



Borough of Morris Plains

Cannabis Business Licenses

Public Forum - May 6, 2021

7:30 p.m. – 8:30 p.m.

Meeting Format

Information

- Overview of NJ laws recently enacted to legalize marijuana use
- How the new law impacts municipal regulation
- Roles of the Borough Council and the Cannabis Working Group
- Collect community input

Public Comments

- Members of the public can offer comments during the open portion of tonight's forum
- Each speaker will be allowed three minutes. The forum will conclude at 8:30 p.m.
- Please limit comments to the actions the Borough must take under the new laws
- Members of the public can also email the Borough Clerk at rdenman@morrisplainsboro.org
- Comments received by midnight tonight will be included in the record of this meeting

Overview of New Laws

- **NJ Legislation**
- **Classes of Cannabis Business Licenses**
- **Municipal Regulation**
- **Local Cannabis Tax**
- **Transition to Legal Market**

NJ Legislation

**November
2020**

New Jersey voters approved an amendment to the New Jersey Constitution to allow for the legalization of marijuana possession and use for adults at least 21 years of age.

**February
2021**

Governor Murphy signed three laws into effect which legalize the recreational use of marijuana by adults over 21 years of age and establishes a regulatory, licensing and taxing scheme for commercial recreational (adult use) cannabis operations, use and possession.

NJ Legislation – visit www.njoag.gov/marijuana for details and FAQs

**P.L. 2021,
c.16**

“New Jersey Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Act

**P.L. 2021,
c. 19**

“Regrades and decriminalizes certain future marijuana offenses”

**P.L. 2021,
c. 25**

“Clean up bill;” underage possession or consumption of marijuana, hashish and alcohol

Cannabis Regulatory Commission

Responsible for developing regulations under which all new cannabis laws will be administered and enforced:

- Required by the law to adopt new rules and regulations within 180 days of the law's signing (by August 22, 2021)
- Will issue and oversee licenses for new cannabis businesses allowed under the law
- In order to successfully apply for a cannabis license, a NJ business owner must demonstrate that the municipality in which the business intends to locate permits that business use.

Creates Six Classes of Cannabis Business Licenses

Class 1 Cultivator

Grows, cultivates, or produces cannabis in New Jersey, and sells. Sells and may transport to other cannabis growers, processors, wholesalers or retailers, but not consumers.

Class 2 Manufacturer

Processes cannabis items in New Jersey by purchasing or otherwise obtaining usable cannabis, manufacturing, preparing, and packaging cannabis items, and selling. Optionally transporting these items to other cannabis processors, wholesalers or retailers, but not to consumers.

Cannabis Business License Classes

Class 3 Wholesaler

Purchases or otherwise obtains, stores, sells or otherwise transfers. May transport cannabis items for the purpose of resale or other transfer to either another cannabis wholesaler or to a cannabis retailer, but not to consumers.

Class 4 Distributor

Transports cannabis items in bulk intrastate from one licensed cannabis establishment to another licensed establishment. May engage in temporary storage as necessary to carry out transportation activities.

Cannabis Business License Classes

Class 5 Retail

Purchases or otherwise obtains usable cannabis from cannabis cultivators and cannabis items from cannabis manufacture or cannabis wholesalers and sell these to consumers from a retail store. May use a cannabis delivery services or a certified cannabis handler for the off-premises delivery of cannabis items and related supplies to consumers. Must accept consumer purchases to be fulfilled from its retailer store that are presented by a cannabis delivery services to be delivered to the consumer.

Class 6 Delivery

Provide courier services for consumer purchases of cannabis items fulfilled by cannabis retailer. Make deliveries of cannabis items and related supplies to consumers. Includes the use by a licensed cannabis retailer of any 3rd- party technology platform to receive, process, and fulfilling orders by consumers. Any physical acts in connection with filling the order and delivery must be accomplished by a certified cannabis handler performing work for or on behalf of the licensed retailer.

Municipal Regulation

- **Existing Ordinances:** The new law invalidates any ordinance adopted by a municipality prior to the law's enactment that prohibits marijuana businesses.
- **Timeline:** NJ municipalities have 180 days (until August 22, 2021) to either “opt in” and allow any or all cannabis businesses to operate locally, or to “opt out” and prohibit any or all cannabis businesses from operating locally.
- **Local Regulation:** Municipalities that opt in by the deadline may enact additional regulations governing the times of operation, location, manner and number of cannabis businesses that may operate, as well as local cannabis tax as permitted by the state.
- **Delivery Rights:** A municipality cannot prohibit the delivery of cannabis items and related supplies by a delivery service within their jurisdiction.

Municipal Regulation - continued

- **No Action:** If a municipality takes no action by the deadline, all classes of cannabis businesses will be permitted to operate in the municipality, and depending on the type of business, will be considered a permitted use in certain zones. The municipality also forfeits the opportunity to impose regulations such as the size, number and location of these businesses during a five-year period.

The Five-Year Period Explained

- Once a municipality permits a cannabis establishment in their community, that action remains valid for 5 years.
- After this 5-year period, a municipality has another 180-day window to prohibit or limit cannabis operations.
- Any business permitted during the initial five-year period would be grandfathered as a permitted use in perpetuity.

Cannabis Tax

State Cannabis Tax

- There is a state sales tax of 6.625%

Local Cannabis Tax

- Municipalities that opt in can enact, by ordinance, a local cannabis tax not to exceed:
 - 2% for cannabis cultivator, manufacturer and/or retailer
 - 1% for wholesalers
- The tax is levied on receipts for each sale and paid directly to the municipality in the manner prescribed by the municipality
- The tax cannot apply to delivery services to consumers or transfers for the purpose of bulk transportation.

Borough of Morris Plains

Plan of Action

Cannabis Working Group

Purpose is to research and gather information and community input with the goal of making recommendations to the Morris Plains Borough Council regarding allowing cannabis-related businesses to operate in the Borough.

Sources: Borough residents and groups; Borough professionals; others who have experience with cannabis businesses already operating in NJ and in other states.

Members

- **Ordinance Committee** – Nancy Verga (Chair); Sal Cortese; Dennis Wagner
- **Police Department** - Chief Michael Koroski
- **Board of Adjustment** – Dave Schulz, Chairperson
- **Municipal Alliance Committee** – Annette Wolff, Chairperson
- **Board of Health** – Dr. Lauren Pallone Martin, MD
- **Small Business Owner** – Teri Belles, Bliss Hair Studio by Teri

Borough of Morris Plains

Plan of Action

Borough Council

- **Evaluate** the information available to determine which, if any, classes of cannabis business licenses are appropriate and in the best interest of the Community of Caring, and which will be permitted in the Borough at this time.
- **Develop** - The Ordinance Committee will develop an ordinance for formal introduction to the Council on first reading.
- **Review** - The Ordinance will be sent to the Planning Board for review and consideration.
- **Vote** - The Ordinance will be introduced to the Council for second reading and final vote prior to the state deadline.



Public Comment Portion

- **Topics:** Please limit the topic to cannabis business licenses in the Borough.
- **Comments Only:** No dialog or questions and answers will take place.
- **Time Limit:** Each speaker will have three minutes. The public comment portion will conclude at 8:30PM for the regular Borough Council session.
- **Email comments:** Comments can be emailed to the Borough Clerk through midnight tonight for inclusion in the meeting record.
- **Thank you** – for your respectful participation!