which shall be consistent with the intent of P.L.2021, c.16 (C.24:6I-31 et al.).... Such regulations shall include:

(1) Procedures for the application, issuance, denial, renewal, suspension, and revocation of a license or conditional license to operate as a cannabis establishment, distributor, or delivery service. Such procedures shall include a periodic evaluation of whether the number



of each class of cannabis establishment, or cannabis distributors or cannabis delivery services, is sufficient to meet the market demands of the State...”

N.J.A.C. 17:30-6.1 states:

“(a) The Commission shall, annually, evaluate whether the number of each class of cannabis business is sufficient to meet the market demands of the State and whether the price and availability of cannabis items are discouraging purchases from the illegal market.

(b) The Commission shall accept new license applications and issue additional licenses, as it deems necessary to meet the demands identified at (a) above, except as otherwise provided in this section and section 33 of P.L. 2021, c. 16 (N.J.S.A. 24:6I-46)....

(c) 2. The Commission shall provide notice of the initial acceptance of license applications in the New Jersey Register, on the Commission website, to the Commission email list, and at a Commission public meeting. Any subsequent changes to the type or class of license applications accepted shall be noticed in the New Jersey Register, on the Commission website, to the Commission email list, and at a Commission public meeting.

3. The notice identified at (c)2 above regarding the acceptance of license applications shall include:

- i. The types or classes of license applications being accepted;
- ii. The criteria for eligibility for such license applications;
- iii. Any geographic limitations on the acceptance of licenses; and
- iv. If the number of available licenses of a certain class is capped or limited, the number of available licenses of such class.”

The statute provides the Commission with the authority to develop rules and regulations to license cannabis businesses, the Commission’s rules provide the legal framework for that licensure process, and the Notice of Application Acceptance provides additional specifics about the process to potential license applicants, municipalities, and stakeholders.

RECOMMENDATION

Today, November 9, 2021, marks 260 days since Governor Murphy signed P.L. 2021, C.16 into law. In those 260 days, the Commission was organized and established, the Commission adopted comprehensive rules for the recreational cannabis industry, and now has the opportunity to begin accepting license applications in a manner that will ensure a safe and equitable cannabis industry in New Jersey. Importantly, this notice puts social equity first in our licensing process, by giving those with past convictions the number one priority. The Commission should adopt this Notice and take this vital step forward to establish a new legal cannabis industry in New Jersey.