



State of New Jersey
CANNABIS REGULATORY COMMISSION

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February 10, 2023

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 2023 report with recommendations to the Governor and Legislature for making Fiscal Year 2024 social equity appropriations based upon the Social Equity Excise Fee collected in Fiscal Year 2023.

To gather information to make these recommendations, the Commission held five public hearings to solicit public input on the social equity investments.

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

Pursuant to N.J.S.A. 24:6I-50(d)(4), before the beginning of the next fiscal year, the Legislature is required to provide the Commission with a list of social equity investments that will be made based on the Commission's recommendation report, including details on how the investment is intended to support and advance social equity.

With legalized adult-use cannabis sales continuing to generate revenue, New Jersey can invest cannabis revenues in ways that can repair the significant 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.

Sincerely,

A handwritten signature in black ink, appearing to be "DH" followed by a long horizontal stroke.

Dianna Houenou

Chair, 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**

February 8, 2023

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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 market. As of January 6, 2023, 1,538 recreational cannabis applications have been submitted by the public. Across all license categories, sixty-seven percent (67%) of our awardees are diversely owned businesses, twenty-eight (28%) of awardees are social equity businesses, and many key demographics are represented. 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. 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 from the Social Equity Excise Fee during the current fiscal year.

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 excise fee may be adjusted annually based upon the statewide average retail price of usable cannabis for consumer purchase. In 2022, the fee was \$1.10 per ounce of cannabis cultivated. As a result of shifts in the average price of cannabis, the excise fee was increased to \$1.52 per ounce for 2023.

The Social Equity Excise Fee generated \$219,482 in Fiscal Year 2022, and the NJ-CRC projects the Social Equity Excise Fee will bring in roughly \$1.5 million in Fiscal Year 2023. By law, 15% of the generated revenue, or \$225,000, is required to be deposited into the Underage Deterrence and Prevent Account¹, leaving \$1.275 million in Fiscal Year 2023 to potentially spend on recommended programs. Because of the relatively small amount of revenue generated through the Social Equity Excise Fee, the NJ-CRC further recommends that additional tax revenue collected from cannabis sales in Fiscal Year 2023 be allocated in accordance with this report.

In the Commission’s 2022 report², the Cannabis Regulatory Commission recommended investing the funds from FY2022 and FY2023 in grants and low-interest loans for aspiring entrepreneurs in impact zones³ and economically disadvantaged areas⁴, or areas with other economic designations that overlap with impact zones or economically disadvantaged areas, such as Urban Enterprise Zones. At the end of 2022, New Jersey announced two important programs: a new technical assistance program led by the New Jersey Business Action Center and a cannabis business grant program led by the Economic Development Authority. These initiatives are the

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.

Accordingly, the 15% dedication is applied to the Excise Fee revenues as well as other monies deposited into the broader Fund.

² NJ 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 -

<https://www.nj.gov/cannabis/documents/Resources/NJCRC%20Recommendations%20for%20Social%20Equity%20Excise%20Fee%20Investments.pdf>.

³ NJ Cannabis Regulatory Commission: Identifying Impact Zones - <https://www.nj.gov/cannabis/documents/businesses/priority-applications/Updated%20Identifying%20Impact%20Zones%20011321%20Clean.pdf>

⁴ NJ Cannabis Regulatory Commission: Identifying Economically Disadvantaged Areas -

https://www.nj.gov/cannabis/documents/businesses/priority-applications/Identifying%20Economically%20Disadvantaged%20Areas_FINAL.pdf

culmination of months of dialogue and collaboration with interagency groups initiated by the Commission and were specifically designed to assist cannabis entrepreneurs. Both programs are expected to launch in 2023.

According to the Department of the Treasury, funds from the excise fee in Fiscal Year 2022 were used to support the New Jersey Business Action Center for their cannabis technical assistance program. Continued financial support for these and similar programs is essential to ensure the success of New Jersey's efforts to provide meaningful, equitable access to the cannabis industry.

Similar to our hearings from March 2022, this round of public hearings 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, (3) the need to target such efforts to individuals, geographical regions, and communities most negatively impacted by marijuana prohibition, and (4) the need to provide quality cannabis education for all ages. For example, by investing cannabis revenue in the upcoming grant program and technical assistance program, New Jersey could provide significant support to promising equity initiatives aimed at spurring a diverse, equitable cannabis industry. In fact, both agencies operate similar programs in other industries and are uniquely poised to operationalize programs for cannabis.

EXECUTIVE SUMMARY

Pursuant to N.J.S.A. 24:6I-50(d)(1)(a), the New Jersey Cannabis Regulatory Commission (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 (also herein reference as the "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 each in the northern, central, and southern regions of the state, to solicit public input on the social equity investments.

The NJ-CRC presents recommendations listed herein for the use of the excise fee revenue to the New Jersey Governor and Legislature, based on public input received by the NJ-CRC at five regional public hearings.

The Social Equity Excise Fee, by law, is to 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 1/3 of 1% of the average retail price of cannabis. On October 23, 2022, the NJ-CRC set the Social Equity Excise Fee to \$1.52 per ounce for calendar year 2023. The NJ-CRC estimates the Social Equity Excise Fee will bring in roughly \$1.5 million by the end of Fiscal Year 2023.

Between November 2022 and January 2023, the Commission’s Public Engagement and Education Committee held five (5) regional virtual public hearings to solicit input from New Jersey residents on how funds from cannabis tax revenue should be allocated by the Legislature according to the CREAMM Act. Three regional hearings were held in November 2022, followed by two additional hearings in January 2023.

This round of public hearings generated a variety of ideas and considerations; however, it is noted that all hearings demonstrated some common themes, some of which were identical to input that we received during the Commission’s March 2022 hearings concerning Fiscal Year 2022 cannabis revenue. 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 Fee⁵:

- **Economic & Community Development:**
 - Financial and Technical Assistance for Cannabis Businesses – Public input suggested using revenue to provide technical assistance to cannabis businesses, especially people with past marijuana convictions, and/or to people from economically disadvantaged areas.

⁵ Categories are listed in no particular order.

- Housing – Participants expressed an interest in seeing revenue used to improve housing conditions across the state and expand housing opportunities, especially for first-time homebuyers.
- Capital improvements and Infrastructure – Participants supported funding improvements of public buildings, such as libraries and schools, and waterways.
- **Criminal Justice Reform & Reinvestment:**
 - No Money for Law Enforcement – Many members of the public stressed that cannabis revenue should not be used to fund criminal law enforcement and should instead be targeted to community-based organizations such as violence-intervention initiatives.
 - Reentry Support Services – Hearing participants expressed wanting to support services that offer housing, job opportunities, and access to health and wellness services that are critical components to ensuring successful reintegration into the community after incarceration.
- **Workforce Development and Youth Services:**
 - Workforce Development – The public expressed interest in using revenue for critical educational support services, including scholarships for young people and adults, vocational training, professional certificate programs, business development, and financial literacy.
 - Youth Services – The public expressed that tax revenue should support afterschool and out-of-school programs that help children develop healthy life habits, offer recreational opportunities, and offer safe spaces that can protect children from after-school dangers.
- **Public Health:**
 - Healthcare Services – Commenters suggested that revenue from cannabis sales support the expansion of healthcare services in communities most impacted by cannabis prohibition and to ensure that New Jersey is building healthy infrastructure, healthy people, healthy communities, and a healthy society.
 - Mental Health Services – 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 Services – Speakers called for investments in addiction treatment, harm reduction, and other support services for people who struggle with addiction.
 - Public Health and Safety Messaging – Cannabis revenues could be used to support public health messaging campaigns, especially to understand

cannabis's effects on the body, to understand cannabis's impact on driving, and to deter underage use.

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 inequitable criminal justice policies and practices of marijuana criminalization and enforcement. As the Governor and Legislature consider the recommendations of the NJ-CRC, it should be noted that members of the public requested that particular consideration and prioritization should be given to the top ten impact zones that were most harmed by the drug war.

As the agency with knowledge of and expertise in the operations of the cannabis industry⁶, the NJ-CRC wishes to amplify the specific recommendation that the State provide financial and technical assistance to those cannabis entrepreneurs who are in most need of funding support. Many New Jersey entrepreneurs continue to need financial and technical 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. State-supported programs for these entrepreneurs can provide opportunities that would otherwise not be achievable.

The Governor and Legislature are strongly encouraged to assess the State's ability to make technical assistance and business grants or loans repeatedly available so that State agencies with the capacity and expertise to administer such programs can do so. 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.

As the adult-use cannabis industry continues to grow and generate increased 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

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

⁶ 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 are consistent with best practices in a particular subject area. Individuals interested in learning more about the possibilities associated with the recommendations in this report are encouraged to consult with the relevant subject matter experts.

Commission’s role, as described in statute, is to provide recommendations gathered from public comment during the Commission’s annual Social Equity Excise Fee hearings 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.”⁷ Several individuals expressed the need for allocating a greater share of revenues that are deposited into the CREAMM Fund towards programming to rebuild communities, highlighting that the excise fee revenue is not enough to support social equity investments.

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 each in the northern, central, and southern regions of the state. The NJ-CRC held five (5) virtual public hearings on November 15, 16, 17, 2022; and on January 10 and 18, 2023 to solicit input from 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, and via the Commission’s media list during the months of October and November 2022. Advertisements 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 37 people spoke to provide comments during the hearings, and the Commission received 352 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 entities, including municipal “impact zones,”⁸ 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;

⁷ N.J.S.A. 24:6I-50(d)(1)(a).

⁸ 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>.

(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 with 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 are 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 & COMMUNITY DEVELOPMENT

FINANCIAL AND TECHNICAL ASSISTANCE FOR CANNABIS BUSINESSES

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 the costs of compliance, banking services, property acquisition, and professional and other services.⁹ While New Jersey’s cannabis business application fees are among the lowest in the nation, the ongoing costs to start and 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 continue to be the highest priority for the Governor and Legislature to consider based on the Commission’s recommendations in this report.

⁹ See “How Much Does It Cost To Launch a Cannabis Business?,” at <https://www.leafly.com/news/industry/how-much-does-it-cost-to-start-a-cannabis-business> (2021).

With cannabis still federally illegal, New Jersey businesses may have a difficult time obtaining loans or other financial assistance through traditional lenders. Cannabis businesses with existing wealth or capital resources are more likely to obtain a license and open a successful business more easily.¹⁰ 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 reiterate 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 need financial and technical assistance to even start a cannabis business. 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 and technical assistance programs and targeting revenue to support certain eligible individuals who want to become cannabis business owners. The Commission is excited to see the NJEDA and NJBAC initiating pilot programs, sustainable revenues should be identified so the State can continue funding programs supporting individuals looking to enter the cannabis industry, specifically to those who lack 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.

The NJ-CRC collaborated with the New Jersey Economic Development Authority ("NJEDA") to create a State grant pilot program to assist new cannabis entrepreneurs. The program, expected to launch in 2023, will be led by the NJEDA and will provide up to \$10 million for applicants.¹¹

¹⁰ 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).

¹¹ See "NJEDA ANNOUNCES LAUNCH OF NEW CANNABIS GRANT PROGRAM," at <https://www.njeda.com/njeda-announces-launch-of-new-cannabis-grant-program/> (2022).

Grant provides up to \$250,000 in funding, which would be some of the largest State-issued cannabis grant awards in the country.

Because funding for the new NJEDA pilot program is not guaranteed to be available in future years, the Governor and Legislature are strongly encouraged to assess the State's ability to make assistance funds continuously available using existing infrastructure of State agencies like the NJEDA that can appropriately administer grant or loan programs. Revenue from the Social Equity Excise Fee should be used to provide grants and no-/low-interest loans for aspiring entrepreneurs in impact zones and economically disadvantaged areas through public economic development agencies.

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.

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, and childcare. Programs 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.¹² According to the New Jersey Institute for Social Justice, the State’s median net worth for White families is \$322,500, while it’s \$17,700 for Black families and \$26,100 for Latino/a families.¹³

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), and 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.

DIRECT PAYMENT OR ASSISTANCE PROGRAMS

Members of the public expressed that cannabis tax revenue should be used on guaranteed basic income vouchers and direct payments to cover needs such as utilities, rent, and medical bills, among other considerations. Such programs have been implemented across the country, and even in New Jersey in cities like Newark and Paterson. Additionally, the Commission heard suggestions for funding a baby bonds program for low-income newborns. Under a baby bonds program, every child would receive a publicly funded trust account at birth. The balance in the account would grow over time, with the rate of growth depending on the trust utilized. Baby bonds can provide individuals with a significant basis for financial security that generates interest over time. Once a child reaches adulthood, funds could be used to help pay for college, buy a home, or start a business.

RECOMMENDATION

The NJ-CRC recommends that the Governor and Legislature consider using revenue from cannabis sales to help eliminate the racial wealth gap in New Jersey by providing residents with direct financial assistance that can support individuals’ and families’ day-to-day needs and expenses. Specific initiatives may be identified by the Wealth Disparity Task Force established by Governor Murphy in 2021.

¹² 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.

¹³ “Making the Two New Jerseys One: Closing the \$300,000 Racial Wealth Gap,” at [New Jersey Institute of Social Justice](#) (NJISJ, 2022).

CAPITAL IMPROVEMENTS AND INFRASTRUCTURE

Several participants in the Commission’s hearings expressed concern over New Jersey’s local infrastructure and offered ideas for improving public works that support communities. The NJ-CRC heard concerns about the quality of local water infrastructure due to corporate pollution, public school building and library improvement needs, the need for more organic farming and reforestation, and expanded access to community centers and recreational programs.

As key community anchors, public works bring communities together and provide a range of services and programs for residents. These programs and services can be especially beneficial in communities most harmed by marijuana prohibition. Recreation and after-school programs can be effective activities that allow youth to develop healthy behaviors as they mature into adolescence and adulthood. The public also expressed that funds should be used to replant trees, which can vastly improve the overall health and well-being of our environment.

The Commission also received recommendations for supporting property tax relief, cost-of-living-adjustment (COLA) assistance, and local media support.

RECOMMENDATION

The NJ-CRC recommends that the Governor and Legislature consider using revenue from cannabis sales to improve our waterways, provide equitable funding to school districts that need extra support, and build and/or rehab community centers.

CRIMINAL JUSTICE REFORM & 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 statewide arrest data indicates disparate enforcement of laws. A 2021 report from New Jersey Policy Perspective points to significant spending on drug enforcement efforts and unequal treatment and enforcement of

drug laws, evidenced by racially disparate drug arrests across the nation from the mid-1980s through the late 1990s.¹⁴

RECOMMENDATION

The NJ-CRC recommends 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, and other trained professionals to respond to certain situations or disturbances through methods other than criminal law enforcement. 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, and health care, and by creating pathways for safer and more successful reintegration into communities. Individuals who have limited social supports in the community are at high risk for recidivism, homelessness, lack of access to medical care and mental health services, and disruption to necessary medication. The public reiterated their commitment to seeing tax revenue support these critical services.

➤ **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 an extremely vulnerable period during which recidivism and the risk of becoming homeless are both high.¹⁵ 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 access housing, as formerly incarcerated individuals and those with criminal records are often discriminated against in the housing market.

¹⁴ "A War On Us, How Much New Jersey Spends Enforcing the Drug War," at [New Jersey Policy Perspective](#) (NJPP, 2021).

¹⁵ Cortes & Rogers (2010).

➤ **Job Training and Employment Support**

As individuals return to communities, they need to learn new skills and norms that will enable them to successfully adapt. Some people may be entering a different landscape with new technologies and advancements that they are not familiar with or have never used. Individuals need a safe space to develop their understanding and build the tools needed 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.

➤ **Medication and Wraparound Services**

After incarceration, returning citizens may struggle with securing a reliable way to access their medications. Consideration should be given to assisting returning citizens with day-to-day services to meet their necessities, such as food and other reasonable incidentals.

RECOMMENDATION

The NJ-CRC recommends 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 expungements, 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.

COMMUNITY-BASED RESPONSE AND INTERVENTIONS

Several members of the public expressed a preference that cannabis tax revenue be allocated for communities to develop local response teams that can be first responders in the case of an emergency. Many incidents that police are called on to respond to may be more appropriately and effectively handled by other agencies and responders, such as social service aids, crisis counselors, violence interruption specialists, and medics.

RECOMMENDATION

The NJ-CRC recommends that the Governor and Legislature consider using revenue from cannabis sales to support new or existing community-led first responder and violence interruption pilot programs.

WORKFORCE DEVELOPMENT AND YOUTH SERVICES

WORKFORCE DEVELOPMENT

Hearing participants expressed significant interest in seeing revenue go toward 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 Jersey,¹⁶ 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

The NJ-CRC recommends that the Governor and Legislature use revenue from the excise fee to fund programs and activities that promote individuals' personal and professional development, including industry training that prepares people for business ownership in the cannabis industry. This distinction would provide small businesses owners with the knowledge to grow and create jobs by providing them with greater access to education, capital, and business support services. Such programs should include scholarships for young people and adults, vocational training,

¹⁶ "The US cannabis industry now supports 428,059 jobs," at <https://www.leafly.com/news/industry/cannabis-jobs-report> (2022).

professional certificate programs, apprenticeship programs, business development, and efforts to expand financial literacy.

YOUTH SERVICES

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 through 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.¹⁷ These programs also support families by helping parents maintain their job schedules, while also connecting families with community resources and activities.¹⁸

Additionally, many afterschool and summer programs have connections with underserved communities disproportionately impacted by the drug war. Investing in these communities can help repair some of the harm done.¹⁹ 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 curricula that help our youth grow.

RECOMMENDATION

The NJ-CRC recommends that revenue from cannabis sales should also be used to fund afterschool and summer opportunities for the youth. Recreation centers, libraries, youth support organizations, community groups, summer camps, out-of-school programs, the arts, and other engaging activities increase protective factors for youth. These programs help young people and families learn better communication, provide positive interactions between individuals, and offer trainings that have an overall positive effect on communities.

PUBLIC HEALTH

HEALTHCARE SERVICES

¹⁷ “Advancing Afterschool and Summer Opportunities Using Cannabis Revenue,” at [Afterschool Alliance](#) (2022).

¹⁸ *Id.*

¹⁹ *Id.*

Healthcare is a fundamental necessity. Hearing participants shared insight into a range of healthcare services that can be funded through revenue from cannabis sales, including the creation of black maternal healthcare centers and 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 under one roof. Support and expansion of HIV/AIDS services was also raised.

RECOMMENDATION

The NJ-CRC recommends 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.

MENTAL HEALTH SERVICES

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

The NJ-CRC recommends 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, and simultaneously provide cost savings.

HARM REDUCTION SERVICES

Consideration should be given to provide emergency subacute substance use treatment services, such as the promotion of evidence-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 2,647 suspected drug overdose deaths throughout New Jersey in the period of January 1 – November 30, 2022.²⁰

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 only offered during daytime business hours, leaving a dangerous gap in care.

The costs for inpatient and outpatient addiction treatment facilities are unattainable for many people, and the cycle of addiction cannot be broken unless more funds are dedicated to expanding access to individuals who struggle with addiction. No-cost or low-cost inpatient addiction treatment programs that allow for stays longer than 30 days can provide life-saving services that address the opioid epidemic. In order to provide competent treatment and expand services to consumers, it is important to provide training opportunities to ensure clinical staff in these programs are properly equipped to assist people.

RECOMMENDATION

The NJ-CRC recommends 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. Additionally, the NJ-CRC recommends that the Governor and Legislature consider expansion of harm reduction services through both Harm Reduction Centers, and community-based harm reduction outreach providers. This investment would decrease the burden on 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

²⁰ Finalized numbers and statistics are provided in the annual report of the NJ State Medical Examiner. See Office of the Chief State Medical Examiner at <https://www.njoag.gov/programs/nj-cares/nj-cares-suspected-overdose-deaths/>.

Public health and safety should be core tenets of any public policy. Educating the public on the safe, responsible use of cannabis, potential health risks, minor use prevention, and child safety should be a priority. In addition, members of the business community have communicated significant concerns to the NJ-CRC 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 new law.

RECOMMENDATION

The NJ-CRC recommends 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 support 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.

The NJ-CRC also recommends that the Governor and Legislature use revenue from cannabis sales to fund these public awareness efforts through the Department of Education (DOE), Office of the Secretary of Higher Education (OSHE), Department of Community Affairs (DCA), the Governor’s Council on Alcoholism and Drug Abuse (GCADA), New Jersey Public Libraries (NJPL), or similarly situated agencies or community non-profit organizations. Funding from the Underage Deterrence and Prevention Fund should also be considered so that funds from the Social Equity Excise fee can be more impactful.

CONCLUSION

The Cannabis Regulatory Commission believes all these areas are key to 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 everyone who shared their ideas with the NJ-CRC and thanks the Governor and Legislature for considering the recommendations provided herein. In summary, the NJ-CRC expects roughly \$1.275 million to be available from the Social Equity Excise Fee revenue in Fiscal Year 2023 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 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 |

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|------------------------------|------------|---------|
| 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 |

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|--------------------------|------------|--------|
| 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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