



MEMORANDUM

TO: Cannabis Regulatory Commission Board

FROM: Jeff Brown, Executive Director

SUBJECT: Delegation of Authority to Executive Director or his designee

DATE: July 28, 2022

BACKGROUND: The Commission continuously receives submissions of proposed Management Services and Financial Source Agreements, applications for Alternative Treatment Center Identification Cards and Cannabis Business Identification Cards, applications for a change of location requests concerning Alternative Treatment Centers and personal-use cannabis businesses and proposals to engage in home delivery or curbside retail sales of personal-use and medicinal cannabis items, which the Commission must decide whether to approve or deny. Additionally, the Commission is tasked with issuing written notices of violations to Alternative Treatment Centers and personal-use cannabis businesses upon violations of the Commission's regulations.

Pursuant to the Commission's Plan of Organization and authorizing regulations, CRC staff are responsible for reviewing and issuing cannabis business identification cards, alternative treatment center ID cards, and issuing Notices of Violation to alternative treatment centers and cannabis businesses. Additionally, there are review processes either part of the Cannabis Business or Alternative Treatment Center application process that can be handled most efficiently by delegating authority to the Executive Director or the Executive Director's designee to take action, including the review of Management Services Agreements and Financial Source Agreements and changes in location. Because the Commission now has adopted bylaws, the Commission should formally delegate these tasks to ensure ongoing operational efficiency and allow the Commission to continue to expeditiously review these types of submissions and/or issue notices of violations in order to meet statutory and regulatory deadlines.

PROPOSED DELEGATION:

1. The Executive Director or his designee shall have the authority to confirm whether proposed Management Services and Financial Source Agreements and any material changes comply with the authorizing statute and regulations and shall have the authority to notify the license applicant or license holder of the Commission's decision pursuant to N.J.A.C. 17:30-6.9(k) and N.J.A.C. 17:30-6.10(h)(2). Previous notifications to license applicants regarding Management Services and Financial Source Agreements are deemed to have full approval by the Commission.



2. The Executive Director or his designee shall have the authority to issue ATC and Cannabis business identification cards pursuant to N.J.A.C. 17:30A-8.1 and N.J.A.C. 17:30-8.1(c). The Executive Director or his designee shall also have the authority to verify the necessary Cannabis Business identification card requirements pursuant N.J.A.C. 17:30-8.1(b). The Executive Director or his designee may suspend a Cannabis Business identification card pursuant to N.J.A.C. 17:30-8.1(g). However, decisions to revoke or refuse to renew a Cannabis Business Identification Card will be submitted to the Commission’s Board for consideration. Pursuant to the Plan of Organization, previously issued Alternative Treatment Center ID cards are deemed to have the full approval of the Commission.
3. The Executive Director or his designee shall have the authority to approve or deny applications from ATCs or cannabis business to change their location before an ATC permit or annual cannabis business license is issued pursuant to N.J.A.C. 17:30A-7.8(a) and N.J.A.C. 17:30-7.6(i). However, any applications to change locations after an ATC permit or annual cannabis business license is issued will be submitted to the Commission’s Board for consideration.
4. The Executive Director or his designee shall have the authority to approve or deny proposals to engage in home delivery or curbside retail sales of medicinal and personal-use cannabis items pursuant to N.J.A.C. 17:30-12.8(b) and N.J.A.C. 17:30-12.4(a).
5. The Executive Director or his designee shall have the authority to issue written notices of violations to an ATC permit holder or cannabis business or testing laboratory license holder pursuant to N.J.A.C. 17:30A-13.5 and N.J.A.C. 17:30-17.4(a). However, any proposed assessment of civil monetary penalties, suspension, or revocation of an ATC permit or cannabis business or testing laboratory license will be submitted to the Commission’s Board for consideration. Pursuant to the Plan of Organization, previously issued Notices of Violation are deemed to have full approval of the Commission.
6. The Executive Director or his designee shall as soon as practicable notify the Commission of any decisions regarding this designation of authority.

AUTHORITY: Pursuant to N.J.S.A. 24:6I-24(c)(1), the Commission has established a plan of organization under the direct supervision of a full-time Executive Director for the Commission. N.J.S.A. 24:6I-24(e) provides that the Commission may designate its powers and authority as it deems necessary and appropriate to carry out its duties and implement the provisions of N.J.S.A. 24:6I-1 et al. and N.J.S.A. 24:6I-31 et al. The Commission approved and adopted a set of bylaws,



which established roles, procedures and decision-making practices for the Commissioners, Executive Director, and staff on January 27, 2022.

The governing regulations under N.J.A.C. 17:30-6.9(k) state that the Commission shall confirm whether the management services agreement and any material change comply with the Act and this chapter; and shall notify the license applicant or license holder of the Commission's decision.

The governing regulations under N.J.A.C. 17:30-6.10(h)(2) state that the Commission shall confirm whether the Financial Source Agreement and any material change complies with the Act and this chapter; and shall notify the license applicant or license holder of the Commission's decision.

The governing regulations under N.J.A.C. 17:30A-8.1 provides the Commission with the authority to issue ATC identification cards, which states the Commission shall issue each qualified principal officer, director, owner, board member, and employee of an alternative treatment center an ATC identification card within 10 business days of the date the Commission receives a completed Commission-approved application form with required documents including a copy of a New Jersey driver's license or other State-issued photo identification.

The governing regulations under N.J.A.C. 17:30-8.1(b) state that as part of the registration, the Commission shall verify that the person who is requesting a Cannabis Business Identification Card: 1. Is at least 21 years of age; 2. Has completed a training course, whether from a license applicant, a license holder, or a third-party that has been approved by the Commission and provides education on, at a minimum, the following topics: i. History of cannabis use, prohibition, and legalization; ii. Common cultivation techniques and strain/cultivar varieties; iii. Chemotypes of cannabis; iv. Packaging, labeling, and advertising; v. Cultivation and manufacturing processes; vi. Health education regarding the risks of cannabis use and over-use, including cannabis dependency; vii. The medical use of cannabis; and viii. Laws and rules pertaining to cannabis, including the Act and this chapter; 3. Has authorized a criminal history background check pursuant to N.J.A.C. 17:30-7.12(d) and does not have any disqualifying convictions that have not been found to be rehabilitated; and 4. Has paid the Cannabis Business Identification Card fee, pursuant to N.J.A.C. 17:30-7.17.

The governing regulations under N.J.A.C. 17:30-8.1(c) state that the Commission shall issue each requesting person that is qualified pursuant to N.J.A.C. 17:30-8.1 (a), a Cannabis Business Identification Card after the Commission receives a completed application with required documents, which include, but are not limited to: 1. A copy of the requesting person's driver's license or other unexpired photo identification issued by the State, another state, or the Federal government; and 2. Proof of criminal record background check, and where a person has a disqualifying conviction, proof of rehabilitation, pursuant to N.J.A.C. 17:30-7.12.



The governing regulations under N.J.A.C. 17:30-8.1(g) state that the Commission may suspend, revoke, or refuse to renew a Cannabis Business Identification Card if the person who is applying for or who holds the card violates any provision of the Act or this chapter; makes a false statement to the Commission; or refuses to cooperate in any investigation by the Commission.

The governing regulations under N.J.A.C. 17:30A-7.8(a) state that an ATC shall submit to the Commission an application for an amended permit, together with fees, if applicable, pursuant to N.J.A.C. 17:30A-7.10, prior to any: 1. Change of the alternative treatment center's location.

The governing regulations under N.J.A.C. 17:30-7.6(i) state that a conditional license holder may apply for, and the Commission may authorize, a change in the location in which the license applicant was awarded conditional license approval to a different location, and such new location shall be reflected in the conditional license conversion application.

The governing regulations under N.J.A.C. 17:30-12.8(b) state that as approved by the Commission and pursuant to N.J.S.A. 24:6I-44.j, on behalf of a cannabis retailer, cannabis business delivery personnel or a cannabis delivery service may deliver cannabis to a consumer at a residence.

The governing regulations under N.J.A.C. 17:30-12.4(a) state that a cannabis retailer may conduct curbside retail sales in accordance with this section upon approval of the Commission; and

The governing regulations under N.J.A.C. 17:30A-13.5 state that the Commission shall issue a written notice to an ATC permit holder of a proposed assessment of civil monetary penalties, suspension, or revocation of a permit, setting forth the specific violations, charges, or reasons for the action, by transmitting the notice by certified mail to the ATC.

The governing regulations under N.J.A.C. 17:30-17.4(a) state that during an onsite assessment, a review of financial records, or other Commission review of the license holder and its operations, if the Commission identifies a violation of the Act or this chapter, the Commission shall provide notice of the violation, including an official written report of the findings and the nature of the violation, to the cannabis business or testing laboratory within seven business days following the onsite assessment or other identification of the violation.

RECOMMENDATION: It is the recommendation of the Executive Director and staff that it is in the public interest to continue to streamline Commission business and create greater operational efficiency by designating the Commission's authority of issuing decisions on submissions of proposed Management Services and Financial Source Agreements, applications for Alternative Treatment Center Identification Cards and Cannabis Business Identification Cards, applications



for a change of location requests concerning Alternative Treatment Centers and personal-use cannabis businesses and proposals to engage in home delivery or curbside retail sales of personal-use and medicinal cannabis items under N.J.A.C. 17:30-6.9(k), N.J.A.C. 17:30-6.10(h)(2), N.J.A.C. 17:30A-8.1, N.J.A.C. 17:30-8.1(b), N.J.A.C. 17:30-8.1(c), N.J.A.C. 17:30-8.1(g), N.J.A.C. 17:30A-7.8(a), N.J.A.C. 17:30-7.6(i), N.J.A.C. 17:30-12.8(b), N.J.A.C. 17:30-12.4(a). Several of these delegations are consistent with the approved Plan of Organization from April 12, 2021 and have been in practice since program inception over 10 years ago. Additionally, it is the recommendation of the Executive Director and staff to codify the designation of the Commission's authority of issuing notices of violations to Alternative Treatment Centers and personal-use cannabis businesses under N.J.A.C. 17:30A-13.5 and N.J.A.C. 17:30-17.4(a) to the Executive Director or his designee. Any proposed assessment of civil monetary penalties, suspension, or revocation of an ATC permit, Identification card, or cannabis business or testing laboratory license will be submitted to the Commission's Board for consideration.