

June 2018

Client Alert: Two New NJ Cannabis Bills Introduced

Two bills were introduced last week in furtherance of the effort to legalize marijuana in the State of New Jersey. The long-awaited [New Jersey Marijuana Legalization Act](#) and its companion bill aimed at permitting [medical marijuana](#) resolve many outstanding questions concerning the cannabis landscape in the State.

Both bills include the same provisions concerning adult-use marijuana as the medical bill simply copies the text from the Marijuana Legalization Act, but then proceeds to explain the importance of medical marijuana and provides rules for its cultivation, processing, and distribution as part of the Governor's effort to expand the current medical program.

Generally, the Marijuana Legalization Act:

Would legalize the possession and personal use of marijuana, in regulated quantity, for persons 21 years of age and over. The bill creates a Division of Marijuana Enforcement and establishes a licensing structure. The bill also provides for a tax levied upon marijuana sold or otherwise transferred by a marijuana cultivation facility to a marijuana product manufacturing facility or to a retail marijuana store.

The medical bill generally would provide that:

1. Any health care practitioner who is authorized under State and federal law to prescribe controlled dangerous substances may authorize patients for medical marijuana, including physicians, physician assistants, and advanced practice nurses;
2. Health care practitioners will not be required to register with the DOH, or be publicly listed in any DOH registry, as a condition of authorizing patients for medical marijuana;
3. In order to authorize a qualifying patient who is a minor for medical marijuana, the health care practitioner will be required to either be trained in the care of pediatric patients or obtain written confirmation from a health care practitioner trained in the care of pediatric patients; and
4. Qualifying patients and designated caregivers who are registered with a medical marijuana program in another state will be deemed to be qualifying patients and designated caregivers for the purposes of New Jersey law.

Some additional highlights in the Marijuana Legalization Act include:

- Four categories of licenses: Class 1 Marijuana Grower, a Class 2 Marijuana Processor, a Class 3 Marijuana Wholesaler, or a Class 4 Marijuana Retailer.
- Establishment of the new Division of Marijuana Enforcement in the Department of Treasury, rather than the Department of the Attorney General.

- Establishment of a tax levied upon marijuana sold or otherwise transferred by a marijuana cultivation facility to a marijuana product manufacturing facility or to a retail marijuana store with escalating tax rate as follows: in one year following enactment of the bill, the excise tax shall be 10 percent; 15 percent in year two; 20% in year three; and 25% in year four and beyond (with an exception for medical marijuana sales).
- Permitting each local governmental entity to enact an ordinance or regulation governing the time, place or manner and number of marijuana establishment operations and provides for civil penalties violating those ordinances.
- Permitting each local governmental entity to enact an ordinance prohibiting cannabis generally but upon the failure to enact such an ordinance within 180 days following passage of the bill permitting operations for a five-year term.
- Permitting the currently operating medical facilities to immediately apply for a license to operate to distribute marijuana to a person who is not a medical marijuana patient.

Some additional highlights in the medical bill include:

The medical bill also establishes requirements for the Department of Health (DOH) to issue up to a total of 15 medical marijuana cultivator permits, up to a total of 15 medical marijuana processor permits, and up to a total of 98 medical marijuana dispensary permits. The total number of permits will include:

- The six alternative treatment center permits issued prior to the effective date of the bill, which will constitute six of the medical marijuana cultivator permits, six of the medical marijuana processor permits, and 18 of the medical marijuana dispensary permits;
- Six additional medical marijuana cultivator permits, six additional medical marijuana processor permits, and 40 additional medical marijuana dispensary permits, to be issued no later than 180 days after the effective date of the bill;
- Up to three additional medical marijuana cultivator permits, three additional medical marijuana processor permits, and 10 additional medical marijuana dispensary permits, which may be issued by the DOH based on patient need at such time as the DOH patient registry reaches 100,000 active qualifying patients; and
- Up to 30 additional medical marijuana permits, to be issued in groups of up to 10 at such times as the DOH patient registry reaches 150,000 active qualifying patients, 200,000 active qualifying patients, and 250,000 active qualifying patients, respectively.

Of the 40 new dispensary permits to be issued within 180 days after the effective date of the bill, the DOH will be required to solicit applications by legislative district, as the districts are constituted at the time of application. The DOH will be required to endeavor to issue a permit to at least one medical marijuana dispensary per legislative district, provided that a sufficiently qualified applicant applies for a permit in each district. Of the 40 additional medical marijuana dispensary permits that may be issued based on increases in the number of registered patients, the DOH will solicit applications according to geographic regions which will be determined by the DOH at the time of issuance; these regions are to be established in a way that ensures qualifying patients have reasonably sufficient access to medical marijuana dispensaries throughout the State.

What this may mean for you:

As is apparent, the legislation and related application processes are complex and cumbersome. [Ansell Grimm & Aaron's Cannabis Law Practice](#) is powered by attorneys with significant experience advising clients involved in every aspect of the business of cannabis, including the laws, both specifically and generally, related to cannabis production, sale, use, regulation, and legalization. Our attorneys are here to help individuals and businesses of all sizes, and any stage of development, plan for a successful future in this emerging industry.

To read more about the New Jersey Combination Medical + Adult Use Cannabis Bill, [click here](#).

To read more about the New Jersey Adult Use Cannabis Bill, [click here](#)

About Ansell Grimm & Aaron, PC

Founded in 1929, Ansell Grimm & Aaron, PC (www.AnsellGrimm.com) has a long history of counseling clients who come to us to resolve legal matters that are often urgent, stressful, and of great importance. A general practice regional law firm, Ansell Grimm & Aaron is powered by experienced attorneys who understand that the best outcome is the one that serves the needs of each client – whether plaintiff or defendant.

About the Ansell Grimm & Aaron Cannabis Law Practice Group

Our Cannabis Law Practice Group is at the forefront of the of this rapidly evolving industry, counseling clients on legal issues related to cannabis production, its sale, use, regulation, and legalization.

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