
Public Hearing

before

SENATE JUDICIARY COMMITTEE

"The Committee will meet to hear testimony from invited guests on issues concerning the implementation of recreational cannabis in New Jersey."

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: May 12, 2022
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Brian P. Stack, Chair
Senator Nellie Pou, Vice-Chair
Senator Joseph A. Lagana
Senator Fred H. Madden, Jr.
Senator Paul A. Sarlo
Senator Troy Singleton
Senator Jon M. Bramnick
Senator Anthony M. Bucco
Senator Kristin M. Corrado
Senator Michael J. Doherty



ALSO PRESENT:

David J. Lorette
Office of Legislative Services
Committee Aide

Alison Accettola
Senate Majority Office
Committee Aide

Sarah Fletcher
Michael Molimock
Senate Republican Office
Committee Aides

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

Brian P. Stack
Chair

Nellie Pou
Vice-Chair

Joseph A. Lagana
Fred H. Madden, Jr.
Paul A. Sarlo
Troy Singleton
Bob Smith
Jon M. Bramnick
Anthony M. Bucco
Kristin M. Corrado
Michael J. Doherty



David J. Lorette
Office of Legislative Services
Committee Aide
609-847-3865
Fax 609-292-6510

NEW JERSEY STATE LEGISLATURE

SENATE JUDICIARY COMMITTEE

STATE HOUSE ANNEX • P.O. BOX 068 • TRENTON, NJ 08625-0068
www.njleg.state.nj.us

REVISED PUBLIC HEARING NOTICE

The Senate Judiciary Committee will hold a public hearing on Thursday, May 12, 2022 at 11:00 AM in Committee Room 4*, 1st Floor, State House Annex, Trenton, New Jersey.

The public may address comments and questions to David J. Lorette, Committee Aide, or make bill status and scheduling inquiries to Nina Riccardi, Secretary, at (609)847-3865, fax (609)292-6510, or e-mail: OLSAideSJU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The committee will meet to hear testimony from invited guests on issues concerning the implementation of recreational cannabis in New Jersey.

Issued 5/5/22

* Revised 5/11/22 (Please note room change to Committee Room 4.)

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours' notice. CART or sign language interpretation requires 5 days' notice.

For changes in schedule due to snow or other emergencies, see website <http://www.njleg.state.nj.us> or call 800-792-8630 (toll-free in NJ) or 609-847-3905.

TABLE OF CONTENTS

	<u>Page</u>
Jeff Brown Executive Director Cannabis Regulatory Commission	5
Wesley McWhite III Director Office of Diversity and Inclusion Cannabis Regulatory Commission	5
Kenneth R. Wolski Executive Director Coalition for Medical Marijuana – New Jersey, Inc.	70
Leo Bridgewater National Director Veteran Outreach Minorities for Medical Marijuana	70
Andre Sayegh Mayor City of Paterson	80
Bill Caruso, Esq. Partner Archer Cannabis Law Group	80
Ekatarina Sedia, Ph.D. Professor of Biology Stockton University	106
Robert Mejia Professor Stockton University, and President Our Community Harvest	106
Jessica Gonzalez, Esq. Attorney Cannabis and Intellectual Property Hiller, PC	115

TABLE OF CONTENTS (continued)

Tahir Johnson Director Social Equity and Inclusion United States Cannabis Council	115
Matthew Harrell Vice President Government Relations Curaleaf	126
Raheem Uqdah Senior Director Corporate Social Responsibility Curaleaf	126
Evan Kalakowski Director Regulatory and Quality Assurance TerrAscend New Jersey	126
Dominic O'Brien Senior Vice President Revenue Green Thumb Industries	134
David Vitali Vice President Optimus Partners, LLC	134
Ngiste Abebe Vice President Public Policy ColumbiaCare	134
Michael Affuso Executive Vice President, and Director Government Relations New Jersey Bankers Association	147
Emund M. DeVeaux President New Jersey Cannabusiness Association	147

TABLE OF CONTENTS (continued)

Raymond Cantor
Vice President
Government Affairs
New Jersey Business and Industry Association 154

Christine Buteas
Chief Government Affairs Officer
New Jersey Business and Industry Association 154

APPENDIX:

Testimony and 2019 RFA Overview
submitted by
Jeff Brown 1x

Testimony and additional materials
submitted by
Kenneth R. Wolski 11x

Curaleaf Social Impact Report 2021
submitted by
Matt Harrell and Raheem Uqdah 17x

Testimony
submitted by
Dominic O'Brien 57x

The Public Benefits of Banking Cannabis Businesses
submitted by
Michael Affuso 63x

Testimony
submitted by
Edmund M. DeVeaux 71x

Testimony and additional materials
submitted by
Raymond Cantor 74x

Testimony
submitted by
Dianna Houenou
Chair

New Jersey Cannabis Regulatory Commission

TABLE OF CONTENTS (continued)

APPENDIX: (continued)

Testimony submitted by Brian A. Murray Executive Vice President Government Relations Acreage Holdings, Inc.	89x
Testimony submitted by Stacey Udell Director of Valuation and Litigation Services HBK Valuation Group	90x
Testimony submitted by Jim Miller Co-Founder Coalition for Medical Marijuana New Jersey	92x
Testimony submitted by New Jersey Cannabis Trade Association (NJCTA)	94x
Testimony submitted by Jacky Rosen Jeff Merkley Cynthia Lummis, and Gary C. Peters United States Senators	100x
Testimony submitted by Peter Szlasa Private Citizen	102x
mej: 1-160	

SENATOR BRIAN P. STACK (Chair): I call this meeting of the Senate Judiciary Committee to order. Today is May 12, 2022. Please call the roll.

MR. LORETTE: Committee roll call.

Senator Doherty.

SENATOR DOHERTY: Here.

MR. LORETTE: Senator Corrado.

SENATOR CORRADO: Here.

MR. LORETTE: Senator Bramnick.

SENATOR BRAMNICK: Here.

MR. LORETTE: Senator Singleton.

SENATOR SINGLETON: Here.

MR. LORETTE: Senator Madden.

SENATOR MADDEN: Here.

MR. LORETTE: Senator Lagana.

SENATOR LAGANA: Here.

MR. LORETTE: Senator Pou.

SENATOR NELLIE POU (Vice-Chair): Here.

MR. LORETTE: Chairman Stack.

SENATOR STACK: Here.

MR. LORETTE: I will also acknowledge that we have Senate President Scutari joining today.

You have a quorum.

SENATOR STACK: Thank you very much, David.

Good morning everyone. At this point, I would like to turn it over to our Senate President and thank him for joining us this morning.

Senator.

SENATOR SCUTARI: Thank you so much, Chairman Stack. And I just want to thank you for giving me the opportunity to sit as an ex officio officer of this important hearing on the topic of marijuana legalization in New Jersey. I'm very happy that you gave the go-ahead to have this hearing in your Committee.

I know it's a lot of work and there's going to be a lot of information going forward, but I'm absolutely convinced that if we didn't start this process we might not be open today; and the State of New Jersey has enjoyed millions of dollars of sales of legal marijuana since this business has opened, and I'd like to see that continue. I'd like to see prices go lower. I'd like to see that the topics of an imperfect piece of legislation -- although I thought it was pretty close originally, when we did it -- continue to be improved, that the important stakeholders in this process be heard, and that the legislators have an opportunity to weigh in as well on pieces of legislation as it relates to marijuana in New Jersey so that we can continue to improve the process.

Obviously, this was a really long haul, decades of work into this, starting with me, and then joined by many, many of my colleagues that got this across the finish line. And I see this through the lens of just so many different places: An economic opportunity for New Jersey to be a leader in the east coast, to create jobs, to create revenue, to create taxes; and also to get the stigma of marijuana off of our streets, stop arresting our people, stop destroying lives before they've begun. And I think that we've taken an important first step. And this Committee is moving this topic back into the forefront because it is that important.

And I'll tell you this-- And people have a million ideas about what we should have hearings for. I don't know of many topics or many industries that have the opportunity to do what a legalized market in New Jersey can do, which is the creation of thousands of jobs, tons of revenue, savings of police work, savings of records, savings of lives. So all of that put together gives us an opportunity to have an industry that we couldn't possibly imagine years ago.

And I just use the example of legalized alcohol. How could we stop selling legalized alcohol today? If we did that, how many jobs would go down the tubes. The industries of service, of production, of distribution, will all be gone. And I see a future in New Jersey and this country being able to do that with the use of legalized cannabis, and with your help I know that we'll be able to get there.

So with that, Mr. Chairman, I just wanted to say thank you so much for allowing me to sit in. I won't interrupt, and I appreciate you having me here, Mr. Chairman.

SENATOR STACK: Thank you very much, Senate President, for being with us.

And just a brief opening remark that I'd like to make. In November of 2020, New Jersey voted overwhelmingly to approve the constitutional amendment legalizing the sale and use of recreational cannabis for adults. With that mandate, in February of 2021, the Legislature enacted the Cannabis Regulatory Enforcement Assistance and Marketplace Modernization Act. That law, among other things, took task to Cannabis Regulatory Commission, or the CRC, with establishing the recreational

cannabis market and adopting rules to govern the licensing, cultivation, sale, and purchase of cannabis in New Jersey.

After some initial delays, recreational cannabis sales began in New Jersey on April 21, 2022. In total, 12 facilities representing 7 companies were authorized to begin sales. By many accounts, the start of recreational sales went off without a hitch, with nearly \$2 million in sales on the first day, and adequate supplies of cannabis for both medical and recreational customers. This accomplishment speaks to the hard work and dedication of the advocates, our Senate President Nick Scutari, the legislators, cannabis businesses, and the Cannabis Regulatory Commission, to make this long-awaited dream a reality.

Despite the success, our work remains unfinished. The cost of both medical and recreational are far above the national average, posing affordability issues for our residents and threatening the State's ability to compete with the black market. State law included a number of provisions to ensure diversity and equity in the cannabis industry, and yet it remains a largely white business. Because many banks refuse to do business with the cannabis industry, businesses have few options for storing and transacting money and are forced to deal exclusively in cash. Employers have expressed concern that they still don't have a necessary guidance from the state for how to assess employee impairment in the workplace.

These are just a few of the issues this Committee will explore today. The purpose of this hearing is information. The Committee will take testimony from a variety of witnesses on the CRC's rollout of recreation cannabis, what issues remain, and what the Legislature can do to ensure an

affordable and equitable cannabis marketplace. We'll hear from the CRC, cannabis businesses, academics, advocates, and other experts.

Thank you to all for being here today, and we look forward to your testimony.

As this point, I believe we would like to start with our first panel. Our first witnesses would be Jeff Brown, Executive Director of the Cannabis Regulatory Commission, and Wesley McWhite, Director of the Office of Diversity and Inclusion in the CRC.

We welcome you both, and thank you for being here.

At this point, we'd like to swear the witnesses in.

MR. LORETTE: Can you both please stand up, and then raise your right hands? Thank you very much.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete, to the best of your knowledge, information, and belief?

J E F F B R O W N: Yes.

W E S L E Y M c W H I T E I I I: Yes.

MR. LORETTE: Thank you.

MR. BROWN: Good morning, Chairman Stack; Senate President Scutari; Vice-Chair Pou; members of the Committee.

Thank you for inviting the CRC, the Cannabis Regulatory Commission, to testify on the progress we've made in the past year and the work that lies before us in establishing New Jersey's legal cannabis industry and continuing to expand access to medicinal cannabis.

Today marks 13 months since the CRC was established. While the Commission is still in its infancy as a State agency, in those 13 months

of existence the CRC has made remarkable progress enacting the laws that this body historically drafted and passed to legalize cannabis. In these 13 months, the Commission has held 15 public hearings that demonstrably engaged the public in our work. In four months of existence, we drafted 261 pages of regulations to enact the CREAMM Act and develop comprehensive rules for cultivation, manufacturing, and retailing of recreational cannabis. In eight months, we launched a licensing platform and began accepting applications for cultivators, manufacturers, and testing laboratories. And in 11 months, we began accepted applications for new business licenses for retailers.

In 12 months, we issued 102 conditional license to cultivators and manufacturers to begin the process of setting up their business, and then one year and nine days after our formation, the CRC authorized the first recreational legal cannabis sales in the State of New Jersey, beginning on April 21, 2022. The Commission also expanded access to medicinal cannabis by issuing an additional 44 permits for alternative treatment centers, and established comprehensive third-party testing standards for medicinal cannabis.

The CRC goals since inception have been threefold. Number one, shore up and expand access to medicinal cannabis. Secondly, begin new business licensing under the CRC's regulations, which prioritize review and issuance of licenses to social equity businesses and diversely owned businesses. And finally, pursuant to the carve out for ATC's in CREAMM, work with current medical industry to approve ATC expansion and begin recreational sales.

We've made great strides in all these efforts, and when we look at how New Jersey compares against other states, we fared pretty well. We had one of the fastest timelines to new business applications -- those for non-medical operators specifically. And we're on par with states like California, Colorado, Michigan, and Montana with how long it took to begin recreational sales. Prior to approving the beginning of sales, the CRC had to be certain that there was adequate supply and adequate access for patients, and that the ATCs put in place the proper safeguards to ensure that patients could continue to access their medicine. We have 130,000 patients enrolled in the program.

We've done that, and now we're holding ATCs accountable when they don't live up to the patient access standards required of them. While the law required the CRC to review the ATCs for transition, outside of the normal application process, beginning new business applications was a huge priority for the CRC. In November 2021, the Cannabis Regulatory Commission announced the beginning of the historic process of accepting applications for new recreational cannabis businesses. We began with growers, manufacturers and testing laboratories on December 15, 2021; and then on March 15, 2022, 90 days later, we began accepting applications for retailers. To date, we've received over 900 applications and staff have reviewed 500 of those. Most of the applications that remain to be reviewed came in on or after March 15, and therefore have been with us for under 90 days.

The CRC has approved 102 conditional licenses. We've issued 320 cheer letters -- essentially letters to applicants explaining what they need to submit in order for us to move their application forward -- and we continue

to process and review additional applications every day. From the start, the CRC has acted in an intentional manner to ensure New Jersey's cannabis industry is as diverse as our great state. The regulations and the notice of application acceptance adopted in November 2021 is to prioritize review for social equity businesses -- these are businesses owned by either people from economically disadvantaged areas or with past marijuana convictions -- for diversely owned businesses, and for Impact Zone businesses. Our application and annual fees are amongst the lowest in the country, particularly for micro businesses, where application fees are as low as \$100 and annual licensing fees are \$1,000.

The CRC launched a brand-new application platform in record time -- mere months -- and its simple and easy to understand. Additionally, we post webinars and provide access to free materials on our website for applicants to fill out their applications. Additionally, the CRC's regulations include protections to protect applicants against predatory lending and other contracts that we've seen pop up in other areas in the cannabis industry in other states. We've done this new work even as we've completed work that we've brought over from the Department of Health. We completed the 2019 RFA process and expanded the permit awards approving 44 new medicinal cannabis permits. That's 30 dispensaries, 10 cultivators, and 4 vertically integrated -- essentially companies that cultivate, manufacture, and dispense.

Half of those awardees are either minority owned or minority-and-women owned. The CRC has embraced the outside responsibility that comes with starting this particular industry in New Jersey. Even as we understand that stakeholder priorities are varied, speed, seizing the foundation of equity and safety, and economic opportunities; we have

remained committed to building it on a foundation of our two core values, equity and safety, that will be a model for other states. We are committed to ensuring that our regulatory actions and decisions are reflective of our deep understanding that the criminalization of marijuana has had negative and disproportionate effects on people and communities of color. We have known from the beginning this would be difficult and ongoing work, but we're proud of the framework we have already put in place.

The Commission's rules require businesses on the safety side to adhere to strict testing standards and ensure cannabis items are contained in not only child-resistant packaging before it's opened, but child-resistant packaging after it's resealed. Personal use cannabis items must be labeled with specific details so the consumers know exactly what they are getting, including the identities of the cannabis business that created the product, expiration dates, inactive ingredients, and a list of potential allergens in the product. Packages are also required to contain several warnings indicating that the product contains cannabis, and the toll-free telephone number of the poison control center.

The CRC is willing to take swift action against any business that fails to adhere to these requirements. Beginning recreational sales on April 21 was an important milestone, but it doesn't mark the end of the process. It really marks an important step in a multi-year effort to establish New Jersey as the premiere cannabis market on the east coast. We are doing so in a way that is deliberate based on lessons learned in other states, and in a manner that holds true to those core values of equity and safety.

We are sure hindsight will agree that the NJ CRC's path and pace and deliberateness is good for New Jersey and the cannabis market. The CRC

remains dedicated to ensuring this market reflects the diversity of our great state and helps to alleviate the many mechanisms of inequality created by marijuana prohibition. To that end, we've provided the Committee with some in-depth data on slides attached to the testimony, which shows some of the diversity in recent awarded medicinal cannabis permits, as well as the conditional licenses that I spoke of.

I am also joined by the Director of the Office of Diversity and Inclusion, Wesley McWhite, who is going to share some updates on progress directly with the Committee. Looking forward, the Commission's upcoming work will focus on adopting additional rules and permanent rules for the personal-use cannabis industry; modernizing the existing rules for the medicinal industry; monitoring and enforcing rules to ensure compliance and safety; and continued information-sharing on the composition of the cannabis industry and the Commission's future priorities. We are committed to being data-driven and data-focused.

There are also challenges that we need to continue to work on to achieve the goal of making New Jersey's cannabis market equitable and accessible. These include expanding access to capital for new entrepreneurs, removing impediments to finding real estate, educating municipalities to continue to open up new opportunities for cannabis businesses, and ensuring medicinal cannabis is unimpeded by recreational sales.

Thank you for your time today. I'm going to turn it over to the Director of the Office of Diversity and Inclusion, Wesley McWhite, and then we're happy to answer any questions the Committee might have.

SENATOR STACK: Thank you for your testimony, Jeff.

And just for the Committee -- unless anyone has an objection -- I think we'll hear from the panel first and open up for any questions, unless anyone has any objection to that. (no response)

Okay, great; thank you.

Thank you very much. Please proceed.

MR. McWHITE: Good morning, Chairman Stack; Senator President Scutari; Vice President Pou; and members of the Committee.

The Office of Diversity and Inclusion, termed *The Office of Minority, Disabled Veterans, and Women Cannabis Business Development* in the statute, is tasked with the following: Promoting participation in the cannabis industry from persons from socially and economically disadvantaged communities; conducting advertising and promotional campaigns to increase awareness of opportunities in the industry; and developing and recommending policies, practices, and protocols to ensure diverse representation among owners, operators, and employees in the cannabis industry.

The vision of The Office of Diversity and Inclusion is to continue to build upon the social equity framework that has been established by the CRC in the statute. That framework includes our priority application review for social equity, diversely owned and Impact Zone businesses, equitable access to information, and continuous and ongoing outreach, and engagement, and relationship building through The Office of Diversity and Inclusion. The CRC's social equity framework ensures a firm and solid foundation with which we will continue to build, implement, and recommend policies that result in cannabis businesses and a workforce that represents the diversity of our state.

New Jersey stands tall and has already been recognized for its social equity efforts so far, and there is much more to come. To meet our charge and our visions, specifically The Office of Diversity and Inclusion has established 185 contacts with re-entry groups, minority advocacy groups, disabled veterans and veteran groups, tribal community groups, cannabis industry leaders, and many, many others. We've held over 80 outreach meetings and presentations to stakeholders, community groups, and potential entrepreneurs. We've established a "Leaders of the Legacy" work group to determine or develop recommendations to help people currently or formerly operating in the unregulated market transition to the regulated market. We've assisted the CRC with ongoing oversight of corporate social responsibility plans and equity at New Jersey's alternative treatment centers. The Office will be developing an equity scorecard so that these efforts are transparent and public facing.

I am proud to report that through the last 13 months, the CRC has held true to our values of both safety and equity. While we are only at the beginning of the recreational cannabis business licensing, the CRC's policies show promise. We can report that of the 102 conditional licenses, 37 are self-identified majority Black owned and 13 are self-identified as majority Hispanic or Latino/Latina owned. These conditional license holders must establish sites and gain municipal approval to convert to a full annual license. Roughly a third of the 102 businesses are owners who have past marijuana convictions. Of the 44 companies that were recently issued medicinal cannabis awards, half are either minority owned or minority-and-women owned, including 4 that are Black or African-American owned, 3 that are Hispanic or Latino/Latina owned, and 8 that are Asian owned. The

statute sets goals for the medicinal cannabis of 15 percent minority-owned permit holders, and 15 percent women or disabled veterans owned. If all of these awardees complete the permitting process, New Jersey's medicinal cannabis market will be 19 percent minority owned, 19 percent minority and women owned, and 33 percent women owned. Continuing to work together is the only way to ensure our industry reflects the diversity of our state in terms of geographic location, business size, demographics of business operators, and workers.

Cannabis legalization is only one part of addressing issues caused by the war on drugs, and legalization alone is not enough to undo centuries of systemic exclusion from economic, political, and social opportunities. Social equity, diversity, and inclusion is not a destination -- it is a journey. And we at the Cannabis Regulatory Commission are committed to doing our part to effectuate the justice goals expressed by this Legislature, the Governor, and the public. And we look forward to continuing working with our partners, including this body and any others who share this vision.

Thank you.

SENATOR STACK: Thank you very much, both, for your testimony.

I just have a -- before I open up to the Committee, I just have a quick question for Jeff Brown. Jeff, the Jake Honing Law enshrines that our concern -- that medical cannabis be a focus for academic and clinical research by creating the clinical registrant permit. We are so concerned about this that we provided a specific approval process directly in the statute to avoid the delays of the typical application process and get the clinical registrants operational as quickly as possible.

With this in mind, I'd like first to know if there's been any submissions for the clinical registration permits. Second, if there has been any submissions for these permits, when do you think they will be issued? I believe -- and correct me if I'm wrong -- that the law requires that if a submission for a clinical registration permit is in good order, that the CRC will issue the permit within 90 days of the submission.

MR. BROWN: Thank you Chairman, thank you for the question.

So the clinical registrant permits were included in the Jake Honing Law, as well as a number of other provisions regarding the permitting of medicinal cannabis businesses. I can tell you that our next focus here is updating -- is getting our permanent recreational rules in place, and then we're turning immediately back to medicinal cannabis; something that I look forward to do, so we can continue to sure up that market. Clinical registrants are a critical piece so that, I think, partnerships with academic medical centers, established organizations in the healthcare industry as a whole, can really help with the adoption of medicinal cannabis more broadly. It's something we look forward to working with.

We have not released guidance or regulations on the submission of those applications yet, but I assure you it's something that is a high priority for us and that the Commission will address.

SENATOR STACK: Thank you very much.

At this point, does any members of the Committee have any questions?

Senator Lagana.

SENATOR LAGANA: Thank you; thank you, Mr. Chairman.

I appreciate your testimony, for being here today. I have some questions regarding the actual product. We hear, I guess, the terminology is *canopy* -- how much is being grown, what is going to be put aside for medicinal as opposed to recreational.

And for the purposes of just giving a snapshot of where we are right now, we had original ATCs that were permitted to open up recreational just recently, and they started selling recently. These current facilities -- now, are they growing their own product to sell in their own stores? Is that how it's working?

MR. BROWN: That's correct. So, they both grow their own product; they're what we call *vertically integrated*, so they have permits and licenses for cultivation, manufacturing, dispensing or retailing and they grow their own. There's also wholesaling between entities, so one of the things we encouraged back in medicinal was to start wholesaling so that patients didn't have to drive across the state to find one particular brand.

So that continues, they do both. They both purchase from other businesses and they grow their own.

SENATOR LAGANA: So they could sell to each other and they can presumably sell to, I guess, the next grouping or the 2019 awardees, correct?

MR. BROWN: Correct.

SENATOR LAGANA: Okay. So the 2019 awardees, which was of recent-- When they finally get their doors open, they will -- the retail sector -- will be essentially purchasing from the existing grow facilities, correct?

MR. BROWN: Existing and new. So I'll note, we're working through -- there's an additional 10 cultivation awards that came out in the

2019 RFA. Our team is focusing on working with them to get them going soon, so that not only do we have the current industry as it exists today, which is 12 companies -- I think we're up to 25 or 26 dispensaries in the medicinal sector -- but also there's new capacity coming online via the 2019 RFA to supply those new dispensaries.

But I can tell you, we held site visits with all of the existing operators heading up to the approval of those initial licenses. One of the things that we did emphasize was that we want to see continued wholesaling in the medicinal cannabis space, particularly for those new dispensaries that will be coming online.

SENATOR LAGANA: Are there any limitations on how much they could actually grow, or they can grow as much as they can?

MR. BROWN: As long as they can justify that there's a need, they're able to grow that. On the recreational side, we do have -- there are canopy restrictions, there are essentially tiers. The ATCs, by statute, are given up to 150,000 square feet to -- essentially to grow facilities.

SENATOR LAGANA: Okay. So as far as monitoring through whatever data you're collecting, when it comes to what's being set aside for medicinal as opposed to recreational, how do you do that and how often is that being done? How are you monitoring what's going to be necessary to support the medicinal clientele, or patients, as opposed to the recreational clientele?

MR. BROWN: Absolutely. So, the final agency decisions that approve the seven ATCs that are now selling recreationally, we require them to keep on-hand essentially one month's supply of packaged product for medicinal patients. So you know, they look back three months, develop an

average; they increase that if there's been increased enrollment at their particular ATC, and then we also require an additional three months of reserve essentially in-process. So that could be product that is in bulk at their cultivation facility, it could be raw materials to make manufactured products. As long as it could be quickly transitioned to packaged product, that's essentially what we call the reasonable reserve.

So in essence, they have up to four months supply of product either at the retail site or on-hand at their cultivation/manufacturing facility for use in medical.

SENATOR LAGANA: So as the weeks pass, and let's say the recreational product becomes much higher in demand than the medicinal product-- I mean, I kind of heard in other states that when they've gone recreational that the medicinal side kind of shrunk a little bit.

How is that being monitored and what will be done to adjust the amount of product they would have to keep at any given time?

MR. BROWN: We're constantly monitoring patient enrollment. I can tell you, it's still going up. We are seeing less growth than we were, say, last year. But we're still growing by the thousands every month. And we're seeing 4,500, on average, patients enroll in a month. We're also seeing patients drop out. Some of the more recent transitions -- i.e. Illinois, and I spoke with Massachusetts as well -- they actually saw an initial dip in patient enrollment but then it started to go back up. And in Illinois it has, in fact, surpassed enrollment even before they began recreational sales.

So that's something we continue to monitor. We explained to the ATCs that we know this is a process, and some of those provisions we're

certainly willing to revisit and discuss as we move forward here to make sure they still make sense.

SENATOR LAGANA: The 2019 awardees. I guess they kind of are in a hybrid class, if you could call them that, because they were awarded licenses to be ATCs? And correct me if I'm wrong, they have to wait two years before they can sell recreational? Is that right?

MR. BROWN: So it's one year from permitting, per the final agency decision. And the reason for that is really because it was an RFA for medicinal and we want to make sure they serve that market before transitioning. I think we'll continue to look at that and talk to the awardees to make sure that that makes sense. The biggest thing is that we ensure they have an ongoing commitment to the medicinal market and to serving patients.

SENATOR LAGANA: Okay. Because my question was along the lines of just because of the way that everything fell -- I know there were lawsuits involved which kind of delayed things -- but there are 2022 applicants put in in March, I believe. So is there a situation where you're going to have-- The 2019 awardees have to wait longer to sell recreational than people who applied a few years after them, meaning in 2022? They kind of fall in a strange place, if you kind of catch on--

MR. BROWN: Well, I would say it's two sets of regulations and two markets, and the 2019's were issued under medicinal cannabis; and then everything that's happened on the personal use side, the 102 conditional licenses that have been under regulations, and the statutes that were passed last year and the regulations adopted last year. So there's separate processes;

I think both have the opportunity to move. They can move expeditiously, get their facilities up and running.

I can tell you, for cultivators, we've already explained that in order to get that initial permit they can do things like move in their pre-constructed grow containers on tractor trailers -- they can move into a facility to get cultivating more quickly. That's something we've allowed in the past and will allow, too, here, and that would ostensibly -- their permit would be issued, it would start that clock.

But it's two separate processes in both cases. You know it's really the speed they can implement and how fast they can get to market.

SENATOR LAGANA: When do you anticipate decisions on the 2022 applicants? Is that something that you think is going to take--

MR. BROWN: It's a rolling basis, and our goal is to get to reviews on particularly conditionals in under 90 days. I think we've met that on some of them. Some of them we've been over 90 days, and in our pre-application webinar explained to anticipate over 90 days, initially, just because the sheer volume of applications. We received over 900; more than half have been reviewed and 450 have received a determination whether it's approval or a letter explaining what they need to do to submit their application to move forward in the process. The vast majority that are still pending that haven't gotten at least an initial review have come in on March 15 or after, and were still -- 90 days will be Saturday.

We're moving forward expeditiously. We've gotten a ton of applications, but once we get through this initial rush we'll be a well-oiled machine at moving those forward and reviewing them.

SENATOR LAGANA: Would you anticipate a situation where the 2019 awardees -- again, if we have enough grow or enough canopy to meet the medicinal population, that they would be permitted to sell recreational within the year? Would you anticipate that happening?

MR. BROWN: All I can say is at this point it's really up to how quickly they can get operational. The terms of the final agency decisions are what they are and, you know, it would require an action of the board to change them. And so, as with all of this, it's new, it's a new market. We're going to continue to monitor it and make recommendations, as appropriate, to the Board that we think will best expand access to both medicinal and recreational cannabis.

SENATOR LAGANA: Thank you. Just one last question. Within the CRC, do you have dedicated staff or liaisons that communicate directly with applicants and with businesses?

MR. BROWN: Yes.

SENATOR LAGANA: You do, all right.

MR. BROWN: Yes, we have a staff focused on licensing. We're building that out by the day. We also have a compliance -- an Office of Compliance, and with the industry that's up-and-running or that's in the permitting process, they really work with them day in, day out. We try to streamline communications as well, given that the industry is growing, to make sure they have the information that they need to move forward.

SENATOR LAGANA: Thank you very much.

SENATOR STACK: Thank you, Senator.

Now we'll go to the Senate President, then Senator Bramnick.

SENATOR SCUTARI: Thank you, Mr. Chairman, I appreciate that.

My first question is this: How is the Chair Houenou? I understand she was supposed to be here today.

MR. BROWN: She's great, and I should have started out by just saying she apologizes for not being here. I think she's a little under the weather, but she's great, she wishes she was here. She prepped -- she was on many of the prep calls with members of the Committee. I think she regrets not being here, but we'll certainly be here, and she's hoping to come in the future.

SENATOR SCUTARI: Okay. I just hope it's nothing serious. This was scheduled for a while, I think we all knew about this. But, okay. I think you can answer all our questions anyway, Jeff.

First question I have for you: Do you think at some point in time we're going to be at a place where the Legislature should constrict the medical conditions utilized to qualify for medical marijuana because of the accessibility of adult use marijuana? In your opinion; it would be up to us.

MR. BROWN: I can tell you this. Since we expanded the conditions, added chronic pain, added anxiety, some others -- Tourette's, migraine -- we've seen tremendous enrollment. And specifically with chronic pain, the stories I've heard from patients who have been able to transition off of opioids, they're really astounding and it's really presented another option for those patients.

So we have a review panel that was originally created under the Department of Health. We have yet to reestablish it under the CRC, but we intend to do that; it's physicians, it's experts. I think we really need to listen

to the medical community and the experts to understand when it's most appropriate to treat with medicinal cannabis -- and certainly to the patients as well, the patient community really needs to come first in those discussions.

SENATOR SCUTARI: I mean, a lot of people are self-medicated anyway. We see that not just with marijuana but lots of other things. So I think that's something that you have to keep an eye on.

Anecdotally, I've been told that Colorado is now closing in on a very, very significant amount of legal marijuana being sold there. Have you heard anything about Colorado now being close to 80 percent level, legal market?

MR. BROWN: I haven't seen Colorado's specific numbers recently. I know, you know, they were one of the first states to legalize, so they have a fully implemented competitive market.

SENATOR SCUTARI: I only tell you that because you don't have to reinvent the wheel. I've been out there many, many, many times before we implemented, and it might be something worth looking at just as we look forward to trying to get ourselves into a majority legal market. Because we're all very well aware that there is a very robust illicit market continuing in New Jersey, and our legalization of it last month didn't change that. It's just shown us how robust the thirst for this item is.

I have a question specific to 2019 applicants. Where are we on those? I get complaints, our office gets complaints that these applications were made three years ago and they're still tied up in some kind of a litigation process. Are you guys at the cusp of trying to resolve those applications?

MR. BROWN: So the awards were issued, they were issued the end of last year -- I think in October, December or November, if I'm not

mistaken. But they're in the permitting process. There are 10 cultivators, 4 vertically integrated permits, and then 30 dispensaries. All of them are in the permitting process. Our staff is moving through them expeditiously; they're also implementing building out the facilities. So I think things are moving forward and really the next step is on our side, not only doing -- making sure those individuals have to get background checked, but also inspecting their facilities, and then ultimately issuing the permits.

SENATOR SCUTARI: So there's no more tie up with that? Okay, great.

This is more of a philosophical question, since you're on the ground on this every day. Have you started to develop a mindset of what you think a fully mature legal market in New Jersey looks like? Not today, but down the road.

MR. BROWN: Absolutely. So I think one of the best indicators to look at is price, and I think looking at where we're starting with recreational cannabis, it's a simple -- it's simple supply and demand. We have a lot of demand and limited supply. And so, you know, it's really about getting new businesses licensed, giving opportunities to new entrepreneurs to serve consumers; and that's what we're focused on doing. The way we really bring down price is by licensing new businesses and increasing competition. You mentioned Colorado -- that's how Colorado did it, that's how other states have done it, and our focus is really on licensing new businesses. And under our equity framework, specifically, that prioritizes social equity businesses so that we can create opportunities for people in this market.

SENATOR SCUTARI: So let me be very direct here. Do you need more staff at this point in time?

MR. BROWN: So, look, we always need more staff, but we have a lot of positions in the works. We've grown from -- I think we had about 20 people transition from the Department of Health; we're now over 60. We have a number of temps, contractors that we've brought in to help out, so we're making progress there. The timelines are tight and so, you know, certainly there are stressors, but we're working our way through it; and our focus now is really on ensuring we have the compliance staff that we need, and that is going very well. In fact, our Deputy Executive Director is with me, she's been leading a lot of those efforts and they're doing well.

SENATOR SCUTARI: And I don't mean administrative staff, I mean like on-the-ground staff, inspectors, people who report back to you guys to say, "Hey, these factors have been met and we can do these things." And I know every administration wants to say that they have less and less staff for some reason, but you get to the point where you don't have enough staff to get the job done. That's why I asked the question. This is an industry that we expect to grow, and we can't expect you to do it with the 20 people you brought with from the Department of Health. Obviously, it should be a self-sustaining administrative force, but you need to have the people to do the work.

MR. BROWN: Absolutely, and that's why we anticipate that our budget included in the Governor's budget will grow to \$17 million in next fiscal year; I think we're just over \$8 in the current fiscal year. And so that growth in our budget is primarily driven by increased staff and salaries. And we're going to continue to staff up. Compliance, as I mentioned, is really our number one priority.

SENATOR SCUTARI: One last question. What's the status on product rollout -- meaning what the facilities can sell? Right now they're fairly limited under the rules that we've promulgated, but what's the status on when they're going to be able to sell additional -- right? When you go to Colorado, it's going to an amazing, what looks like an Apple Store. Not that ours don't look that way, but there's a lot of products to choose from, there's liquids, there's edibles, there's lozenges, there's drops. There's anything that you might be able to utilize that satisfies a lot of other individuals that might not be able to ingest it in other forms. Where are we on that?

MR. BROWN: So the forms we have available now are flower, oils -- those can be either vaporized or ingested. We do have ingestible products, so there are gummies, there are tinctures. The one product category we don't -- we just authorized concentrates, so those are essentially pure extracts from the plant, full spectrum, so they include turbinos, the things like -- the technical terms are *wax*, *shatter*, *butter*. That's what they're sold as in the stores.

So we authorize concentrates. I would say the one product category that hasn't been authorized yet are more the perishable food items, and that requires a different regulatory framework than what we have now, and that's something that we're working through and certainly don't have any philosophical issues with. When you're regulating perishable products like that, it's more akin to regulating a kitchen versus a lab like we have now, and I anticipate that will be added at some time in the future.

SENATOR SCUTARI: Well, that's my question. How soon? How soon do you think before New Jersey will be able to sell the full product line of marijuana-infused substances like they do in many of the other legal

states? That's really the question I get most -- is when will we be able to drink it or eat it? Because that's what people are interested in. Because there's a lot of people who cannot smoke it, or will not. And that goes for a lot of people in the medical community, quite frankly. I could speak to my own personal issues with that, in terms of there are people with significant health problems that just cannot smoke marijuana, but would like to try it in a different format, which might be edible or drinkable.

MR. BROWN: And again, we do have ingestible -- a full range of ingestible products available, including gummies, tinctures, lozenges, so that's there, there are ingestible avenues to purchase and consume. And we hope to expand those in the future.

SENATOR SCUTARI: When?

MR. BROWN: I don't have a specific time.

SENATOR SCUTARI: I'll call you on that.

Thanks, thank you. I appreciate it.

Thank you, Mr. Chairman.

SENATOR STACK: Thank you very much, Senate President.

Senator Bramnick.

SENATOR BRAMNICK: Thank you, Chairman.

First of all, you've given me a lot of material for my opening tonight at Bananas, so I appreciate it. (laughter)

I don't know what a tincture is, but I'll hold that question towards the end.

Are you receiving regular reports from either the Health Department or hospitals with respect to overdose situations?

MR. BROWN: I think it's important to clarify that you can't technically overdose from cannabis. What happens is, people take so much that they feel that they're -- they have a panic attack or something, and--

SENATOR BRAMNICK: Let's clear that up. I'm assuming that certain people go to the hospital as a result of consuming more than--

MR. BROWN: Correct--

SENATOR BRAMNICK: --an average amount. So I would call that overdosing. I mean -- I don't mean anyone is necessarily dying from it, but I'm assuming -- I'll change the term. Are you receiving or are you going to seek regular reports concerning people who had too much marijuana and ended up in the hospital?

MR. BROWN: Yes. We would term them *adverse events*, and we have a whole reporting system set up through the ATCs, through the dispensaries; so if somebody has an adverse event they can notify us, they can notify the dispensary. But we also-- And I can tell you, we're going to be getting data feeds from the Department of Health that give us that data on those adverse reactions, adverse events, that end up in the hospital.

SENATOR BRAMNICK: So the answer is yes.

MR. BROWN: Yes.

SENATOR BRAMNICK: Next question. Do you intend or do you have a system set up with respect to people driving under the influence, receiving any regular reports from law enforcement?

MR. BROWN: Yes. So, per the statute, we will have to issue reports to this body, to the Governor, on things like, I think, driving incidents. So yes, we will have that, we will coordinate with State partners to make sure that we have the right data in that regard.

SENATOR BRAMNICK: So the Commission will have information on both of those topics, correct?

MR. BROWN: Correct.

SENATOR BRAMNICK: And finally, with respect to your competitors, those who seem to be selling openly marijuana products -- what is your information from law enforcement concerning enforcement against those entities that aren't complying with your rules or regulations?

MR. BROWN: We don't have jurisdiction over what's termed marijuana in the statute, which would be the illegal form of cannabis under New Jersey law--

SENATOR BRAMNICK: I also understand -- I understand you're not a law enforcement entity. I'd like to know-- I assume, since these are your competitors -- and you mentioned before that you intend to take swift action against your licensed businesses that are not conforming with your rules and regulations. The question is very specific, it is, have you heard or have you discussed or do you intend to have a discussion with law enforcement as to those who are your -- I'll call your *competitors* -- who are acting outside of the law?

MR. BROWN: So I can tell you, and you may have seen it, the Division of Consumer Affairs issued cease and desist letters to a number of those businesses. I think as they get reported to us we continue to work with our State partners to get them to the right places. That's all we can do at the Commission, and that's what we continue to do.

SENATOR BRAMNICK: But it would be of a concern to you if those selling marijuana were not actually licensed by your entity, correct?

MR. BROWN: Absolutely. We want people to purchase safe, regulated cannabis. And the thing we can control and the thing that we do is we're focused on licensing new businesses so the legal regulated market can out-compete the unregulated market.

SENATOR BRAMNICK: And what was that term you used?

MR. BROWN: Adverse-- Oh, tinctures.

SENATOR BRAMNICK: What is that?

MR. BROWN: So it's essentially a fast-dissolving drop that you can put--

SENATOR BRAMNICK: Cough drop?

MR. BROWN: No, under your tongue. Generally they put it under the tongue.

SENATOR BRAMNICK: Thank you, I appreciate it.

MR. BROWN: Absolutely.

SENATOR STACK: Thank you very much, Senator Bramnick.

Jeff, I just have one question. You mentioned on the *adverse events*, as you termed it. When will those reports be issued? Will it be on a yearly basis?

MR. BROWN: I don't have a specific timeline, but I'll get back to you, Mr. Chair, on what that timeline is.

SENATOR STACK: Okay, that would be great.

Senator Singleton.

SENATOR SINGLETON: Thank you, Chairman. Good afternoon to you, to the panel.

Affordability has been something that the Senate President has talked about as a theme for us in the Legislature, especially this year, and my

colleagues on both sides of the aisle can voice that we look forward to trying to control some costs in the State of New Jersey. One area that has been talked about, in great detail, is affordability being a barrier to access, especially in the medical cannabis space; and in the recreational side, on the other side, for entrepreneurs with capital, and so on and so forth.

So just a level set, if I can, about a couple things. If you could be kind enough to share with me, what is the current price per gram, per eight, and per ounce in New Jersey recreational dispensaries? And then trying to corollate that to how does that compare to other legalized recreational states?

MR. BROWN: So the question is recreational prices specifically?

SENATOR SINGLETON: For the first part of my question. We'll have a secondary part, same question, about medical weed we have in the state.

MR. BROWN: Generally, we're seeing ranges of eighths between \$50 and \$65 in recreational. So -- and generally, it's now sold in eighths. That would translate to between \$15 to \$20 per gram, because an eighth of an ounce is 3.5 grams.

As far as how that relates to--

SENATOR SINGLETON: And the ounce price?

MR. BROWN: So the ounce would essentially be that times eight. There's not-- I think in some cases there may be volume-based discounts, but consumers at this point are purchasing, generally, like a quarter ounce, so two eighths. We see the average purchase about \$150, so two eighths. But essentially 8 times 60.

SENATOR SINGLETON: I got you. And then the question is, how does that pricing compare to other recreational markets? And then a similar question about the medical pricing per eighth, and then how does that compare to other medical markets.

MR. BROWN: So it's consistent with launches of other recreational markets, regionally, so I point to Massachusetts specifically. I think one of the issues we have--

SENATOR SINGLETON: And this is your answer to the recreational part?

MR. BROWN: Recreational, yes, and I'll get to medical.

One of the issues -- if you look at the west coast states, so like Colorado, Washington, California, in a lot of those places they can grow outdoor year-round. Outdoor is very -- it's a much cheaper way to grow, and that's -- we've authorized outdoor cultivation in our rules, because we do want to incentivize the use of outdoor in New Jersey. I've actually talked to growers who have said that South Jersey in particular has a very positive climate in the state for outdoor; and if you do a combination indoor and outdoor, you can get maybe four or five harvests in a place. So that can help drive prices down.

But in northeast states, we just don't see the prevalence of outdoor that we do see in some of the west coast states, and it is more expensive to grow indoor. That's not to say that the prices aren't high now. It's limited outlets and high demand, and until we start getting more businesses online -- which, again, is a multi-year project but we're working as fast as we can -- that's really going to impact price on the recreational side.

On the medicinal side, I am happy to report that we did make some progress, and when we set the social equity excise fee for recreational businesses, which is based on the per-ounce price, we used the most recently available data to us, which was Q4 of 2021, and the actual average price per ounce as paid by patients was \$329; which that translates to about \$41 and change per eighth. The list price in a lot of cases is higher, but there were a lot of discounts prevalent in the market. In the first quarter of 2021, that dropped to \$317 per ounce in the medicinal market. And we don't have data on this quarter, but we'll be looking at it very closely because we want to make sure that the prices for patients are not negatively impacted by the addition of recreational sales.

SENATOR SINGLETON: So to put those numbers in perspective -- and you probably forgot that was part of my question--

MR. BROWN: Yes, sorry--

SENATOR SINGLETON: --that's fine, because it was long. But to put that into perspective, can you compare that to other medicinal markets in our area?

MR. BROWN: Yes, our list prices are consistent with bordering states. I would say Pennsylvania, for one, generally you see eighths between \$45 -- I think they might have some starting at \$35, going up to \$60. New York just recently added flower, it's pretty consistent with what we see elsewhere. I think in Maryland, in particular, they've had a much more expansive medical program for quite some time, so you do see the premium flower still going for around \$60 per eighth, but they might have more options at the \$45 level. Most of the \$45 options that we see are what they call *small buds*, so they're buds that may come from lower on the plant. They do tend

to test consistent, or at least just slightly below buds that would come from the top of the plant.

But we still have work to do on price, there's no doubt. Even though when we're talking about \$317, that's \$317; that's a significant amount of money. And for the patient community in particular, we have a lot more work to do when it comes to price. And that's one of the big factors why we chose to -- and recommended to the Commission, and the Commission adopted, the increase in the number of awards in the 2019 RFA.

SENATOR SINGLETON: Well, obviously, price is of a great concern. And with other northeast states -- using your example about northeast being more costly but still having less pricing than in New Jersey, there's obviously still a lot more work that needs to be done.

A couple years ago, Jeff, when you were Assistant Commissioner to the Department of Health, in a news article you responded to a question in an e-mail and you said this, and I'll quote it: "Following the passage of Jake Honing's Law, which authorized nonprofit ATCs to convert to for-profit businesses, the Department of Health requested price reduction plans as part of the conversion application process. ATCs that converted to for-profit enacted these conversions throughout 2020. The data tells us that the prices went up from 2019 to 2020."

So my question -- I have two questions related to that. One, what would be the trajectory from 2019, to 2020, to 2021 when those pricing models-- And I'll juxtapose that to the answer you just gave about something else, which seemingly would be somewhat in conflict, potentially, with what you saw in 2019 going to 2020. So I'm hoping you can get me some color around that. And then specifically, in those price reduction plans, were there

specific amounts that were submitted by the ATCs that were converting, to say, “We’re going to reduce our pricing by a certain percentage that you all signed off on” when they submitted those plans?

MR. BROWN: So I think that article, if I’m not mistaken, it was from Sue Livio, I believe, and one of the things I said to her was that at the time, the data we had-- A lot of those transitions happened; the first ones happened in the summer of 2019 -- or, I’m sorry, not even the summer of 2019. Jake Honing’s Law was the summer of 2019, and then those transitions largely happened in 2020. They started in 2020, they were approved, I think, in the spring and summer of 2020. And so for the data we had, it wasn’t far enough passed those transitions to see if we actually had made an impact on price.

And so, looking at the data that I just shared, end of 2021, early 2022, prices have been coming down. Now, we’d like to see them come down more for sure, that’s why we continue to work to expand competition in the medicinal cannabis space. But when I was asked it was, indeed, too early to tell based on the data that we had. And now we have seen prices start to come down, we’ve seen the prevalence of more discounts. I can tell you, in those plans, it was a mix of really offering discounts, lowering prices for particular product lines.

We certainly held them accountable to it. I can tell you that there was one particular awardee; we noted what they said they would do in that price plan and how their price list was not consistent, and they conformed to it. That’s something we’ll continue to look at. The data is promising, particularly for the first quarter this year. We need to see and

make sure that recreational sales have not resulted in an increase on the medical side and cause us to lose that progress.

SENATOR SINGLETON: So just so I'm clear, the pricing went up from 2019 to 2020. It went down from 2020 to 2021.

MR. BROWN: Correct.

SENATOR SINGLETON: But is it still higher than it was in 2019?

MR. BROWN: No, it's lower than it was in 2019. And I think one of the issues in 2019 was that we were just seeing the 2019 from the 2018 RFA come online. And so we had expanded the patient population significantly, and we still only had limited stores. And so, towards the end of 2019, we saw the 2018 awardees come online, in many cases invest in large cultivation facilities. And once those came online, additionally the original six ATCs were able to convert to for-profit. Many of them chose to transfer their permits to other companies that came in and similarly built new large facilities to cultivate for the expanding patient population.

In 2019, 2020, a lot of that was going on, so we hadn't seen the results yet. I can tell you that the data is promising, but we have to be vigilant, we have to continue to lower prices for patients. There's no doubt about it.

SENATOR SINGLETON: So through the Chair, if you would be kind enough to send to the members what the price point was in 2019 and where it's at in 2021.

MR. BROWN: Absolutely.

SENATOR SINGLETON: And the reason why I say that is -- maybe it's just the people that I've talked to who are in this program -- so

many in this program are telling me that they are being priced out of the ability to access their medicine, because the pricing isn't doing what you're saying it's doing. And maybe it's the location of where they're going, or etcetera, but I would love to have a deeper understanding of that. Because anecdotally what I'm hearing is not consistent with what you just said. People are actually struggling to continue to pay for their medicinal cannabis as they go to these spots, because the pricing is moving; because there is a subset that are qualifying for discounts, but the overwhelming majority of people who are going through there are not qualifying for discounts.

So if you're leveraging that on the back of one consumer who can pay less, by having to increase the cost on someone else who is paying more, and you try and balance that out, we're not really helping the consumer *en masse*, we're helping a subset of consumers. And I think that needs to have a little bit more clarity, so if you could differentiate that I would appreciate that.

MR. BROWN: Happy to provide that data through the Chair. And I would just say, we are 100 percent in agreement that we need to continue to work on price and reduce price for medicinal cannabis patients. That's been a priority of mine since day one, continues to be a priority, and it's work that is ongoing.

SENATOR SINGLETON: And my last question, but it's two parts. Related to that, the tools at your disposal to actually reduce price, based on the statutory configuration that you have, is just for you to add more licenses? Do you have no other tools at your disposal to reduce price?

MR. BROWN: I would say that's the most effective tool. In the Jake Honing's Law--

SENATOR SINGLETON: Well actually, the most effective tool would be to set the price, and just lower it. But you don't have -- just let me finish -- that would be the most effective tool. But the tool that you have at your disposal within the statutory confines right now, the most effective one you have is to add more licensees, is that fair?

MR. BROWN: I think that is the most effective tool in ensuring we have a competitive market that serves our patients. And we have a long way to go on that in both markets.

SENATOR SINGLETON: And that goes back to the Senate President's point about how expeditiously you're growing, to add more licensees to that. So I just associate myself with his comments along the lines of actually speeding that process up. Because we, as we both acknowledge, we know the affordability issue and the challenge that it is.

My last thing that I wanted to ask you. There's been no secret about my support for allowing home grow in the state. I know some of my colleagues see that issue differently, and that's fine. I was wondering if you could give me any, since -- is there any data that you all have seen that shows home grow having a detrimental financial impact to the recreational market, the recreational cannabis market; or is there an impact in the criminal justice system by allowing home grow that you have reviewed, that you could share with the Committee?

MR. BROWN: No, and I'll say that it's--

SENATOR SINGLETON: I'm sorry, just to be precise: No, as in you haven't seen any data?

MR. BROWN: I haven't seen any data that does that, and if you've tuned into any of our Commission hearings, it is something that

advocates are passionate about. Certainly they talked to our Board, talked to us about their belief that home grow will help them. And so I know it's an issue; it's obviously outside of the purview of the CRC.

SENATOR SINGLETON: But someone who studied this a long time, obviously New Jersey is the only state with a legalized market that doesn't allow home grow. But in the interest of adding more supply and more people who could be engaged in this, would it be a logical sort of economic thought pattern to say that, if you were to allow home grow, that you could potentially have some downward pressure in the market as it relates to pricing? Or is that not something that is a linear leap?

MR. BROWN: I mean, I can't speak to that necessarily. I haven't seen any data on it. I can tell you, as far as what's in our control, one of the things that we're focused on is creating opportunities for smaller cultivators, so microbusinesses are included in the law, in our regulations. We ensured that they could essentially grow as many immature plants as necessary, obviously within 2,500 square feet, and sell immature plants to other cultivators. That's something we believe will foster innovation in the cultivation of cannabis here in New Jersey, and ultimately help with the price by creating a market for plants amongst cultivators.

So we have things that we can do in our purview now, on price, and we're certainly focused on doing them.

SENATOR SINGLETON: Okay. Thank you very much.

Thank you, Chairman.

SENATOR STACK: Thank you, Senator.

Senator Bucco.

SENATOR BUCCO: Thank you Chairman.

My questions are to the Executive Director. Any time we go down a road that hasn't been traveled, like we are here, for the first time, we do see examples from other states. But this is our first time implementing regulations and policies. There are always questions that come up in regards to interpretation; how the regulations are going to be enforced, especially from those groups that are being saddled with having to implement this process.

I think that's especially true for the business community, and I know that the business community has asked a number of questions on interpretation and enforcement issues. What is your policy, what is the CRC's policy on responding to those questions? Because my understanding is that many of them haven't been answered, or are slow to answer. And to the Senate President's point, is it a result of a lack of resources? Do you need more folks in order to start addressing the questions that are arising regarding implementation?

MR. BROWN: So are you asking the speed at which our compliance team responds to--

SENATOR BUCCO: I'm asking what the policy is, in terms of when folks send something in and they have questions on interpretation of regulations, on issues they're finding on the ground in implementing some of these policies and regulations. What's your policy in terms of getting answers back out to the communities? To various groups?

MR. BROWN: I'll address it a couple different ways. When we're talking about our licensing -- so businesses that are trying to come in through new licenses -- we've put a number of resources on our webpage. We have a dedicated e-mail address that several staff members are going through

and answering questions every single day. People can call with their questions, and they do, so we have folks who will answer their questions over the phone if they can, and if not, get back to them.

On the compliance side, once the facility is operational they have a field investigator assigned to them, and that field investigator is essentially their point of contact on a lot of issues. So Wesley, also, whether it's licensing or just promoting or explaining our rules, is out there on a daily basis talking to stakeholders, helping them understand. We have a council's office that is also engaged in answering questions.

For complaints, we have processes set up for medical and recreational, and any complaints that come in are investigated in mere days, sometimes mere hours, and acted on if we deem that there's a regulatory violation.

SENATOR BUCCO: I'm talking about, more or less, with businesses that have to implement these policies in terms of employees that may be suspected of, you know, cannabis use during the business day. It's my understanding that the workplace impairment recognition experts that are part of this enforcement process -- we haven't even certified them yet. So I think there's been a number of questions that have arisen regarding what do we do until the CRC catches up with the regulations.

MR. BROWN: So, in four months, we put out 261 pages of regulations. Those were our initial regs. We're engaged in the process of redoing those and adopting, eventually, a package of formal regs, which will go to our Board; which will be adopted.

When it comes to workplace issues, we've been meeting with stakeholders and we continue to do so, we continue to research the issues.

And I think the statute tasked us with talking with the Police Training Commission about DREs. They don't really oversee DREs, but we did talk to the Police Training Commission. We've been coordinating with New Jersey State Police, which does oversee DREs. That is ongoing work, and we understand that there is concern in the stakeholder community and we're working to address it.

SENATOR BUCCO: Do you have a timeline when the second part of that certification process with these experts will be completed?

MR. BROWN: I don't have a specific timeline. Our regs expire in August, so I can tell you that.

SENATOR BUCCO: It just seems to me that we've got-- That's a piece that I think has to be worked out. Because now that we have legalized the use of cannabis, and you have various industries, some of which -- law enforcement, the airline industry, there's a whole host of operating heavy machinery. We need to have a process in which employers can follow the regulations, and be able to run their businesses without the concern of making a mistake based on the regulations that they've been given to enforce.

MR. BROWN: I will note that in our initial regulations we did include one that notes that, essentially, before the Commission adopts those WIRE standards, the status quo continues and businesses can continue to drug test. Now, they have to be in compliance with our regulations and with the statute. And I know that--

SENATOR BUCCO: That's my question though. They can continue to drug test and continue their standard operating procedures. Then can they terminate someone who fails a drug test? I mean, the Attorney General has said no, essentially, in the law enforcement community.

All I'm saying to you is, this is a huge area that I think needs to be addressed, because you have a lot of people out there who are just waiting for the ability to get these folks in place, these experts in place, so that they can follow the regulations without the possibility of a suit.

MR. BROWN: So I think this is largely up to business attorneys to determine, but per the statute the option exists now. I think that our responsibility is to put together those WIRE standards, and that's something that we certainly are focused on doing. We're doing research on what that entails, it's a new concept in New Jersey statute, but know that the Commission is certainly working on it.

SENATOR BUCCO: If you could, through the Chair, provide us with a timeline when you expect that to be complete. I just think it's critical, and I think that should be one of the priorities of the CRC to get done, because it's a major piece of this legislation and regulations that people are just without an answer.

MR. BROWN: Happy to provide an update on where we stand on new regulations, through the Chair.

SENATOR BUCCO: Okay.

Have you had any conversations with law enforcement? One of the things that was concerning to many folks was underage enforcement, right? For the first time a police officer finds someone underage, they get a written warning. And then the next is a written warning with a write up, and then it progresses. But throughout the entire process there's really no punitive aspect for underage consumption. Have you had any feedback from law enforcement regarding the impact that people are concerned about -- that the younger folks will just ignore the fact that they shouldn't be using the

substance? Have you had any impact as to whether or not various communities are seeing the problems that people assumed would follow?

MR. BROWN: So, two points.

That issue is entirely outside the purview of the CRC. What we can focus on at the CRC is making sure anyone under the age of 21 cannot purchase legal cannabis products, and we are extremely strict on that. Every individual who enters a retailer to purchase recreational cannabis products, their ID is checked to verify they are over the age of 21. And if we are successful in doing what we intend to do in establishing access for legal sales, the data shows that we can actually see youth use of illegal marijuana decrease; we've seen that happen in other states.

So we are focused on expanding access to legal cannabis for those over the age of 21. The issue you raised is outside of our purview, so I can't comment on it.

SENATOR BUCCO: I understand it's outside your enforcement, but it seemed to me to be something that the CRC should be concerned about moving forward. And I think that goes to Senator Bramnick's point about statistics and the compiling of statistics based on the implementation of recreational use. So I would just suggest that maybe that's something that, you know-- An interaction between the two agencies might be something that should be considered.

Thank you.

SENATOR STACK: Thank you, Senator Bucco; and thank you for your questions.

I think, Jeff, that's why the Hearing is so important today. I think there needs to be some clarity as to what the purview is of the CRC

and what is not in your purview, because some of the same questions that Senator Bucco has, a lot of people have; and there needs to be some clarity there, such as law enforcement and heavy machinery. And I know that Senator Sarlo is going to follow up on that, I know that's his area he wants to follow up on. But I think there needs to be some of that, because even in my role in Union City, where I serve as the Mayor, there are a lot of questions about that.

And I know some of it is in your purview, some of it may not be in your purview. But I think some of that needs to be cleared up; and maybe even on a monthly basis, keeping this Committee up to date as to what new rules and regulations are coming out, getting us copies, so that at least we're up to date on what's happening. And if we want to have additional hearings on this, at least we have a lot more information on hand, which would be great.

MR. BROWN: Sure, and just to respond briefly to that, really our purview is over legal regulated cannabis and the production, manufacturing, sale of that, and then very -- I think development of the WIRE standards is also in the statute, but that's really the limit of it when it comes to employment. We're focused on this industry and regulation of legal cannabis. We certainly coordinate with State partners when we need to, but that is our statutory charge and focus.

SENATOR STACK: And if you could just keep us updated as rules and regulations are adopted, just getting the Committee the information would be very helpful.

MR. BROWN: Absolutely.

SENATOR STACK: At this point I'm going to turn it over to the ranking member on the Republican side, Senator Doherty.

Senator, thanks for your patience.

SENATOR DOHERTY: Thank you, Chairman Stack.

I just want to make a few comments. I have the utmost respect for you, and I appreciate how you've treated me; but I just wanted to say a few things on behalf of my constituents.

SENATOR STACK: Sure.

SENATOR DOHERTY: And I mean no disrespect to the panelists, they seem to be very serious and very prepared.

But I've got to say, it's sort of surreal, you know. I've been here for 20 years and I really see society sort of falling apart, and I think we need a more serious society. And there are so many issues that are confronting New Jersey and, like I said, it's surreal. We're talking about the price of an ounce of marijuana versus other states. We have-- My constituents, I don't know that this is a top issue for them. We're over almost an hour and a half into this Hearing, we have the first panel, it looks like we're going to spend five or six hours today talking about marijuana, when we have serious issues here in the State of New Jersey. Like, there's a real issue with baby formula being available for moms. Mental health problems in our schools for our students. I've been here for 20 years, we've never had a four or five hour hearing on property taxes, as far as I recall.

SENATOR SCUTARI: Actually, we have.

SENATOR DOHERTY: The average price is \$9,000. We have record gas prices. In my home county, home heating oil is \$5.75 a gallon. People are deciding whether to buy groceries or take a cold shower because

they can't afford home heating oil. Peoples' retirement accounts are being eviscerated.

I'll be honest: For me, the discussion is a little decadent. There's a lot bigger issues that we should be confronting and focusing on for five and six hours on May 12, 2022. And so I'm having a real problem with this. Maybe it's time for me to leave the Legislature and do something else, because my constituents -- I'm going to tell you, this is not on the top of their list, it's not on the top 100. They're worried about how they're going to feed their kids--

SENATOR SCUTARI: You know, a point of personal privilege here, Mr. Chairman. I think the topic is the order of the day, and to argue about whether or not we should even talk about this is off-base, off-topic.

And just to say, I know I spent an entire summer down here -- I don't know where everybody else was -- talking about property tax relief under the Corzine administration.

But regardless of that, we're here to talk about the topic of the day.

SENATOR STACK: Senator, if we could just stay on topic please.

SENATOR DOHERTY: Well, I've said it; this is sort of a decadent discussion and there are other issues that we really should be focusing on.

So thank you very much.

SENATOR STACK: Thank you, Senator.

Senator Sarlo.

SENATOR SARLO: Thank you, Chairman.

I spent every Tuesday and Thursday down here for the last eight weeks talking about budgetary issues, so since this is the topic of the day, I have one question. I know there's a panel of eight, and I just want to -- one question, and it's a follow up to support Senator Bucco.

When this legislation was being drafted, I was very outspoken on employer and employee protections in the same conversation. I was very concerned about it. And one of the compromises in the legislation that was put forward was that the CRC would be responsible to provide employers and employees the guidance and the regulations to ensure that both sides were protected. Is that correct? You agree with that that's part of the responsibility of CRC?

MR. BROWN: So I think our-- Under the statute, what's in our purview, what we're required to do and have been working on, is developing those WIRE standards through regulation.

SENATOR SARLO: Okay. So, and I want the Chairman -- Senator Bucco had made this clear. Okay, so if we're going to focus on the WIRE -- workplace impairment recognition expert -- where are we at with that? Are we going to get regulations in 30 days, 60 days, 90 days? Or is it an unknown because there's a lot of uncertainty out there? We want to make sure the employees and the employers are protected.

Do we have-- I know you said you'd get back to me on the timeframe, but shouldn't this have been a number one priority?

MR. BROWN: So, again, we got done as much as we could possibly get done in those initial regs. And that doesn't mean that there was work that needed to happen in addition to that. We've met with stakeholders on the WIRE concept, we've met with the stakeholders required by statute,

the Police Training Commission. We've talked to New Jersey State Police, who actually oversee the DREs. This is something that we're actively working on, it's not like we're sitting on our hands. And we continue to meet with employers and employer groups to hear their concerns.

So while I don't have a specific timeline on the new regs, that's not to say that there's not work happening. And, again, if the Chairman asks, we will certainly keep the Committee abreast of timelines and when things are up for adoption.

SENATOR SARLO: Final point. And I think what makes the Legislature so unique in New Jersey, and I think it makes for a good Legislature, is we're part-time legislators. We all come from different walks of life, we all have different experiences, and as much as we try to block out what we do in the real world when we get here, I think we all bring our practical experiences here. Whether we're a dad, a father, whether we're an attorney, a doctor, whether you're an engineer, such as I am.

So if I asked you to write me a memo today-- I have 500 employees who work in regulated industries, who drive heavy construction vehicles, who work on streets in Union City, in tight areas on gas mains, who drive, who have CDLs, who run projects that are federally funded. What memo would you prepare for the 500 employees who work for me -- my company -- what would you tell them on what they can and what they can't do to protect them and protect the employer? Because we are struggling in the industry, as a whole, on what to tell them.

MR. BROWN: I mean, I can't speak to a hypothetical, giving advice to a particular employer or employee. Again, our focus when it comes to this--

SENATOR SARLO: Well, who in government can?

MR. BROWN: Our focus at the CRC, when it comes to this particular issue, is doing what we need to do to research, to hear from stakeholders on those WIRE standards. It is certainly something we have to do on this statute, and something that we're looking at and continuing to work at.

SENATOR SARLO: The CRC is not able to give us that guidance at this time, is that correct?

MR. BROWN: I'm telling you what we're focused on, which is updating our regs, adopting our formal regs, and we will continue to keep the Committee informed of when those timelines--

SENATOR SARLO: If you read through the statute, I think the CRC does -- should be providing that guidance. That's just my personal opinion.

MR. BROWN: That's not to say that we won't work with employers to look at what guidance we can issue.

SENATOR SARLO: Let's get it done, let's get it done. Let's get that guidance out, please.

MR. BROWN: Thank you, Senator.

SENATOR STACK: Thank you, Senator.

SENATOR SARLO: Thank you, Chairman.

SENATOR STACK: Senator Corrado.

SENATOR CORRADO: Thank you, Chairman.

And I echo the sentiments of my colleagues. You can see our frustration; we feel like these questions maybe should have been answered before we authorized sales. And we do get asked from businesses everyday,

we hear from our constituents. And it's not just businesses, it's local government, it's school districts, and we don't have answers for them. So there's no new normal, or no standard operating procedure to move forward in this new normal that we're in.

As of April 21, when recreational sales went live, how many dispensaries or locations in the State of New Jersey could you actually go buy recreational marijuana?

MR. BROWN: Twelve.

SENATOR CORRADO: Twelve. And that number stayed the same in the past three weeks?

MR. BROWN: Correct. I think there's one more that will open up under the approvals already issued by the Commission. I don't know that we have an opening date on that yet, but yes, we would be up to 13. And then there are additional applications under review by the Commission, as well as certifications for more expanded ATCs.

SENATOR CORRADO: And when you testified about the ATCs, one of the things that you said was that, prior to the sale, ATCs put in place -- or you ensured that they put in place proper safeguards to ensure that patients could continue access to their medicine. We have done that, and now we are holding ATCs accountable when they don't live up to the patient access standards required of them.

So this is something you're monitoring, I would assume, on the regular?

MR. BROWN: Correct. They have to submit weekly reports to us on supply and patient access. And then, as I mentioned before, we have a

specific staff member who is fielding complaints from patients when it comes to accessing those, now, both medical and recreational dispensaries.

SENATOR CORRADO: So have you received complaints?

MR. BROWN: We have, yes. And in those cases we address them directly with the alternative treatment centers, make sure they're rectified quickly, and generally they have been.

SENATOR CORRADO: And if they're not, there's a continuing violation and action would be taken?

MR. BROWN: Then they can be fined.

SENATOR CORRADO: What would the fine be?

MR. BROWN: \$10,000 a day; up to \$10,000 a day.

SENATOR CORRADO: And then just one last question. Of the 102 conditional licenses that were issued so far, on the chart that was provided, I note that 37 percent are either blank or not listed when you talk about the majority owner race or ethnicity. So that's almost a third of the 102 licenses that have been issued so far.

So what are you going to do to address that gap in the information?

MR. BROWN: Our licensing system, they can opt to not disclose, and so we do have some individuals who are doing that, some persons of interest. We continue to monitor our data collection methods to make sure that we're getting the data that we need, certainly working with our vendor on the licensing system going forward. Reporting out on demographic data of this new industry is critical to us; and we actually put into place an update to an old registry system under which medicinal

employees have to be carded and approved, to make sure we're collecting this data there as well.

SENATOR CORRADO: Thank you.

SENATOR STACK: Thank you, Senator Corrado.

Senator Madden.

SENATOR MADDEN: Thank you, Chairman.

Good morning, Director.

MR. BROWN: Good morning.

SENATOR MADDEN: So, if I can just jump back into the impairment recognition experts. What is the responsibility of the CRC regarding that particular--

MR. BROWN: It's to, by regulation, establish the standards by which they are certified.

SENATOR MADDEN: So if you're dealing with-- You said the State Police are overseeing the DRE.

MR. BROWN: Correct.

SENATOR MADDEN: So you consulted them.

MR. BROWN: Correct.

SENATOR MADDEN: Why would you not just match what they have?

MR. BROWN: So I think an important thing to note is that the DRE training is specific for law enforcement, so it's not accessible to civilians.

This is something we continue to look at. The WIRE concept was new in New Jersey statute. I think New Jersey was the first state to develop this concept, and we're moving expeditiously to look at it, meet with stakeholders, and try to figure out a way forward on it. It's not that work

isn't happening, it's just that we don't have those regulations done yet. And we continue to meet with the business community to see if there are opportunities to maybe issue some guidance in advance. We have attorneys on staff who are looking at this issue; we know it's a concern for some, and it's certainly something we're working on.

SENATOR SCUTARI: If I could just chime in -- and tell me if I'm wrong -- but the WIRE certification versus the DRE certification may be different because we're dealing with different standards. Beyond a reasonable doubt when you're dealing with the police, versus beyond a preponderance of evidence when we're dealing with employment issues.

So the science doesn't necessarily have to be as strong.

SENATOR MADDEN: No, but a person would think about, if he followed the standard of the DRE it's much more stringent.

SENATOR SCUTARI: That's also being challenged.

SENATOR MADDEN: It's much safer, even, for them to say it's different. There's already a mechanism in place to put something out there to businesses and people. The terms, "I'm working on expeditiously, we're having meetings" -- come on. We're used to hearing those terms in our travels in the Legislature. Quite honestly, sir, it just means it's ongoing. I don't know what expeditiously means -- that's the first time you described that. Usually you've just been saying they've been working on it.

You hear consistently-- This is a problem we have in our districts, and it's the concern about the businesses: "What am I going to do, what happens? I have somebody in here, I'm in a high-risk situation, what do I do? How do I test? How am I protected?" These are real issues, and my concern is, maybe the focus has been overwhelmed in the regulations and

the startups, and the pressure you might be getting and things of that nature, but at the same time, there's a critical component there that, from a practical sense, the business world, the employers, and the employees need. I don't know how many meetings you have to have or how many interviews of businesses you have to have; I can't imagine businesses telling you much other than the same thing, "I need direction."

So I would only ask you that the word *expeditious* come across in capital letters, and you get this thing done like ASAP and get something out to us, so we can start providing the people with some direction. It is extremely, extremely critical. If you leave here with any piece of that, please wrap your arms around it and invest-- How many people are actually working on it? Your lawyer, instead of working on it, I'm sure he's got -- you said he had 261 pages of regulations that have been put out in four months. And at the same time they're having this meeting. This is the most -- from my perspective, in terms of providing guidance to the global people, this is an extremely critical piece of this that needs to be done very timely.

I'd ask you to really step it up and get it done.

MR. BROWN: Thank you for the comment, Senator.

SENATOR MADDEN: If I can just talk about the practicality of one of the stores, I'll call it. How are they supplied? Where does their product come from?

MR. BROWN: So they grow and manufacture the product, and it is either -- they are vertically integrated, the ones that are approved now, so they either transfer it from their cultivation manufacturing facility to the retail site, or they purchase from one of the other licensed entities in an already packaged form and then essentially sell it at their retail site.

SENATOR MADDEN: Are the growers mostly indoor?

MR. BROWN: They're all indoor.

SENATOR MADDEN: They're all indoor? Are they required to be?

MR. BROWN: No. We do allow for outdoor cultivation.

SENATOR MADDEN: I thought in your testimony you mentioned 2,500 square feet.

MR. BROWN: I mentioned microbusinesses are limited to 2,500 square feet.

SENATOR MADDEN: So what control does the CRC have over the product, the quality of the product, that is being provided to the stores? If I'm growing and I'm developing my own products, what control does the CRC have over me -- like the content, the strength, the THC levels, things of this nature? Are there any controls?

MR. BROWN: So every product has to be third-party tested. It has to be tested for potency, the potency has to be listed on the label in clear terms; so products are marked either high THC/low CBD, medium THC/medium CBD, or low THC/high CBD. The actual potency of cannabinoids is on the labels. They have to pass tests for heavy metals, for microbials, for yeast and mold, and we list the terpenes concentrations, which terpenes are present -- those are essentially scent and flavor molecules.

That's all from testing. We do not, essentially, cap potency. We have concentrates and other products that can be potent. Flower, you know, is generally under 30 percent potency. But third-party testing really ensures that this product-- And every batch is tested before it goes to market, so that's really one of the prime safety mechanisms on the product side.

SENATOR MADDEN: The third-party testers?

MR. BROWN: Third-party testing, yes.

SENATOR MADDEN: It's certified by the CRC?

MR. BROWN: They are, correct. So we are currently operating under interim standards that were adopted last June, and then we are in the process of licensing laboratories under personal use cannabis. They all have to be what's called *ISO 17025 Certified*. Essentially that's an independent accreditation body that goes in and makes sure lab methods are appropriately tested and appropriately accurate. And that's a stakeholder group that we like to work closely with to ensure that we're keeping up on the science.

SENATOR MADDEN: Does your Field Investigator get referenced if you (indiscernible)? Is the Field Investigator -- is that the person, the individual, that is responsible for carrying out inspections in the field also?

MR. BROWN: They inspect the facilities, that's correct.

SENATOR MADDEN: Do they test these products in the field themselves, just to validate what's on the label?

MR. BROWN: So the third-party labs, they go out and they sample in accordance with a sampling protocol. Essentially they'll take various material from different parts of the plant, different parts of the batch, and then take it back to the third-party lab where it will be tested in accordance to those interim standards. In the past, our Field Monitors had done the sampling because it was -- the testing was done at the State's Public Health and Environmental Laboratories. Some of the testing is still done there and we do, in medical, still have the capability to do QC testing. That's something we collaborate with them on.

But we have pretty strict standards for third-party labs in our rules. We do require that alternative treatment centers stick with one lab. And the reason for doing that is to prevent lab shopping, which we've seen happen in other states, where essentially companies will bounce around from lab to lab looking for favorable results. And so we have protections in our regulations to hopefully stop that, and we continue to collaborate with other states that have implemented third-party testing and understand what has happened there and what we should adopt here.

SENATOR MADDEN: Okay, thank you.

How many total facilities are selling this?

MR. BROWN: Recreational?

SENATOR MADDEN: Yes, sir.

MR. BROWN: So there are 12 retailers that are operational now, 7 cultivation sites, and I believe also 7 manufacturers.

SENATOR MADDEN: One hundred and two conditional licenses. Are they selling?

MR. BROWN: Not yet. So a conditional license just enables them to move forward in the licensing process. Once they convert to an annual license, that's what will give them the authority to begin the operations.

SENATOR MADDEN: Is there an expectation how many facilities there will be in the future? Is there a cap on it?

MR. BROWN: The Commission has not implemented a statewide cap. Municipalities have the authority to do that, and in many cases have, so we do see municipalities limiting the number of retailers or cultivators or manufacturers. We want to see this market develop in

accordance with the demand, and so the Commission has not instituted a statewide cap on facilities at this time.

SENATOR MADDEN: From a field investigator sense, how many do you have? How many personnel do you have?

MR. BROWN: I'll get back, through the Chair, on our current numbers, just because it's something we're adding every day. But we continue to staff up, and that area in particular is our top focus.

SENATOR MADDEN: So you have no idea?

MR. BROWN: No, I don't--

SENATOR MADDEN: I don't need the exact numbers, but do you have 10, do you have 50, do you have 1?

MR. BROWN: I will say we probably have about 20 staff members now in our Office of Compliance, specifically. But again, I'll get back to the Chair with specific numbers there.

SENATOR MADDEN: Could you also let the Chair know what you believe -- if I may, Chairman -- what would be the appropriate ratio of facilities to field investigators? Caseload, sometimes -- maybe sometimes a lawyer will hear of a case. What do you think? What does the CRC see as the appropriate ratio?

MR. BROWN: So I'm happy to provide some information, to the extent we can, through the Chair. I want to note that our field investigators are exceptional at being at these facilities, so when we approved the alternative treatment centers for expansion, in the recommendation memo to the Board we noted that our field investigators had been onsite at the seven entities that were approved 48 times in the previous six months.

That's -- when we talk to other states, that's a lot more frequent. Certainly as the market grows, that will change.

The other thing is, we are in the process of implementing METRIC, which is a statewide inventory tracking system that will enable us to have real-time centralized data on inventory. We have access to all the inventory management systems now, so we have real-time access, but this will centralize it and enable us to run reports on sales. It will automatically flag product that fails testing, it will automatically flag other compliance issues for our team.

We're also putting in place the systems that they need to be most effective in their jobs.

SENATOR MADDEN: Thank you. There is the seven, with the number of facilities you have -- it's great. But as I sit here, I'm trying to figure out what condition the whole operation is going to be in when there's two or three or four hundred facilities statewide. Do you see what I'm saying?

I see what goes on in the liquor industry, and quite honestly it's substandard. And I just want to make sure that if we can, we can get a true ratio, and if there needs financial backing, this is-- The commitment on regulation stays as strong five years down the road as it is, as it appears to be today.

So here's the next question. When you were testifying, one of your statements said that you had use of drug warrants. Do you remember talking about the use of drugs when people come in to buy the product -- there's warning there about that?

MR. BROWN: There's warnings on the labels, and there's also -- we've put out safe use guidelines, which we've included in the guidance to the industry, that they disseminate to consumers.

But there are warning labels. Some of them are prescribed in statute, some of them we added through regulation. There's a label that goes on every package. We also adopted the universal symbol that very clearly says "Not for kids," has a stop sign, as well as a caution symbol with a cannabis leaf that was prescribed by a universal standards organization as the universal symbol for cannabis. It's been adopted in other states as well.

SENATOR MADDEN: Does the warning label tell people where to call or how to contact someone if they need help?

MR. BROWN: It does. So it has the Poison Control Center number. We communicate and collaborate with the Poison Control Center. We, again, also set up mechanisms internally to get complaints, whether through e-mail or phone, and that's something we have staff dedicated to.

SENATOR MADDEN: Not so much the Poison Control Center; someone who thinks that they need help themselves. Not that they have overdose issues, but maybe to (indiscernible). There's that question. And then what comes to mind, quite frankly, from -- we serve on the Health Committee. But if they had insurance I imagine they're much better off than if they were uninsured. And if they were uninsured, do you have different directions in the warning labels for people to contact?

MR. BROWN: I'm not sure I understand the question.

SENATOR MADDEN: Some people have medical insurance and some people do not, they self-pay.

MR. BROWN: No, I get that, but I don't -- I'm not connecting it to the warning label.

SENATOR MADDEN: You have a warning label. Your simple warning label is sending them to the Poison Control Center.

MR. BROWN: Yes.

SENATOR MADDEN: That's it.

MR. BROWN: Yes, it is. And that's prescribed, actually, by the statute; that's prescribed in law that we have to have the number for that. It also has the information for the facility that dispensed it. Again, we have regulations that they have to have protocols for adverse-event reporting through them.

SENATOR MADDEN: Part of the purpose of a hearing such as this is giving us a chance to sit and really get into the weeds, so to speak, with some of the practices or what has passed in law, now that it's being implemented. It allows a legislative body to assess if it needs to go make and amend or make tweaks to what we have already in law. That's why I'm asking you some of these questions. They may not make sense to you, but the good thing is they make some sense to me, because I know what questions I'm trying to get answers to.

MR. BROWN: Absolutely.

SENATOR MADDEN: So I would ask you -- if I may -- when Senator Bramnick asked you about driving, and influences; and you had made mention that we will have the information. He asked you about how you're going to know, are you going to get reports on this. You made it -- your statement voiced that you don't have the information.

I'm trying to figure this one out, because-- How are you going to know the number of people -- who has told you they're going to be able to provide you the number of people driving or operating vehicles who have been smoking marijuana?

MR. BROWN: There are specific statistics prescribed in the statute that we will need to report on. Some of those are related to I think criminal justice issues, some are related to driving.

We will be developing these reports, and in a lot of cases will have to work with State partners to develop them, because there's a lot of stuff that's not reported to the CRC. It might be reported to law enforcement, to others. And so I think that would be one of the instances where there are certain data points that the statute prescribes to us to report out to the Legislature and the Governor; and we'll have to work with State partners in order to get data in those circumstances.

And I can tell you, we've already had discussions with the Department of Health on adverse events related to cannabis, and we'll have that data feed set up so that we have access to that.

SENATOR MADDEN: So I'll give you a break. I'm going to shift over to your Director here, Mr. McWhite.

So Director, real quick, your stats that you were quoting. You had broken down some numbers of percentages required of minority- and women-owned businesses. There's one topic that I didn't hear anything from you on, and that was veterans. Could you talk about the statistics regarding veterans in your file?

MR. McWHITE: I can give that to you on specifics to veterans, but what I can tell you is that we're constantly having conversations with

disabled veterans and veterans groups on not just applying for licenses, but also being a part of the workforce as well.

SENATOR MADDEN: Do you know if any veterans or disabled veterans have applied for a license?

MR. McWHITE: Yes, I've been in several conversations with different disabled veterans who are actively pursuing applications as we speak.

SENATOR MADDEN: So there's 12 facilities, are any of those owned by a veteran?

MR. McWHITE: I am not sure.

SENATOR MADDEN: Out of the 12? You don't know?

Okay; all right, how many are female?

MR. McWHITE: Out of the 12?

SENATOR MADDEN: Yes, sir.

MR. BROWN: So we can get back, through the Chair, on the statistics, the certification status of the current 12.

SENATOR MADDEN: My last question is, do you have a breakdown by region? North, Central, South Jersey? Where are the 12 at?

MR. BROWN: We're talking about -- just a clarifying question, because there are 12 ATCs in the medical market, 7 of which have transitioned -- the 12 dispensaries.

So do you want the 7 in recreational, or the full 12 in medical?

SENATOR MADDEN: The seven recreational.

MR. BROWN: So in the north it is -- and we can get back through the Chair, I think that's the best thing to do -- but north is TerrAscend and Apothecarium, that's their two brands; and GTI -- RISE,

Ascend Wellness. In the central region it's Verano, and in the south region it's Curaleaf, Acreage CCF, and ColumbiaCare.

SENATOR MADDEN: So is there four in the north, is that what you said? There's four in the south--

MR. BROWN: There's three in the north, three in the south, and one in central right now. So that's seven.

SENATOR MADDEN: Okay, thank you.

I'll just close and just double back with the impairment recognition expert. It's extremely needed. If you could put that on a top priority, so to speak, I'd appreciate it.

MR. BROWN: Thank you.

SENATOR MADDEN: My best to you, and good luck in the future with the challenges in front of both you and the people under your command.

MR. BROWN: Thank you, Senator.

SENATOR MADDEN: Thank you for your time.

Director McWhite, thank you for your time. I look forward to getting to know you better.

MR. McWHITE: Yes, sir.

SENATOR STACK: Thank you, Senator.

Senator Pou.

SENATOR POU: Thank you, Mr. Chairman. And thank you so very much Director Brown and Director McWhite, for being here today and responding to all these questions.

I'm going to try to do this fast; I know I need to be in one of the other committees, and then I'll be coming back for the balance of our Hearing.

But Director, let me just make mention-- I know that there's been a lot of conversation by various members of this Committee with regards to the WIRE requirements. And just taking a look really quickly, in terms of the statute of this particular discussion that we're having, it clearly points out that the responsibility of the CRC is to have consultation with the Police Training Commission, and that shall prescribe standards and the regulations for the workplace impairment recognition experts certification.

And I bring that up because there's been -- there's a lot of questions with regards to the implementation, the regulations: when that will be; what are the requirements of our private industry, all of the employers all throughout the state; what are -- how are they to be able to perform and be able to carry out, to ensure that they are in fact in compliance? A lot of what, in some of your testimony, you made reference to -- one of the priorities was making sure that you were securing a safe environment and that they were in fact in compliance with all of these various regulations.

So that being an important part of the regulation, I think we're all perplexed that, as of now, a lot of that information is still not made available and is yet to be put in place. And I think what you're hearing from the members of this Committee is that, while we understand and recognize how you've provided this in record speed, in terms of the various different areas that have already been implemented and the number of applications -- you made reference to the fact that they are close to 908, I believe, applications or so that have been put forward or folks that have applied, of

which half of that has already through the process, even if it's on a conditional basis or what have you. However, the fact that we are still not clearly ensured or clearly know what those requirements will be for the employers, that becomes a major concern to all of us.

So I think we're kind of, like, beating the drum here in saying that needs to get done sooner than not, and that's an important thing. Because just like we want you to do your job and do it well, we want our employers to be able to ensure the safety of both their employees, as well as their particular place of work. and our legislation, that clearly we're all in support of, obviously, in many different ways -- we want this to work for New Jersey; but we also want to make sure that we're doing our job in ensuring that you're able to follow through with all of the requirements that this legislation calls for.

I want to jump real quickly-- And forgive me that I'm talking fast, but I'm doing that for reasons I've just said in my opening statement. I want to go back to some of the statements or questions that were asked earlier. You talked about how, right now, there's 102 applications that have been approved, is that right? Okay, and then there was a breakdown in terms of their racial, and diversity or ethnic background. There was also the question with regards to the breakdown of that information.

Director McWhite -- McKnight, I'm sorry, I said McWhite -- McKnight, let me just say that I'm really concerned about the response to -- or the fact that, in that case, they left that blank. Please tell me where in the statute does it allow them or permit them to not respond to that question? That's question number one. Question number two, if that is not required in the statute, is that not part of-- Pardon me, let me rephrase the question.

Share with me where in the statute does it allow them to bypass that information, or in your regulations where it allows that to be bypassed; and therefore, how can you be reporting that you're meeting these particular diversity and racial breakdowns if, in fact, you're not able to obtain complete information? I think that would skew any of the statistics that we received.

MR. BROWN: I'll go first.

We're presenting the full range of data that we have. The things required by statute are essentially minority-owned, women-owned, disabled veteran-owned certifications -- whether or not a business is conditional or standard license, whether it's a microbusiness or not. And one of the things that we built into the licensing platform was making sure that we were collecting as much demographic information as we could so that we can report this out.

That was a priority of the CRC, it continues to be a priority. We only started accepting applications in December, so if we need to go back to that system and make changes, we will. If we're not getting the data we need, we do have sufficient data to confirm what Director McWhite said. We know that there's 37 percent of those 102 self-certified as being Black or African American owned, and that's what's in the application.

So if we're not getting a cohort who is presenting that, then that's something we'll look at in our system going forward. And as I said, we already updated our old registry where we collect data on employees in the medical industry, to make sure that we're getting data on race and ethnicity so that we can report out on that.

I anticipate, as far as our data collection and reporting capabilities, that they'll be fully implemented by the end of this year, and

we'll be able to present comprehensive data on both sides of the industry as it exists.

SENATOR POU: Thank you, first of all, for your response.

Let me just say it should come as no surprise to you or anyone here that I would ask that question. And I'm only asking that in light of the information that was shared. I think, just as you've indicated that it's a priority for you -- it should be -- it is absolutely a priority for me; and obviously by some of the questions from both sides of the aisle, it's a priority to everyone. So clearly, I think if it's not in the statute and it does allow for that information to be bypassed and not responded to, it should be part of your regulation that it ought to be required, in order to ensure that they are in compliance with the intent of the legislation. And that was for both the social equity and the racial breakdown of who from our state is really being given the opportunity to get into a business that is clearly, right now, in a place of one that is important to our State; but also should be important to you as part of the CRC.

So I would absolutely want to see that, if you could please, through the Chair, of course -- Mr. Chairman, if we could just get an up-to-date position, because I know that you said this is something that you've looked at. And if we could get an up-to-date position on how you're going to be looking at this carefully and move forward in the future -- in the immediate future -- I'm addressing that.

Mr. McWhite, I want to stand corrected. It is McWhite, not McKnight. I just want to make sure I say that correctly.

Finally, I would want to thank you for the opportunity of having had a conversation with you and some of the key members of your staff, as

well as some of the members of the Commission. I was on the phone the other day and we had a very interesting conversation with some of this information. Some, today, I've learned -- I've learned some of it distantly, but some of the other stuff you shared with me.

One of the questions that I have for you, I know that the two of you who are in front of us are here. Who else from your office is present right now in the audience with you? If you could just further identify, because I think you made reference to your Deputy Director.

MR. BROWN: Yes, correct.

SENATOR POU: So could you just share with us real quickly who from the CRC is here?

MR. BROWN: Absolutely. So Deputy Executive Director Kelly Anderson Thomas.

SENATOR POU: Okay, thank you.

MR. BROWN: Chief of Staff Justin Rodriguez, Chief Counsel Chris Riggs, Communications Director Toni-Anne Blake, and Director of Government Affairs Jesus Alvarez.

SENATOR POU: Thank you.

So we don't have any of the members from the CRC Commission?

MR. BROWN: The Commission -- no, there are no commissioners present right now.

SENATOR POU: Okay.

Thank you so very much.

Thank you, Mr. Chairman. That concludes my questions.

Thank you.

SENATOR STACK: Thank you, Senator Pou.

Do any other members have any additional questions at this time, before we release this panel? (no response)

Thank you both, gentleman, thank you very much for your testimony. I appreciate it very much.

Just please make sure you follow up with all of that information that the Committee has requested. I appreciate that.

Thank you.

JEFF BROWN: Thank you, Chairman; thank you, members of the Committee.

SENATOR STACK: The next panel: Ken Wolski, Executive Director, the Coalition of Medical Marijuana - New Jersey, Inc.; and Leo Bridgewater, National Director of Veteran Outreach, Minorities for Medical Marijuana.

Could you please step forward and remain standing for admission (*sic*) of the oath.

David, if you could take care of that.

MR. LORETTE: Good afternoon, gentleman. Raise your right hand please. Thank you.

Do you swear or affirm that the testimony you are about to give here today is true, correct, complete to the best of your knowledge, information, and belief?

K E N W O L S K I: I do.

L E O B R I D G E W A T E R: I do.

MR. LORETTE: Thank you.

SENATOR STACK: Thank you very much.

Good afternoon for both of you being here, I appreciate it very much.

You can begin. Ken, if you want to begin first; and Leo, if you could just turn off your mic that would be great. Thank you; thank you very much.

MR. WOLSKI: Thank you, Chairman Stack, and Vice-Chair Pou, and Senator Scutari for this opportunity to address the Senate Judiciary Committee on the implementation of recreational marijuana in New Jersey.

I am the Executive Director of The Coalition for Medical Marijuana - New Jersey. We're a 501C3 nonprofit educational organization and public charity. We were founded in 2003 here in the State of New Jersey.

I would like to congratulate the Cannabis Regulatory Commission on the mission that they've taken on to create this new industry with social justice at its core, and dedicated to rebuilding individuals and communities that have been devastated by the war on drugs, while managing the medicinal cannabis program. I've worked in government for 25 years and I'm aware of some of the challenges that the CRC faces.

I know many people are anxious to have a complete rollout of this program, and additional measures can be taken to complement the legal sales of cannabis. But I want to mention that the CRC has brought about the legal sales after just about a year since Governor Murphy signed the CREAMM Act, and that really is working at the speed of light in State government time, as far as I can tell. In the medical marijuana law that was passed in 2010, was signed into law by Governor Corzine in January of 2010, medical marijuana wasn't available until December of 2012, nearly three full years.

So I've been an advocate for cannabis reform for over 50 years, and I know that these things take time, and I'm just glad that I lived to see legal sales in New Jersey in my lifetime. Since they started, the CMMNJ Board has been meeting with the Cannabis Trade Association, which is an umbrella organization for the ATCs in New Jersey, to identify and to remediate any kind of problems that medical patients have run into since the start of adult sales. Our friends at CMMNJ Facebook page have over 3,000 members and acts as a sort of patient support group, so we keep on top of any kind of problems that come up immediately. We're very happy to report that there were only minor issues that came up. In fact, with some of the measures that the CRC took, we believe that patient access has actually improved since adult use sales began. They started online ordering and curbside pickup, they started home delivery, they started dedicated points of service for patients, and the (indiscernible) fines for the alternative treatment centers that do not comply with meeting patient needs first.

Some of the minor issues that were brought up were: Some of the patients complained about ATCs raising prices. We weren't able to confirm that this was inappropriate price raises, because they are allowed to raise prices once a month but we don't have a price list, really, to compare that to. Specific strains of cannabis were not always available for the patient needs, but this has been an ongoing issue ever since the medicinal marijuana program really opened. And there were some issues with home delivery; home delivery was supposed to be allowed in 2019 when Governor Murphy signed Jake Honing's Law, but it just started its rollout on April 21 with the adult use sales.

And so apparently some of these companies that do the home delivery, the ATCs, they only go to certain zip codes in the state. So they may want to revisit some of the applications from other companies that provided home delivery throughout the state. But we do plan to continue to monitor the patient issues with the Cannabis Trade Association.

And I certainly agree with Senator Scutari that oversight hearings are needed to assure that affordability and availability for medical consumers, who rely on cannabis for healthcare, is a crucial thing. Two of the most important measures to do this are insurance coverage for medical cannabis, and home cultivation for registered patients in the medical cannabis program. But these measures, of course, have nothing to do with the CRC, they are instead measures that are applicable for the legislators and for the Governor.

Insurance coverage will bring the influence and have a profound effect on the state. It will increase the number of patients who can use this therapeutic modality, it will lower healthcare costs, and it will produce a healthier New Jersey. Cannabis stabilizes multiple conditions in individuals, and greater access to cannabis will result in fewer emergency room visits, fewer hospitalizations, and fewer surgical procedures.

A study in February 2020 showed a 6.7 percent decline in workers compensation claim activity in states that have approved medical cannabis. Fears of Federal government involvement are unfounded; Congress has forbidden the Department of Justice to interfere with state medical marijuana laws. And I was pleased to see that S313 passed unanimously out of the Senate Health Committee in March and was referred to the Senate Appropriations Committee, and hopefully this Bill will soon be signed into law.

Home cultivation is needed for three reasons: The cost of medical marijuana exceeds half the income of 50 percent of disability patients, a consistent supply of specific strains is crucial for patient health, and home cultivation empowers patients to take charge of their own medical conditions. They don't have to rely on the pharmaceutical industry and the health insurance industry; it puts the patients at the center of the healthcare equation. And with home cultivation limits of 6 plants per patient, and 12 per household, there's no real room for diversion nor having a significant effect on the legal market.

Of the 18 states and Washington D.C. that have legalized marijuana, New Jersey is the only one that still prohibits its medical cannabis patients from growing cannabis at home. This must change. And we have sample regulations to assist in this, with the additional -- with the CRC. Additional measures the CRC can take, and should do, is to fully implement the Jake Honing Law that went into effect immediately in July of 2019. This law called for educational programs on the endocannabinoid system and dosing, and administration guidelines for healthcare providers. These are crucial to ensure the safety and education of the physicians and advance practice nurses and physician's assistants in the state, and will make medical providers more likely to use medical cannabis as part of a therapeutic regimen; and it will contribute to patients' health.

Marijuana is mainstream medicine. The medical cannabis program is expanding rapidly and more patients are -- more people are using it, and they're finding some of the health benefits of cannabis. I believe that the education on the endocannabinoid system should be a requirement for providers in the State of New Jersey as a condition for continued licensure in

the State. I mean, here is a newly discovered system in the human body that interacts with all the other systems in the human body, and its purpose is to achieve homeostasis in the body; and it explains it is a scientific basis for why cannabis can help with so many different diseases and symptoms and conditions.

The Jake Honing Law also called for institutional caregivers -- that is, employees of healthcare facilities will be authorized to go into the alternative treatment centers and get the cannabis for their patients in those healthcare facilities and bring it back in the system, with the use of that. That hasn't happened yet, but it certainly is an important thing. Right now, most healthcare facilities forbid the use of medical cannabis in their healthcare facilities, and that's really inappropriate. What happens when a patient is admitted to a hospital for a broken leg and he has a seizure condition, and the only way that keeps the seizure condition under control is through medical cannabis? That patient's health and life is at risk for simply entering into that hospital.

I worked at Trenton Psychiatric Hospital in the early '70s, and I was part of a team that tried to save a patient in status epilepticus, an unrelenting seizure condition. And that patient died, and that was a tragic experience that I took part in and I hope that it never happens again. But the simple fact of the matter is that being admitted to a hospital in the United States is one of the leading causes of death in America. It's been called the third-leading cause of death in America, and denial of essential medical cannabis in hospitals may well be a contributing factor to this.

Finally, I worked in State institutions for 25 years, in the government; you have my résumé there. I know that many of the patients in

the State institutions have conditions that qualify for medical cannabis, and would be healthier if they had access to medical cannabis. And the staff in these institutions are already trained to administer, or account for and evaluate the effects of controlled substances; and there's no reason that these controlled substances should not be available to the patients in State institutions, in group homes, hospices, etc.

And also, the qualifying conditions. I urged the CRC in March that they should, instead of individually approving State conditions for medical cannabis, just let any person with prescriptive privileges and a license in New Jersey recommend cannabis for any condition that they feel the patient would be helped for. You should leave it up to those prescribers in the best interest of the patient, and since you already approve it for so many different conditions, cannabis can simply be used off-label for any other condition.

And finally, my sister-in-law's dentist asked when can he recommend medical cannabis for his dental surgeries, and I said, "Not yet." Dentists are not yet permitted to recommend cannabis, although they can order opioids for their patients. So obviously great field work has to be done in this.

Thank you for your attention.

SENATOR STACK: Thank you.

MR. BRIDGEWATER: Can you hear me?

SENATOR STACK: Yes.

MR. BRIDGEWATER: Okay. Sorry, Senator, I wanted to make sure I gave you guys a chance to ask a question.

SENATOR STACK: Absolutely. Please.

MR. BRIDGEWATER: Good morning. Thank you Chair, Senator Stack; Senate President Scutari; members of this Committee. I thank you for this opportunity to come and speak to you all.

My name is Leo Bridgewater. I am the National Director of Veterans Outreach for Minorities for Medical Marijuana. I also sit on the DEI Mentor Board for the National – the organization, National Normal. And I come to you this morning prepared to offer my current sitrep on the State of New Jersey cannabis industry as my testimony for today's hearing.

The timing of these hearings couldn't have been more perfect, as my current sitrep -- situation report -- was just updated a little less than 36 hours ago. Adult use sales began on April 21, 2022, with eight alternative treatment centers throughout the State of New Jersey. The total of day one total revenue sales: \$2 million. To my knowledge, no serious incidents involving police and cannabis consumers or customers were reported. Two nights ago, in Jersey City, I had the extreme pleasure of engaging with another 150 patients, advocates, and aspiring entrepreneurs from New Jersey, New York, Pennsylvania, and Connecticut -- all of whom decided to evolve into the cannabis space because of the opportunities that are now available in New Jersey, and for what's to come.

New Jersey has now become the new ground zero for the next evolution of the United States cannabis industry. Why? Because we view the industry with a regional lens, and a premium on education by the New Jersey Cannabis Regulatory Commission. How can we make it better? Access to medicine is still an issue for many New Jersey residents who have yet to identify themselves as patients for personal and professional reasons, evidenced by the pushback on allowing police officers to have access to this

medicine by local municipalities, despite the fact the suicide rate and steroid abuse has historically been a problem amongst those assigned to protect and serve residents of the State of New Jersey. Again, evidenced by the recent suicide by a police detective less than a week ago in Hamilton Township-- Again, I am a resident of the capital city of Trenton, New Jersey, born and raised here.

Micro-cultivators are also restricted by only 2,500 square feet of grow space, which in my professional opinion is not a viable amount of space to keep product on shelves like the larger grow operations. That number should be increased to at least 5,000 square feet. Home grow would also quickly help to remedy access to medicine by patients, allowing them to grow up to six to twelve plants per household without any adverse effect on the current market. To give perspective, this jar right here is about 6 to 12 plants worth of concentrate that a patient would actually use. To give you scale, it's not a lot of flower and a lot of -- it's this. If you are using this, which only patients actually use, you use this much for about a month. This jar right here is about \$1,000. That is what it would cost in a retail location for a patient here in the State of New Jersey.

I would remind the Committee to take a look at *Olenowski v. State* of New Jersey, which is currently being heard right now. This case is directly addressing the science of drug recognition experts, which is being heard within the judicial part of our State government. I believe that the results of that case would allow to help educate members of this Committee, along with members of the rest of the legislative body of our State government, to understand the science there is to drug recognition experts.

I would remind everyone that we are a state that is just recovering from arresting 32,000 people a year for low-level, non-violent minor possession of cannabis. Eighty percent of those people who are arrested are folks who look like me. We also represent 80 percent of all use-of-force amongst law enforcement here in the State of New Jersey. The Department of Veterans Affairs estimates that we are at 22 veteran suicides a day, which averages to 5 a week here in New Jersey. As I travel across the country, and do my best to advocate on behalf of veterans, and also regular citizens of this country, I find myself in a situation where I tend to see that the general population tends to lean more towards the word of a veteran, before a politician.

In conclusion, it has been my experience that education, or lack thereof, has mightily contributed to the retardation of the growth of the New Jersey cannabis industry. Municipalities that have opted out of allowing cannabis businesses within their borders, have inadvertently created an official cap that the New Jersey Cannabis Regulatory Commission cannot overcome. New Jersey residents are still confused and not understanding the difference between legislation and regulation, causing the members of the CRC to have to point out what is and what isn't in their purview.

I'd also like to remind folks that as a member of the African American community here in the State of New Jersey, whom the war on drugs has most affected, and also contributed to our tying inappropriateness and our fundamental understanding of this plant or this industry-- I would like for you all to remember that the utopia that you are trying to save has been a disturbia for people who look like me. I understand that some of you feel as though there are much more important things to talk about, but again, I

want you all to know I'm the Black guy in this movie. So if you want to know what I think, I'm trying to survive you all.

Thank you.

SENATOR STACK: Thank you for your testimony.

Any member of the Committee have any questions at this time, of either Mr. Wolski or Mr. Bridgewater? (no response)

Okay, thank you very much, both, for your testimony.

Thank you.

MR. BRIDGEWATER: Thank you, Senator.

SENATOR STACK: Thank you very much; thank you.

At this point we're just going to jump ahead a little bit here. We're going to bring panel number eight, which is Bill Caruso, Partner at Archer Cannabis Law Group; and also the Mayor of Paterson, Mayor Andre Sayegh.

If they could please step forward to testify.

I would also like to remind all the panelists, when you come up, if we could try to limit the comments just to give everyone a chance, and to fit everyone to maybe three minutes a piece, I would appreciate that.

Again, at this point we will bring up panel number eight, which will be Mayor Andre Sayegh, the Mayor of the great City of Paterson; and also Bill Caruso, Partner at Archer Cannabis Law Group.

Welcome, Mayor, how are you?

MAYOR ANDRE SAYEGH: I'm doing well, how about yourself?

SENATOR STACK: Great.

If you could just please remain standing, just for the admission of the oath by David, he'll do that for you.

MR. LORETTE: Thanks for your patience, Mayor.

SENATOR STACK: Okay, great. Thank you both for being here.

MR. LORETTE: Please remain standing, raise your hand.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete to the best of your knowledge, information, and belief?

MAYOR SAYEGH: I do.

B I L L C A R U S O, ESQ.: I do.

SENATOR STACK: Thank you very much, both, for being here. Mayor, if you could please begin.

MAYOR SAYEGH: Certainly.

Yes, the proud Mayor of the great City of Paterson. And as we say, you're the proud, great Mayor of Union City. And I appreciate this opportunity to testify before you.

We have a success story in the City of Paterson, relative to Rise Dispensary. They've been in operation for two-plus years. As a matter of fact, it's been for medicinal purposes, of course, and I can tell you the benefits of having Rise Dispensary in our community. One, a vast majority of their employees happen to be residents of the City of Paterson. Two, we've been able to generate tax revenue. And three, from a public safety perspective, we haven't had any calls for service to the police about Rise Dispensary. And I actually live near that dispensary.

I've met with minority-owned entities that are interested in getting involved in the industry, so Paterson is trying to meet the demand. We understand that there's a social justice aspect of it, so we're addressing

that as well. But to the august Committee here, I can assure you that in Paterson the rollout has been as seamless as it could be; and we are interested in other individuals who would like to establish businesses in the city as well. We've written a number of letters of support, Senator Pou, so you know my point person on this is my Economic Development Director, your friend Mike Powell. So we're not turning anyone away, especially if they have a business plan that is suitable to what we're looking for as far as the City is concerned.

But again, I want to underscore the importance of what has happened in Paterson with Rise Dispensary, meaning the revenue that's been generated, the jobs that have generated, and the fact that we haven't generated calls for service to the police in two-plus years. So, Senator Corrado, you're nearby in Totowa, again I can submit to this Committee that Paterson should serve as a model, particularly Rise Dispensary and what a successful operation can look like in the State of New Jersey.

Thank you. That concludes my testimony for this afternoon.

SENATOR POU: Thank you, Mayor.

First of all, let me just take this opportunity-- I know that our Chairman just stepped away for only a second, he'll be right with us. Let me just take a moment to personally congratulate you on your reelection, sir.

MAYOR SAYEGH: Thank you.

SENATOR POU: So with that, let me also make mention that I am very happy to see that you've taken the time to provide testimony here today, to share your experience and what has happened in the city of Paterson with respect to the Rise Dispensary facility right there, and what that outcome has been.

I think what we'd like to do, Mayor, for just a moment, just kind of go in line with what the Chairman has done in the past. I am going to ask that our members hold all their questions, let us hear from Mr. Caruso, and then we'll open it up. And by then I know that the Chairman will be joining us momentarily.

So with that, again, congratulations Mayor. Thank you for being here.

Let's hear from Mr. Caruso.

MR. CARUSO: Thank you, Vice-Chair. And congratulations, Mayor.

MAYOR SAYEGH: Thank you.

MR. CARUSO: He is a model, and Paterson has been a model, and I don't want to miss a chance to thank you for your leadership in this. It's been a long time; you've been at this for a very long time. And as my friend Leo Bridgewater likes to say, Mayor Sayegh, you have the receipts to show for this. You have literally been at this for a very long time, a great advocate, and producing this now, and it's a model.

My testimony is a little different; I want to touch on a couple things here. I have had the pleasure of serving in government as a staffer. I started my career in 1997, working for a United States congressman right around the time that California jumped into this experiment. And it was a very odd time to be a 22-year-old young staffer -- making \$22,000 a year, by the way -- and this new, novel concept coming into play. Medical patients coming to testify and lobby their members of Congress for help.

In that time, it was viewed as a completely ridiculous concept that we would give people marijuana as medicine. A completely different

time. I had the pleasure of working in this building, I was the Executive Director to two speakers back in 2009, 2010. I had the opportunity to work with two different administrations to help them make our State's first medical law back in 2010 -- across two different governors, a Democrat and then Republican, and the leadership of folks here in this body, and those who have served previously. And *that* was a different time. We talked about all the problems we had to circumvent to get to this place. I've been fortunate working in my private sector life now, I have the opportunity to work in an advocacy group. It's a new world for me, working with New Jersey United for Marijuana Reform; working on the campaign for the ballot question; working with phenomenal mayors to help normalize this.

Our problem today is it's still not normal. Our problem today is we still haven't turned a corner. Your citizens, your residents, have; 70 percent of the public voted for this. This is something that people want in their communities now. We're seeing it. With all due respect, Senator Doherty, I've actually worked in several towns in your district where they are literally citing these, because they want the revenue and they want the jobs. And I don't mean to say that to be confrontational. I think there is an experiment going on right now that people want, but -- here is the big but -- the Federal government is still broken. We have a problem here right now that we can't fix at this table, at this dais, and in this Legislature.

And that doesn't mean we should stop. That means we have to keep working, and you folks have to be nimble, because this market is about to explode here in New Jersey. We have a new economy coming, and it's going to be on both sides of the ledger. The medical explosion is happening,

it's happening for real, and we've pulled back a little bit right now because the adult use experiment is starting -- we'll come back to that in a second.

But we haven't scratched the surface here, ladies and gentlemen, on what we can be doing on a medical level. And that's going to require research. That's going to require insurance coverage. The insurance industry is beating down the door now so they can cover this. I just suffered a back injury, and the first thing the doctor asked me was what type of pain management medicine I was on. And when I told him Motrin, he laughed at me and said, "We're going to get you something stronger." Do you know what he was going to give me -- and I didn't take it. I don't want opioids. I didn't want to be treated with that.

We don't have the ability right now, because of a broken Federal system, to allow our doctors the ability to prescribe, and allow our pharmacies, and allow these dispensaries to do what they're told. You want to talk about reduction in cost? Get the insurance industry involved. Get Medicaid, Medicare, the VA coverage, and let's get the insurance industry involved. That's number one.

Number two, we're talking about banking. And banking has become a dirty word, to some extent, because we think it's for the rich folks that are going to benefit from this -- Section 280E and all the tax benefits. I assure you, they will find irrespective. The problem right now is, if I am a small business and I want to go get a loan to open a bakery, or a restaurant, or some other opportunity that is a small business, I can do that. But I cannot do it in the cannabis field. And that's going to be a problem.

And Senator Sarlo, I heard you, I heard you loud and clear; I heard your colleagues loud and clear on the confusion right now related to

work rules. And honestly, I would say this to you; I am not an employment attorney -- I play one on TV sometimes -- but I would say this. The work rules are really clear right now, because the Federal government prohibits this. You have -- you want to buy a gun? You can't use cannabis. You want to fly a plane? You can't use cannabis. And that's at the Federal level. There's nothing you're going to be able to do here, with all respect to the powers of the Senate body; you can't fix that.

So I guess the first thing I would call on you all to do is join us on the lobbying side. You're going to be at events with your Federal legislators in the coming months. You're going to be talking about these issues. We need to protect this market like we've done in other areas, and we need these fixes so that your constituents and the companies can benefit from it.

Some tweaks that I think you can work on today, that I think would have some real benefit. We're going to hear a lot -- and I think we've heard a lot -- about access. Access for folks coming into the market for land; access to capital. Here are two ideas I'd offer to you. Number one is happening already -- three; number one is happening already.

The best kept secret in New Jersey right now at the administration level is New Jersey Business Action Center. If you all recall, former Lieutenant Governor Kim Guadagno made this famous by giving out her cellphone. It hasn't gone away. My friend Melanie Willoughby helms that wonderful committee. They deal with business problems out the wazoo on a regular basis. They are now going to be tasked by the CRC to jump in and help some of these small businesses that are looking to get started with access to land, access to different municipalities, and issues that come up on

a regulatory nature. As some of these companies found out, we do have a Highlands Commission and a Pinelands Commission, and this commission and that commission, and navigating through them are difficult.

So the BAC is a phenomenal tool, and the CRC and BAC -- a lot of acronyms going around here -- are going to partner and help in some of that effort. The EDA would love to be involved. We have prevented the ability for access to capital through the State. Our legislation denies the use of any State funds to subsidize this effort -- and that was done smartly at the beginning, because we weren't sure about this. You have folks coming out now who are authorized by the CRC with awards, and their next challenge is going to be getting access to capital. You can fix this, ladies and gentlemen. You can tweak this by giving EDA the same authority they have to give small grants and small loans out to these types of businesses right now, and I'd encourage you to work with the EDA and figure out what would make sense for you in this upcoming budget process. That's a tool that you do have.

Another one: Access to land. We have prohibited the use of farmland preserved properties to be utilized for cannabis space. I think that was a mistake. Again, we started early, we decided what we want to fix. I would encourage you-- By the way, these folks are clients; our efforts-- Work with the New Jersey Farm Bureau, they are absolutely an amazing resource for the State. I think they have some really good ideas, and I think that would open up some new opportunities for New Jersey's rural areas and underdeveloped agriculture areas to develop this.

But I'm going to end with this piece. My friend, Mayor Sayegh, has a challenge on his hand of developing his city in a variety of different ways. There are other mayors out there that are trying to do this. They want

to work to develop the best possible economy that we can create, but we're going to get kneecapped if we don't work with our Federal partners right now and make sure that we unlock insurance coverage, unlock safe banking, allow for proper IRS write-offs, like a normal business would do, and then protect this market. Jersey is about to build out a phenomenal (indiscernible) cannabis economy. And with all due respect to these incredible industry partners that are here right now -- these are big players who have come in and brought their expertise, they've been here, they've invested. But there are smaller, little players that are going to come in, and I want you to think about it this way: If you're a beer drinker, you might like a Coors Light on a weekend, you may drink an Anheuser-Busch product. It exists, you can go to a liquor store and buy one. But if you go into your downtown areas, we have some of the finest craft beer that you could ever, ever envision in this market. We've created that here; you've created that here. You're about to do the same with craft cannabis. But if the Federal government comes in and allows for interstate commerce to wash over this, we will have none of that. All of this work will be for nothing.

So to some extent right now, some of the best work that you all can be doing is lobbying our Federal partners: Senator Booker, Senator Menendez, and our legislators on both sides of the aisle. This is a bipartisan issue, and I think we have the ability right now -- we're just scratching the surface -- to build something phenomenal that we've seen in the wine industry, in other industries in the state.

Thanks for your time.

SENATOR STACK: Thank you.

Thank you very much, Bill. Thank you, Mayor -- Mayor, congratulations again on your great victory.

MAYOR SAYEGH: Thank you.

SENATOR STACK: I'm going to recognize at this point Senator Sarlo; I know he has a question. I'll open it up for any other members who may have a question.

Senator Sarlo.

SENATOR SARLO: Thank you, Chairman Stack.

Just one comment to you, Mr. Caruso, and then just a question for the Mayor.

I hear you loud and clear on the Federal conflict with State law. I don't see the Federal government acting fast enough. We still need to find ways to get employer/employee protections in place now, whether it's regulatory or legislated. It appears the best and easiest way, as per the statute, is the regulatory road, because we can't sit around. We have -- there's just too much uncertainty out there in the workplace right now.

MR. CARUSO: Most of what we're trying to do here is change the culture. If we don't address that piece, it creates confusion and it doesn't help us turn this corner. So I 100 percent agree with you, and I do think there are things we can work on.

SENATOR SARLO: Thank you.

Mayor, congratulations.

MAYOR SAYEGH: Thank you Senator--

SENATOR SARLO: And I look forward to working with you, as the long-time Budget Chair of the Senate, on other issues.

But I have a question for you with regards to RISE. Now that it is -- I am assuming it sells recreational marijuana there as well?

MAYOR SAYEGH: Yes.

SENATOR SARLO: So it does both.

What have you seen from the black market in your city? Is the black market still there? Is your law enforcement still chasing the black market? Has it gone away? What are you seeing on the street?

MAYOR SAYEGH: Well, unfortunately, it does still exist.

SENATOR SARLO: The underground market.

MAYOR SAYEGH: Yes, the underground market; yes. I understood what he was saying.

Unfortunately, it still exists. However, I can tell you with RISE Dispensary, particularly on opening day when it was April 21, I was there. There were long lines, and so I was really encouraged. There were some people who I saw there that told me, "Forget that you saw me there," but nevertheless it's legal now. And the underground market still exists, but I was encouraged by the fact that there were people, long lines on opening day, and continuously going and doing everything by the book.

SENATOR SARLO: Thank you.

SENATOR STACK: Senator Pou.

SENATOR POU: Thank you so very much.

Mr. Caruso, let me just-- Being that you're the expert on cannabis law and what have you. And you heard the earlier conversation, I'm sure, when we were -- when the CRC was providing us testimony, and the series of questions that were asked by our members, both from the business industry in terms of those particular WIRE requirements; and the

implementation of those regulatory, you know, descriptions or -- the implementation of them.

Let me also kind of get your focus back and get you to answer some of the questions on something that you've just addressed. You made reference to, why not allow the State of New Jersey to provide access to EDA, for example, in terms of being able to do a little bit more with that. And then I want to follow that up with the access to land, with regards to the Farm Bureau that you talked about.

Given the fact that we know and recognize that the Federal government does not recognize, and this is obviously not legal from their point of view -- although cannabis, recreational cannabis is indeed permitted as a matter of law in various other states. So how does that prevent or prohibit EDA or any part -- New Jersey to be ineligible, if you will, of receiving any Federal dollars as a result of us, perhaps allowing them the utilization of those; or even putting into statute the use of those -- EDA being able to do that?

Because while I understand what you're saying, I would hate for us to do something that's going to also inhibit or prohibit us, or even penalize us, from any of those Federal eligibilities.

MR. CARUSO: Senator, it's a phenomenal question, and I would say two things. Number one, I am not your expert. Your experts are the Office of Legislative Services.

SENATOR POU: This is true--

MR. CARUSO: They are some of the finest researchers in all the land, and I would defer to their judgement in how to do this. But let me offer this to you.

Number one: State funds that are segregated funds that are derived from state sources can and should be used for these purposes -- and Federal funds shouldn't -- and EDA has the ability to do that. But here are some other things you should think about. There are tax revenues derived -- thankfully now, we're seeing money come into the State coffers as a result of these folks being able to sell recreational sales now. That money is flowing. They already paid -- some of which have paid million dollar fees to open up.

The CRC has now created a little kitty, if you will. You're going to have municipalities that are going to start to develop monies as well. And you all, wisely, did not put strings attached to those funds; you're letting towns do what towns should do. This mayor is going to decide what is best for his town. But he may decide, "I want to create a program that is going to incentivize micro-growers or micro-licensees in my town. And I'd like to tap into another pot of money to match that fund at the CRC level." And EDA can come in with this sort of cap on top to administer it.

I would offer to you, though, that there should be rules attached to that. I think it should be income-tested, I don't think this should go to over-capitalized efforts. This should be specifically focused on under-capitalized small business applicants. And I do think there's an ability to put some metrics attached to this that will not only keep you safe as a State, so that we don't run afoul of any Federal problems, but also make sure that these are wise investments. That's how this can get done.

And I submit to you, there are states doing this already and they're doing this out of normal pots of money. Connecticut used an innovation fund to fund one of these cannabis companies, and other states have done the same. In fact, there was money that we utilized previously

through EDA for a cannabis company in our state. And this was at a different time. So there is definitely precedent for it. I would invite the experts, though, to make sure and do the research.

SENATOR POU: Thank you for your response.

Let me just-- First of all, I'm aware of our State-funded dollars and what we can and cannot do with that. But I guess what we're trying to do is -- whether or not there's any language in the law that-- And oftentimes we've come upon that, where Federal government will have a very, very clear indication of what that restriction -- or the penalization of the use of those dollars.

And that's the two that I was trying to merge.

MR. CARUSO: And I just add one to you. This body has already taken up a discussion about insurance coverage utilizing State funds. However, we can't tap Medicaid. That will run afoul of Federal law.

SENATOR POU: And to my point, because that was going to be my next question to you, through the Chair, was the unlocking of the insurance coverage. Again, as you know, Federal government doesn't allow that -- you've just made reference to that -- and we're very big in New Jersey with regards to our share, from a New Jersey point of view, our share in the Medicaid coverage for that. Earlier, we heard testimony of the incredible cost, how much it costs for someone wanting to purchase an ounce of cannabis for their medical needs, and the cost was anywhere as low as, I believe they were talking about \$317, to the high -- I thought it was reported somewhere that I read, it came closer to \$340 in terms of that ounce.

For someone who has absolutely no insurance -- and obviously there's no insurance coverage permitted under this particular legislation, as

you well know, because that's not addressed in this legislation, it's left silent -- that becomes a huge issue in terms of making that available to those most in need, and the vulnerable population that can ill afford to have that level of treatment or relief of their medical needs; let alone, obviously, not doable for recreation -- we understand that.

So the unlocking of the insurance coverage, short of it being State funded or State regulated, again, same question in terms of -- and it now becomes a rhetorical statement, because obviously, as you said, there are-- And before you respond to that, the same is true in terms of the banking, access of that. We know right now that Nevada, Michigan, Ohio, Utah already have some kind of -- they've unlocked some, what do you call that-- They closed the loop, if you will, in terms of the banking end of it. But what will be the case or what will happen here in New Jersey, and how do we address that? Because at some point in time, you well pointed out, the Mayor will have a sizeable amount of money, in terms of where they are with respect to whatever the revenue is generated in Paterson; and that too relates to the entire State of New Jersey in those particular areas that have, in fact, those dispensary stores.

So two things. I didn't touch on the Farm Bureau, because that's a whole -- it's the same, related; but banking, the closing the loop on that, and the insurance end of it.

MR. CARUSO: I'm going to defer to my esteemed colleague, Mike Affuso, who is sitting in the audience, who is our resident expert on all things banking. And I don't want to speak for him and his industry on what should or shouldn't happen.

SENATOR POU: I see him all the way in the back.

MR. CARUSO: The distinguished gentleman in the back.

But I would say this to you. On this spending of money, that is going to be, to some extent, a town-by-town approach. I'm a big fan of carrots, when it comes to the towns, not sticks from this body. We should be finding ways to go to Mayor Sayegh and say, "You have a pot of money, what are you going to do with that money and how can we help you?"

SENATOR POU: How do you bank it? That's the question. How is it banked?

MR. CARUSO: There are opportunities right now. There are several credit unions in our state that are doing this, there are some banks that are doing this. So that is becoming less of a challenge.

But in terms of the reinvestment, if Mayor Sayegh decides he wants to invest in cannabis companies, he can do that to some extent. He'll probably want guidance and some direction from CRC, and maybe some matching funds too. You may decide you want to just build ballfields, or light ballfields, and do that. And that's the side of this where I think you have allowed the nimble ability for your communities to decide. What goes on in one community may not work in another.

But in terms of the banking, I don't think that is the direct problem. Municipalities have the ability to put those funds in an account, and they can do that. I think larger issues are coming and we should talk about those.

On the medical side, though, the work you have done already I think is important, but it's nibbling on the edges. The State creating its own insurance fund to administer is going to be a small but important step. But there's other tweaks the State can take a look at. It is exorbitant right now

to go get a medical card. Not to get cannabis, medical cannabis -- to actually just go get registered. You have to pay a fee, you have to pay a fee to a doctor, and then you have to continue re-upping that. And that is creating an incentive right now, with adult use coming, to just opt out of that effort. And that is a problem, in and of itself, before you even get to the store and put your dollars down on the table.

So there are some things we can tweak, but until and unless the Federal government unlocks some of these keys, it's really going to be difficult for you folks to come in and have the significant change that you'd like to afford your constituents -- to afford this medicine, to have access to this medicine.

I'll give you one example. And I don't represent them; I have a relationship with Laurie Clark who is phenomenal, a phenomenal representative of industry. There is a provision in the law that allows for pharmacies to dispense medical cannabis. The New Jersey Board of Pharmacy won't sound off on it right now because of the Federal prohibition. They don't know what to do with it. And we're literally locked up here where you could have more access for patients through the pharmacy program, but the Pharmacy Board won't sign off on it because of this issue.

So you've done your work, they've done their work, this board is confused at this point because of the lack of Federal guidance. And those are challenges we're going to have to work through.

Thank you.

SENATOR POU: Thank you, Mr. Chairman.

SENATOR STACK: Thank you.

Senator Corrado.

SENATOR CORRADO: Thank you, Chairman.

Congratulations, Mayor.

I have the same questions about the banking industry, so I guess I'll wait to hear some of those answers, and what you can and can't do with the funds that are generated.

Mayor, you mentioned that RISE has been there for two years, and it's been a success for the past two years. Do you know how many employees are there, approximately?

MAYOR SAYEGH: Yes, there are about 22 employees, and about 19 of them reside in the City of Paterson.

SENATOR CORRADO: Thank you, that was my next question. And do you know how much revenue has been generated?

MAYOR SAYEGH: Very good question. So, each quarter we receive about \$60,000, because we impose a 2 percent tax. We haven't done it yet with recreational; the City Council is considering an ordinance, on second reading tonight. But I highly encourage anyone who knows any council member in Paterson to lobby them to make sure that's approved. Senator Sarlo, I know you know all of them by name.

SENATOR SARLO: Yes I do. I think I do.

SENATOR CORRADO: And then I have a similar question--

SENATOR SARLO: Do I want to?

MAYOR SAYEGH: You read my mind, Senator. Thank you.

SENATOR CORRADO: I actually have a similar question to what Senator Sarlo had asked you about the illegal market. Is there a concern that there may be an increase because of the cost differential?

MAYOR SAYEGH: There is always that concern. I'd like to come back with some data; but at this time I can only give you anecdotal information, what I've observed as far as long lines are concerned, which tells me that people are abiding by the law.

SENATOR CORRADO: And then-- I think that is something important to know, and maybe we can come back down the road and see what the numbers are and see what the activity has been on the law enforcement side.

Thank you.

MAYOR SAYEGH: I will always enjoy my trips down to Trenton.

Thank you.

SENATOR CORRADO: Thank you.

SENATOR STACK: Thank you, Senator.

Senator Lagana, please.

SENATOR LAGANA: Thank you, Chairman.

I just want to piggyback on what Senator Corrado was just asking about, and also something that Senator Bucco put up earlier, and that is the illegal market and dealing with minors.

First, as far as the illegal market is concerned, Paterson -- and you've done an excellent job in your tenure, congratulations again for your resounding win on Tuesday. But Paterson has been the epicenter for many years of the heroin trade and the opioid issues we've been having. And we tried to tackle some of those issues here down in Trenton, but a lot of it is handled locally. Dealing with your excellent police department, you've done a great job trying to curb that. Fentanyl has been devastating, because heroin

is being laced with fentanyl, and we've all heard the horror stories of what's been happening.

Have we seen fentanyl in the illegal marijuana market? Is that something that law enforcement is seeing, or is it strictly--

MAYOR SAYEGH: Yes, that was a concern, and I actually -- I was remiss in not mentioning the fact that, prior to the rollout of recreational usage, we had multiple meetings with members of the City Council, and also members of our public safety leadership. So you'd have our Public Safety officer -- Director, you'd have the fire department involved, narcotics, every unit imaginable.

But in Paterson we're doing something a little different to address the opioid epidemic. We've aggressively pursued grant funding and we created an opioid response team, which is comprised of three individuals: An EMT, a police officer, and a social worker. We've already gotten 800 referrals as a result of going out there every Wednesday and engaging individuals who are struggling with opioid use disorder. We just recently won a grant, one of only 15 cities in the world, that 631 cities applied for; a grant to create a hotline for anyone struggling with opioid use disorder, that they can call. It's called *RealFix*. We connect them with a Teledoc, the Teledoc will prescribe the medication; the pharmacy we say will get it to them within 90 minutes; and then we connect them with a counselor to put them on a path to sobriety.

So we're taking a multi-pronged approach as far as fentanyl and all other types of opioids are concerned.

SENATOR LAGANA: So based upon law enforcement data, we should be able to tell in a very short time period whether or not that's kind

of made its way into the illegal marijuana market. And also, to Senator Corrado's point, we should see whether or not the opening of legal dispensaries will decrease the amount of black market drug sales.

MAYOR SAYEGH: At this point it's a little premature, and that's why I would appreciate an invitation to return so I can provide data.

SENATOR LAGANA: My other question or comment, or just observation, has to do with minors. When the law was changed, we kind of struggled a little bit, and came back and made some amendments, when it came to dealing with people under the age of 21; and how to, you know, how to handle those types of cases. Of course, under the age of 21 it's illegal to do drugs -- I mean it's illegal to do marijuana or smoke marijuana or however you take it; and to drink alcohol.

Nobody wants to see criminal charges for minors for something like marijuana use or alcohol use, because it could be a mistake, it's something that can saddle them for the rest of their lives; and I think most of us can agree that shouldn't be a 2C criminal charge -- kind of ridiculous. I was a municipal public defender for many years and I handled many of those cases, and it was just, you know, all it did was saddle people with a lifetime of sometimes fines that they couldn't pay, very small fines, and all that. So I think it was good that we took away the 2C portion of it.

What I'm struggling with now is really the lack of responsibility placed on minors. Meaning, you know, if you get caught the first time it's just a warning, really nothing happens. Second time is basically a warning. Third time is another warning, and another warning, and another warning. We're not really doing anything to address the problem, and I think we can

all agree that if a 15-year-old, a 13-year-old is constantly getting in trouble for using drugs, marijuana, or alcohol, that it should be addressed.

Do you have any opinion when it comes to this issue? And what I'm asking you to focus in on is -- what I envision is almost on a second or third degree, that there's mandatory counseling for minors. I'm not saying we have to levy fines, because I don't want to saddle people with fines. But when a person gets a DWI there's the IDRC, they have to do 12 hours -- I'm envisioning something like that, just to kind of put some burden on this minor or their family to get counseling. Because obviously there's a problem.

Do you have any thoughts on that?

MAYOR SAYEGH: Yes, I actually agree with the assessment of the situation. I have had conversations not only with law enforcement, but with families as well, because they have a vested interest and they want to make sure that they can curtail this type of activity.

So I think you and I should have a continuous conversation on this, because I think there's an opportunity here.

SENATOR LAGANA: Sure. Because I mean, I would think that having to be monitored in some instances, it would almost be like a borough ordinance that's issued, where there would have to be a municipal court appearance. Because there has to be some oversight, with a mandatory 12 hours of community -- not community service, but drug and alcohol counseling.

I have three kids, I have a 13-year-old, an 11-year-old, and a 4-year-old; three girls. My 11-year-old is in DARE, which is now called LEAD. And you know, she's in school and she's learning about the harmful effects of drugs and alcohol, and this is what happens if you kind of go down this

road. And don't do it, be a good member of the community, be respectful and honor your neighbors -- all that. But if she leaves school and goes behind the school and lights up a joint, the police can't even -- they can just walk by, and there's no -- nothing can happen.

And I just see this as being a problem. And I see it being a problem also for law enforcement, where if they're trying to address a problem, especially with minors, they're almost kind of hamstrung. And again, I'm not saying that they should be criminals. What I'm saying is there has to be some type of movement towards counseling, you know, because I think it could pose a problem. This is all new, so we're still figuring this out, but I think we need to move in a direction where we're requiring them to seek counseling.

MAYOR SAYEGH: So when I alluded to our RealFix initiative, I mentioned that, at the end, we have to connect these individuals that are struggling with opioid use disorder with a counselor to put them on a path to sobriety. So we can't underscore the importance of counseling in this activity.

MR. CARUSCO: Senator, through the Chair, if I could just jump in.

I have three boys, 16, 14, and 11. And I will offer to you I am no expert on how to deal with this. But I will tell you this: In every jurisdiction that has legalized adult use marijuana, we have seen teen use go down. One of the most important components is making sure that some adult -- it's not always mom and dad, but some person who is involved in that person's life, if they are caught up in something or involved in it, this is the basic tenant of community policing. And whether it be a parent or a guardian or a grandma or a grandfather or uncle or aunt -- whoever is involved

in that person's life needs to understand that something happened, and then have the resources to deal with it.

And that's something that we need to do better here in the state. What the Mayor is talking about is, he's trying to do that at the local level. We talked about funding that's coming in here, there might be resources to redirect to that. But the one thing I'll tell you, you mentioned DARE, which is now LEAD. These are phenomenal programs, okay, but the messaging has to change, and it has in some respects. There is a difference in using cannabis and using heroin. We didn't learn that. When I was growing up, drugs were bad, all drugs were bad, and they were all the same. And kids are smart, they understand there's a difference. We need to be smart about how we talk about it, we need to be smart about what we're doing.

But I come back to this point. In every jurisdiction that's done this, teen use has come down. And we worried about this. We started this experiment when Colorado did it in 2014, and we worried about this, and we've seen the metrics and the data. New Jersey should pay attention to this. And I like where the Mayor is going here. We should have target resources - - and by the way, not just for cannabis use. The gateway is the dealer, the gateway is going and the first one is free, and next time it's something different. Drying up the illicit market helps, but making sure resources are there for parents, guardians, adults to be able to bring these kids into a program and get that education is paramount. And we can fund that through a lot of what we're doing here.

SENATOR STACK: Senator Pou, did you have a question?

SENATOR POU: Thank you, Mr. Chairman.

I don't think I'm going to pose it as a question, I'd just like to do it more as a statement, if that's okay with you, Mr. Chairman.

SENATOR STACK: Sure.

SENATOR POU: Not for this to become a debate, because we had a lot of debate on this issue during the legislation when we were doing it. But one of the reasons why, the very purpose of trying to address what was the appropriate action with regards to minors and what that should look like - And at the end of the day, why and how that particular legislation was written the way it was, was because of trying to seriously address the social justice equity end of this; and to ensure that we -- and we have data to reflect that data, to clearly indicate where there was a huge disparity in terms of the number of young people that were being incarcerated.

And when you compare that, and compare the disparity between what their zip code is and what the color of their skin looked like, and how that was reflected, I will remind us that there was a lot of conversation making sure that we make sure we're not creating another group of young people who are coming in contact with the criminal justice system just simply because of an action.

Now, that is not to say that we shouldn't make sure that we aren't allowing the use of marijuana among minors. It is clearly written in the law what it states. But in order to be able to go through a process of counseling, if it's going to involve the law enforcement agencies, that means if I'm a police officer, I have to stop you, I have to pick you up on the corner, take you into my car -- my police vehicle -- take you downtown, speak to you, create a record. That record stays with that young person and can only be dismissed through the court system, that court will then generate and require

a certain action. If you look in terms of the statistics today, that's why we have so many young people whose record and their life going up into adulthood has absolutely changed.

The whole purpose of this was trying to be responsible. And I agree with what is being said in terms of parenting. I'm a mother of two, I'm a grandmother of three, I do not want to see that among-- But just like I wouldn't want to see it for my children, I don't want to see it for any of our other -- anyone who has children here or those children in the world to come. So I think we want to be responsible with our action, and responsible in terms of doing it, but that is why we fought so hard. And do we know the answer to everything? No. Do we know what's going to happen? I think it's going to be a learning experience. But I will tell you that we should not go down that path again, because that's where we get statistics and that's where we have a loss of lives, of young people; communities of color who are impacted tremendously. And it is indeed no relation--

I mean, I can tell you, and it was clearly indicated and we received testimony -- very long testimony -- where some folks, depending on what part of the state they lived, with the very same level of crime -- or not even crime; an offense or a disagreement -- got a slap on the hand and they said, "Okay, don't do it again and go home;" versus that other child who may be from my zip code, who will then be picked up, put in a car, and then go through the process that I just said. That is not what we should be doing.

Thank you, Mr. Chairman.

SENATOR STACK: Thank you, Senator.

Any other questions by any members of the Committee? (no response)

Seeing none, thank you very much, Mayor; thank you, Bill.

MAYOR SAYEGH: Thank you.

SENATOR STACK: Thank you very much for your testimony.

Have a great day.

The next panel we'll call up is panel three. Ekatarina Sedia, Professor of Biology at Stockton University, and Robert Mejia from Stockton University.

If both of you could remain standing for the admission of the oath by David.

MR. LORETTE: Raise your right hand please.

Good afternoon. Do you swear or affirm that the testimony you're about to give here today is true, correct, and complete to the best of your knowledge, information, and belief?

E K A T A R I N A S E D I A, Ph.D.: I do.

R O B E R T M E J I A: I do.

SENATOR STACK: Thank you very much. Please have a seat.

Thank you for your testimony today. Please begin.

MS. SEDIA: Thank you so much for having us here.

I would like to talk a little bit about what Stockton University has been doing in terms of cannabis education on workforce developments, as well as mention some of the areas in which, perhaps, further opportunities and challenges present themselves.

We started with a cannabis minor -- or a minor in Cannabis Studies in 2018. And between now and then, our enrollments has really increased. We started with 20 students enrolled in the minor in 2018; this year it has been 122. All of our students are required to complete an

internship introducing them to the workplace, and the minor works pretty much with any major within the university system. We feel this is the best approach because we oftentimes talk about the cannabis industry in terms of growers and dispensaries, and things of that nature, but it is also important to remember that there are ancillary industries. There is banking, there is IT, there is energy aspects of dispensary running, and pretty much any young person who is looking for job opportunities can now enter this industry. We have been very much dedicated to developing this aspect, and we also started offering adult education starting in 2019.

At this point we feel that ancillary industries are probably the future, and we also feel that people need to be educated about opportunities. Because any new industry, the cannabis industry or any other, it's the opportunity to have new jobs. And as an educator, it is important for me that my students have access to those jobs, and this is what we have been focusing on.

Currently, we are working on improving aligning academic credentialing to the cannabis supply chain. For example, we don't see a whole lot of credentialing happening in terms of quality management, regulatory compliance, and so forth. The members of the CRC mentioned that they will be outsourcing testing to the third parties, and it's probably important to train people who can do that type of work, who can do certifications, who can do quality assurance.

We also feel that adult and continuing education is key. Access and equity have been mentioned here many times, and my colleague will talk about the social justice aspect of the education in just a little bit, but I wanted to mention that when we're talking about access, we cannot forget access to

education. We oftentimes talk about the impact of the war on drugs on communities of color, Black communities especially, and we need to recognize that this impact effects pretty much every aspect of life, including education access. This is why we feel that it is very important to address integration of the educational programs within the communities, and for the education to address some of the emergent concerns such as housing prices, expungement, placement of some of the facilities into locations that are not currently opting out. We've seen many towns in New Jersey opt out of the industry entirely, and the question is where are those facilities being concentrated.

Also, taxes have been mentioned, and if we really want to have an equitable distribution of the resources, I feel that part of those taxes should go to build out the infrastructure and safety net of the communities affected by the war on drugs, so they can have access to education, so they can have access to work opportunities.

We can't actually talk about restorative justice without discussing reparations to the communities that have been primarily affected by the war on drugs, and that can take the form of tax revenue going to offering education scholarships to students from those communities who may be interested in that.

And I would like to conclude by mentioning that according to Leafly, which is one of the main cannabis sites, New Jersey could easily add 25,000 new jobs with the adult use market. The question is who those jobs go to, and how do we educate the workforce.

Thank you very much.

MR. MEJIA: Thank you, Dr. Sedia.

Thank you, Senator Stack, and Committee members, I appreciate the opportunity to speak today.

My name is Rob Mejia, I am an Adjunct Professor at Stockton University, where I teach several cannabis classes that lead to the minor in Cannabis Studies. I am also the President of Our Community Harvest, which is a cannabis education company, and I am the author of *The Essential Cannabis Book* as well. The areas that I focus my research on are primarily in cannabis employment, and I do look at what happens in other states and even other countries, I do look at social justice, and I also look at the edibles market -- specifically how it intersects with hospitality and tourism.

So in hearing about this Hearing today, I wanted to focus on a couple main issues. One that I wanted to focus on is supply issues. And I know this is something that we've been talking about for a bit of time here. NJCRC did take a look to make sure that the existing ATCs had enough product for both the medical and the adult use market, and we actually got off to a very good start. I was actually surprised and very happy to see that we rolled out our program as well as many other states did, although there will be some kinks in the supply line, I believe, in the upcoming months for a couple reasons.

One is, we do have more people who are going to be coming to our adult use market, because we will have tourists for the summer, we will have people coming in from New York, Connecticut, Delaware, etc. We also have people who have been waiting on the sidelines, who didn't want to wait in those long lines for weeks one, two, and three, and they will be visiting some of those dispensaries. So here are four ways I think we can really beef up our supply chain. And one is an area that we haven't really even talked

about. And this, by the way, if we do this work on the supply chain, we will be able to lower our prices, which will be a very key item in helping to combat the underground market. That is the number one reason why there is the underground market -- pricing, plain and simple. The cannabis in the underground market is roughly half the price of what you can get at a dispensary.

So the four recommendations that I have are, one, I think we should take a look at our hemp farmers in New Jersey. We have a small program in New Jersey, and as of about three weeks ago we only had about 17 farmers who had applied for their hemp license. And roughly, they were going to grow about 150 acres of hemp. So we're probably at about 20 farmers right now. New York did this recently. Why not let the farmers who know how to grow, let them grow cannabis for our medical and our adult use market? So let's look at them as a new source of supply. That's number one.

Also, as long as they follow the testing protocols of the other cannabis producers, why not let them sell their high CBD flower, and their tinctures, and other products into the dispensaries? That will take some of the heat off of the dispensaries from having to grow more of the cannabis. And, frankly, the ATCs are not as concerned with growing high CBD flower. And what that is, CBD is cannabidiol, which is one of the main components in cannabis, but it does not get you high. But it also works very effectively with a number of medical conditions including epilepsy, pain, anxiety. So if we give them that market, too, that's also going to help supply, and that's going to help our hemp producers. So that's number one.

Number two, let's take a look at delivery. So, for medical patients, delivery can be a key component of them getting their medicine.

Right now, all of the ATCs do not have delivery. Why don't we incentivize them or even mandate that they do have delivery for their medical patients? And if that is an area of business that they don't want to build out, what if they work with social equity applicants or smaller operators and let them build up to business, with the opportunity to buy that business in three to five years? Let's give them a stake in that. So that's a second point of supply.

The third point -- and many people have talked about this -- is home grow for medical patients. We are the only state that allows for medical cannabis that does not allow our medical patients to grow. Some patients pay up to \$10,000 a year for their medicine. Some patients need specific strains. Some people have mobility issues. So, again, if they could home grow, that gives more control. So that would be the third method of beefing up our supply I would mention.

The fourth is, how about if we treated our 2019 licensee winners just like our 2018 licensee winners? They were stuck in court for roughly two years, they had to hold onto their real estate. There is a one-year rule -- and it's not in statute nor regulation. Financing has become a little more difficult for the 2019 winners, because now investors can invest in the adult market. So why wouldn't you start with somebody who can have access to that adult market, rather than somebody who is starting in the much smaller medical market, which is roughly 10 to 15 percent of the whole market? The 2019 licensees have the same expenses to serve the medical patients, but they don't have access to the entire market. So, basically, allow the 2019 awardees to convert under the same rules as the 2018 ATCs.

So those are the four ways that I would address the supply chain. Now I wanted to turn my attention very quickly over to our social justice and

social equity issues. The first thing is that I am very glad to hear that we are tapping into some of our State resources. John Hudak, who is a Brookings Institute think tank member, wrote a very thoughtful article about how you should use all existing State levers at your disposal before you go into developing something new. So, as we are developing electricians, let's tap into those programs and teach them how to be electricians in the cannabis industry. Same thing with plumbers, HVAC, any type of job you can think about. And I know we're already starting down that road, but there are still some organizations, and especially some nonprofits and some small, smart nonprofits, that we should be reaching out to and help them serve the communities that they want to help serve.

So the first thing is, let's use those State levers. The other thing is, in terms of social equity, we are ahead of the curve. You're looking at other states. I think what we all, what a lot of us hoped was-- We have a lot of people who are harmed by the war on drugs; we'd like to get them into business, but many of the people are not equipped to be small business operators, or any business operators, in the most regulated business that you could think of. Some people just want a living wage. Some people want a high school education. Some people were arrested right before they were going to community college or a four-year school. Let's get them back on track to whatever that dream was, to get them to the next rung.

So I would say one thing that we know that makes a huge impact in peoples' lives is helping them get to that next rung in education. And whether that's helping them get a GED, high school education, getting them into community college, a four-year school, let's help them. We have the cannabis income, let's get them the education. That will help them to pay

taxes, that will give them a livelihood -- that will kind of give them a new lease on life. So let's really promote what we can do in education.

Also, from there, let's develop technical assistance centers. What those would look like is basically, with the Impact Zones getting the money they're going to, they should be setting up these think tanks, basically, or these assistance centers that have things like résumé-writing assistance, expungement clinics that are ongoing, application clinics, job fairs, mentorship programs, and then also workshops on raising capital. So for those people who do want to get in the cannabis industry who were harmed by the war on drugs, let's help them in every way that we possibly can. For those people who simply want a job, let's get them the education they need, let's help them with their résumés, let's get them placed in jobs that they need to have in order for them to survive.

So those were the two main issues I did want to focus on. And then I also wanted to make a couple mentions of, there were some basic questions that came; and of course, because I'm a college professor, I have to answer a couple of these. So the one thing I'd like you to keep in mind about impairment is, one of the main issues is, you have to focus on what is called *active impairment*. What that means is you can have someone who is a regular cannabis user, they can stop using cannabis right now, they could get tested in 30 days, and it will still show up in their system. But they're not actively impaired; they can drive a car, they can work, they can do what they need to. So we really need to be focusing, I think, on the science of active impairment.

And there are some companies like Hound Technologies (*sic*) in California, that are coming up with a cannabis breathalyzer. It's not perfect, because people have different levels of tolerance, but at least it will show if

someone is actively impaired. So if someone is at work, you'll know if they've actively taken cannabis; not if they had it two weeks ago when they sprained their back. So active impairment versus just impairment is a big issue.

SENATOR STACK: Sorry, I'm just going to ask you if you could please try to wrap up, because we have a lot more witnesses to go.

MR. MEJIA: Fair enough.

My final summary statement is of the 102 conditional licensees -- not all of them will get through, because they have to get municipal approval, they have to get financing, and they have to find real estate; so you might only see 70 or 80 of those come through. So that 102 number is going to go down.

I also talked about the underground market. The one thing I would encourage you to do with the DARE curriculum is take a look at it. It is outdated, it is inaccurate, and I think New Jersey has the chance to produce real and accurate information for our young people.

Thank you.

SENATOR STACK: Thank you very much. Thank you both for your testimony.

Any members of the Committee have any questions at this time?

(no response)

Okay, thank you both for your testimony.

MS. SEDIA: Thank you.

SENATOR STACK: I would just like to remind the rest of the panelists that are coming up, please try to limit your testimony each to three minutes. And that would be -- next panelists would be panel four, Jessica Gonzalez, Cannabis and Intellectual Property Attorney at Hiller, PC; and

Tahir Johnson, Director of Social Equity and Inclusion, United States Cannabis Council.

If you could both please remain standing for the admission of the oath. David.

MR. LORETTE: Good afternoon. Can you raise your right hand please?

Do you swear or affirm that the testimony you are about to give here today is true, accurate, complete to the best of your knowledge, information and belief?

JESSICA GONZALEZ: Yes.

TAHIR JOHNSON: I do.

MR. LORETTE: Thank you.

SENATOR STACK: Thank you both. You may be seated.

If you could please begin your testimony, Jessica.

MS. GONZALEZ: Buenas tardes, everyone. My name is Jessica Gonzalez. I am a New Jersey cannabis attorney and an advocate who spent the last five years advocating for cannabis reform, and I've also advised in social equity efforts in over seven different states at this point.

I want to thank the Senate Judiciary Committee for inviting me to speak on the current state of New Jersey's cannabis industry.

As an attorney, advocate, and board member of numerous nonprofits dedicated to cannabis reform, I stand at the unique intersection of legal business and policy. I report today, I want to make it clear that I'm speaking on behalf of myself and not on behalf of my firm or any organization that I am affiliated with. As an attorney assisting applicants with state applications, I've come to be the bearer of bad news as I shed light on the

harsh reality that despite our advocacy efforts, the barriers to entry are still high. I have sat with applicants whose dreams are quickly deflated upon realizing that capital is hard to come by. Obtaining municipal support is an unpredictable maze, and locking down site control is an expedition laid with money loss, lengthy negotiations, and egregious compromises; all in the name of pursuing a dream.

As we look forward to the future of the cannabis industry in New Jersey, we must not forget that the criminalization of cannabis was not rooted in science or public safety, but rooted in discriminatory and racist intent. Current reports show that 81 percent of cannabis owners are white, less than 4 percent Latino, less than 2 percent Black, and less than 1 percent Indigenous. Yet when we look at the rates of those incarcerated for cannabis-related offenses, 80 percent are from communities of color; and on the Federal level, that is rarely spoken about, 70 percent of Federal cannabis arrests are Latino -- specifically because immigration is Latino, and it is used as a basis for deportation.

I am here today as a Latina, as an immigrant of this country, and as a New Jersey resident, to ask that we learn from the mistakes of other legalized states and create a meaningful pathway for communities most impacted to join this industry. Today I will speak on municipal barriers, access to capital, and home grow.

But first, I would also like to take this opportunity to commend the Cannabis Regulatory Commission on its herculean task to oversee both the medical and adult use market. I highly disagree with the popular rhetoric that the CRC is behind on its goals. Most cannabis markets in the United States take 16 to 18 months to form and stand, and within 14 months the

CRC is offering the expansion of medical operators, awarded additional medical licenses, and even doubled the amount that was originally intended. They have also issued regulations and guidance documents, held consistent hearings, and developed educational content, and, of course, issued two licensing rounds, all in 14 months. If the frustration with the delay is about accessibility to cannabis, then why aren't we targeting the high price of medical cannabis? If this is a conversation about accessibility, then why isn't home grow a part of the conversation?

I urge legislators here today to consider that thoughtful approach to a new industry is much better in the long-term than rushing a process simply to say we did it first. Rushing regulatory bodies has never done the cannabis industry any favors, and has only favored well-capitalized multistate operators, and has always, always been to the detriment of minority-owned and social equity applicants.

So, on the municipal level. For years we advocated for noncompetitive license schemes, no license caps, low application fees, priority systems for social equity and diversely owned business, and funding to assist applicants. We were successful on the State level with most of these tasks, so I want to thank all the legislators and the Commissioners who heard our call and responded with action. Sadly, while we were successful on the State level, it seems that our work is being undone on the municipal level. The CREAMM Act gave municipalities a broad range of discretion regarding who can operate within their city lines, leaving the door wide open for bribery, misconduct, and unfair business practices.

I warned against broad municipal discretion in 2020, based on what I'd seen in other states. Seeing my prediction play out in real life makes

for a very painful, “I told you so.” Municipalities are enacting competitive licensing schemes, capping licenses, setting forth their own application process, enacting application fees as high as \$10,000, and exhibiting a complete lack of transparency with its cannabis ordinance and application procedures. While I understand the cautiousness of allowing an entirely new industry within city limits, I cannot comprehend the lack of guidance municipalities are presenting to their constituents.

I am not stating, for the record, that municipalities should be stripped of their authority. I am simply stating that municipalities should emulate the State’s effort to lower barriers of reentry, beginning with transparency as to how they plan to score and prove applications. Taking notes from our neighbors across the river in New York, I ask that municipalities publish their ordinances and essential data on the CRC’s website; and mandate it to keep their ordinances current and publish their application process. This will ensure that applicants looking to apply for municipal approval are relying on the same documents without the need for a lawyer, or a lobbyist, and to ensure, more importantly, that these ordinances are being applied equally to every single applicant.

As of the latest reports, only 100 municipalities have opted in to allow cannabis establishments, out of 565 municipalities here in New Jersey. Within those 100 municipalities, there are strict zoning restrictions, and within those restricted zones are limited, viable properties. The limited number of viable properties automatically places applicants in a begging position, and as the saying goes, beggars can’t be choosers. We should strive to make sure that New Jersey applicants are choosers, because we have begged and worked hard enough to make this industry a reality.

As a reminder, 67 percent of New Jersey residents voted in favor. NJCAN 2020 was the most successful cannabis legalization campaign in the country. So to see the spread between the number of municipalities opting out and the 3,000,000 residents that voted for legalization, shows a disconnect between municipal officials and their constituents.

I implore you to encourage cannabis conversations in the districts you represent and embark on an educational crusade. I and my fellow equity avengers are at your service to provide you with the education, if it means opening the doors of opportunities for New Jersey residents to participate in their own industry.

On the question of capital. When I get prospective applicants - - and I receive about 15 e-mails for prospective applicants a week -- the first question that I have to ask them is, "Do you have the funding necessary to apply, build out your facility, and potentially operate at a loss for at least three to five years?" Asking that question, knowing well what the answer is, puts me in a helpless position, knowing that I'm about to turn enthusiasm into fear. I am met with the same question: "How much will it cost?" Quickly followed up by, "Why does it cost that much?"

So I want to let you know why it costs this much. Let's do some addition. High levels of compliance translates to higher cost, as professional services are necessary to navigate these waters. I'm talking lawyers, accountants, consultants, security contractors, architects, technical writers, and, potentially, lobbyists. Couple all six professional services with the cost of securing site control and the lengthy negotiations necessary to finalize a binding agreement. Add in the cost of preparing not one, but two different

applications, because most municipalities decide to put their own spin on things.

These forgoing costs are only for the opportunity to apply, and upon award of the license there is build out, security, technology, contractors, employees; and ongoing compliance necessitates keeping a lawyer and an accountant on retainer. Within a few short months, it's time to renew the application on the State and municipal level. And the cherry on top: Add in IRS tax code 280E that does not allow cannabis businesses to deduct regular business expenses, forcing them to operate at an effective tax rate of 50 to 70 percent. While I am not an accountant, a serious conversation should be had about decoupling from 280E in that State level, and I've experienced cannabis accountants ready to have that conversation.

I implore legislators to seek a way to funnel capital to the Office of Minority and Disabled Veterans and Women's Cannabis Development, so they can continue to carry out their obligations. Unfortunately, right now, the CREAMM Act provides that capital for these programs are to be derived from the social equity excise fee, or on the cultivators. One, it has yet to be enacted. Two, it comes after the fact, once licenses have already been awarded and operators are already operating. If the intent is to level the playing field, then applicants need access to capital yesterday, today, and tomorrow.

I have weighed out the cost of applying, building, and operating. My fear is that minority applicants will not find qualified investors. But my fear is not rooted in theories or hypotheticals. For example, Latino founders in 2021 received only 2 percent of venture capital. Black founders received only 1 percent of venture capital, and Indigenous founders received less than

1 percent of venture capital. So unless somebody has a rich family member with \$1 million burning through their pockets, Black, Latino, and Indigenous communities and founders continue to be beggars.

The State needs to step in, in light of its active participation of the criminalization of cannabis. Whether that's working with the NJEDA, working to earmark funds for these communities in the general budget, something must be done. Minority applicants need access, in addition to education, technical assistance, and ongoing mentorship.

On the topic of home grow, it is no secret that cannabis and cannabis products are extremely expensive in New Jersey and product diversification is low. While competition will breed innovation and force the price to drop, until that time there are patients and nonpatients alike who are still having trouble accessing medicine. We must remember that we're not talking about a commodity; we're talking about a medicinal product. You may recall that in 2020, medicinal cannabis was deemed an essential business, along with hospitals and grocery stores. And despite this historical designation, New Jersey residents are unable to grow their own medicine.

Now, I will not ask anybody to admit to their attempts, but growing cannabis is fundamentally different from growing other herbs, fruits, or vegetables. In the same fashion that residents can brew their own beer or mull their own wine, the majority *do not* for the simple fact that it is tedious, time consuming, and demands a steep learning curve. Even licensed cultivators do not typically succeed on their first harvest. Out of 18 states that have legalized adult use, New Jersey is the only state that does not allow for home cultivation. Both Connecticut and New York are allowing home cultivation, and yet here -- in the Garden State -- it still yields heavy penalties.

And I understand that progress is incremental, so let's look at the numbers that everyone seems to fear. According to New Frontier Data, in 2021 only 6 percent of cannabis consumers grow their own flower. Fourteen percent of that 6 percent grow due to lack of facilities to purchase from. Thirty-five percent of that 6 percent grow due to the unavailability of cultivars that they prefer. And nearly 32 percent of that 6 percent grow to avoid worries about contaminants such as pesticides.

So as you can see, any fears that mass cannabis production is divergent to the legacy market -- which we will no longer call the *black market*, we call it the *legacy* or the *unregulated market* -- is unfounded when we see these numbers. If the intention behind prohibiting home grow is to choke the legacy market, then isn't it clear this thinking has failed? If cannabis prohibition didn't stop this exponential growth of the legacy market, why do we believe that the prohibition on home grow can? The legacy market is alive and well, and the conversation should not be about eradicating the legacy market, but how to bring them into the conversation and into the fold. Cannabis prohibition *did not work*. The fallacious war on drugs *did not work*. Cannabis prohibition *did not work*. It only creates avenues for further criminalization, and that did not work out well for us.

We need to move away from the *Reefer Madness* thinking that caused more problems than it did solutions. While our eyes look forward to a new era, it is imperative that we turn our head to gaze on the destruction left behind, and ensure that the path we're paving takes into the utmost consideration inclusion of communities in an industry that has historically ignored and intentionally precluded them from the conversation.

Most importantly, we must remember that this is a medicine first. This plant has been around for over 5,000 years and will continue to be around for another 5,000 years. No laws or regulations are going to change that simple fact. You as lawmakers, however, can change how we treat this plant and how New Jersey is perceived by the rest of the country. Check municipal control, begin actively seeking funding opportunities for applicants, and legalize home grow. New Jersey has the opportunity to become a leader in the national cannabis industry. We have the opportunity to lead, and it is time that we lead with curiosity, instead of following with fear.

Thank you so much.

SENATOR STACK: Thank you, Ms. Gonzalez.

Also, if you could just provide a copy of your testimony, I would appreciate that.

MS. GONZALEZ: Absolutely.

SENATOR STACK: Thank you.

You can begin.

MR. JOHNSON: First, greetings honorable members of the Senate.

My name is Tahir Johnson. I serve as the Director of Social Equity and Inclusion at the Marijuana Policy Project, but I'm also a social equity applicant, applying for a dispensary in my hometown of Ewing, New Jersey.

First, I would like to thank you all and applaud you for your hard work in passing legislation to create what, in its early stages, looks like it's shaping up to be one of the most diverse and inclusive cannabis markets in

the country. New Jersey's cannabis program, which prioritizes opportunities for those with previous cannabis charges, minorities, women, disabled veterans-owned businesses is a step in the right direction. Established policies that we advocated for, like low application costs, absence of license caps, and conditional licenses that don't require real estate, are great advances and examples of social equity best practices.

A recent report from the Minority Cannabis Business Association, which analyzed the social equity policies from existing markets, found that providing timely funding is one of the key areas of opportunities to support social equity and minority-owned businesses' entry into the market, and participation as members of these disadvantaged groups often lack financial resources to start a cannabis business -- and that's mostly what I intend to focus on today.

Now that we have over 100 new licenses, many of them conditional, ensuring that these businesses are set up for success must be a top priority; and being assured that they're provided with access to capital and the technical assistance needed to navigate the complexities of regulatory compliance, financial management, and business planning of the cannabis industry is critical. As Jessica said, it can cost hundreds of thousands to millions of dollars to be able to stand up a cannabis business. I know, my personal experience, just to get through the application process I've spent tens of thousands of my own personal money, taking it out of my own 401k and my kids' retirement fund to pursue the dream of generational wealth.

With cannabis being federally illegal and our U.S. senators not having advanced the Safe Banking Act, there's no access to bank loans for aspiring entrepreneurs. There are currently six states that use adult use tax

and licensing fees, along with other state funds that are allocated for social equity applicants, to fund grants and loans. We can look to our neighbors in New York, who proposed a \$200 million fund to help minority and social equity businesses, as an example of a potential solution.

With the goal of New Jersey's cannabis market to be to help to establish business opportunities for those who have been most harmed by the war on drugs and minorities, not having access to capital is a critical missing piece. As New Jersey stood up its cannabis market, just recently opening our doors on the 21st of April, one of the priorities was to have the market open quickly. But I personally believe that having the market open without access to opportunities and business for social equity applicants-- You've seen in other states where states have made billions of dollars on revenue before social equity applicants get to open their doors. So making sure that we can have programs and provide them the funding to be able to get up and running, to be able to operate as a business, is extremely important.

As Jessica touched on, one of the biggest challenges that I'm hearing from other social equity applicants in the process now is getting municipal approval, because many people have already gotten approval for their licenses and don't have municipal approval. The doors of many of the municipalities are closed, and they're not able to go open businesses there. So as was said on the panel previously before us, many of the hundred applicants that we are applauding will likely not be able to open their business, because they will not have the money to be able to open and they will not be able to get a location to open their doors.

So I think that these are important issues that we need to address and think about as we look to the future of our cannabis market.

Thank you for your time.

SENATOR STACK: Thank you very much, both of you, for your testimony.

Any members of the Committee have any questions at this time?

(no response)

Thank you both very much.

MS. GONZALEZ: Thank you so much.

MR. JOHNSON: Thank you.

SENATOR STACK: The next panel will be panel five, which is Matt Harrell from Curaleaf, Raheem Uqdah from Curaleaf, and Evan Kalakowski from TerrAscend.

Can you please remain standing to be sworn in.

MR. LORETTE: Raise your right hand please.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete to the best of your knowledge, information, and belief?

MATTHEW HARRELL: I do.

RAHEEM UQDAH: I do.

EVAN KALAKOWSKI: I do.

SENATOR STACK: Thank you very much.

Thank you. Matt, you may begin.

MR. HARRELL: Mr. Chairman, members of the Committee, thank you all for having us.

My name is Matt Harrell, I am joined by my colleague Raheem. I am the Vice President of Government Relations for Curaleaf. He is the Senior Director of Corporate Social Responsibility.

Thank you all for having us today; thank you for this historic launching of the program.

Curaleaf is about a 10-year-old company. It was started in Belmar, New Jersey. We were born and bred here, we're now one of the largest cannabis companies in the world. We operate in 23 states and 5 European countries, so we're a true New Jersey success story. We have three dispensaries here in New Jersey, we have them in Edgewater Park, Belmar, and Bordentown; only one is open for adult use at the moment, the other two are going to quickly follow. We have two grow houses, one is in Winslow and one is in Belmar.

I'm going to hold my comments brief. I'm going to let Raheem step in, just in the interest of time, but I am here for answering any questions that you have.

SENATOR STACK: If we could just try to keep to three minutes apiece, I would appreciate that.

MR. UQDAH: Absolutely. I will try to keep this fairly short and conversational, based on what I've heard here today.

I am from Chicago, Illinois, originally. I think what we've seen there in the social equity market is a lot of big ideas and promises and, unfortunately, two years into adult use we still have no operating social equity licenses in the State of Illinois. I think that goes to show that good intentions cannot always lead to the successful outcomes that we hope for. So I hope we're able to take a lot of those missteps and apply them in the State of New Jersey.

It's been noted quite a bit that capital is one of the most difficult hurdles for social equity applicants to overcome. I would really encourage

this Committee to channel a lot of those tax dollars and revenue that's coming in to support social equity applicants as they continue to open their licenses and businesses; as well as use other steps and programs in your purview to aid as much as possible, whether that is access to government owned buildings, properties, land. I think there is an opportunity for the State to step in and provide opportunity for social equity applicants to take advantage of properties that are not currently in use.

I think also, along the conversation of the legacy market, it's important to recognize that entire communities and families have been supported through the legacy market and the sale of cannabis, even through its prohibition. We're not necessarily fighting against people who are trying to destroy their community, but people who have had no other option. So I would hope that in order to truly combat the legacy market and to bring those operators into a licensed space, there could be an opportunity for amnesty and programs to really draw those folks into the legalized market. Otherwise, I fear we could be in a situation between New Jersey and New York, similar to California, where after all these years the legacy markets is still a high proportion of sales in the California market.

I would also say that something we have run into in the City of Chicago, as it goes to job creation, particularly amongst people of color who largely live in urban centers, is that zoning makes it very difficult to open cannabis businesses inside of cities. So being very creative about zoning laws would be incredibly important if you're looking to draw economic opportunity into urban centers and to where people live.

So with that I will sort of give my time and say thank you for this opportunity.

SENATOR STACK: Thank you.

MR. KALAKOWSKI: Good afternoon Chairman, and members of the Committee, thank you for having me here today.

My name is Evan Kalakowski. I am a New Jersey resident and native, and currently the Director of Regulatory and Quality Assurance for TerrAscend New Jersey. By way of a little bit of background, I started in the cannabis industry about 10 years ago, starting with the New Jersey Medicinal Marijuana Program, where I helped implement the program from the start. Since then, I've been involved in multiple east coast cannabis states, with the last three being involved with TerrAscend.

So the cannabis industry works best when transparently working alongside regulatory officials. And I think so far, in the implementation of medical and adult use, the Commission has done a great job of this. I would like to make a recommendation to streamline and create a bridge to a regulatory understanding, where every cannabis business could attain actual operational clarity on how to conduct business.

I would like to recommend that the Commission expand that system, and convene a subcommittee, comprised of individuals with expertise pertaining to medical and personal use cannabis, to make recommendations to the Commission concerning the content of rules and regulations adopted by the Commission. These subject matter experts would have extensive and vetted cannabis experience operating in New Jersey medical and personal use spaces; and will be chosen by the Commission, where they can submit professional comments on regulations for consideration by the Commission to assist in the interpretation of how rules and the regulations are implemented on an operational level with businesses.

For example, the subcommittee can be used in conjunction with the Commission to provide business, in-depth guidance of what safe and effective product labeling actually looks like, and exact certification documents on how you actually collect information for safe product use and certifications for ingredients. By allowing creation of the utilization of a subcommittee, this Commission could attain recommendations from members of the group in an effort to pre-emptively mitigate issues as well as educate the Commission on what they should expect from licensees, such as safe and effective procedures, standards, and practices. The system creates a proactive approach to alleviate potential confusion and interpretations on both sides, such as expanded, ingestible products.

Now, the foundational basis of cannabis is generally to feel good or feel better, depending on the market in which the cannabis is consumed, which is either alleviating symptoms of a debilitating medical condition, or just simply to relax. In a national representative study of adults, 29.8 percent of respondents who have ever used cannabis reported that they used it in edible form. These forms include, but are not limited to, confections such as chocolates, baked goods such as cookies, and beverages such as infused soft drinks. The prevalence of ingestible cannabis products is growing throughout the nation, and these products present benefits to New Jersey patients and personal use consumers, such as the avoidance of odors and the stigma of smoking and vaporizing cannabis, so they can be consumed discreetly on a micro-dose basis.

Many patients need to consume cannabis outside of their homes, where smoking is not possible. This makes ingestible cannabis an advantageous route of administration, since it can be done without causing

potential victimization to the patient. Secondly, patients suffering from debilitating medical conditions, where smoke or vapors can exacerbate their symptoms and can cause harm to them, cannot use anything but ingestible cannabis.

Lastly, there's a large prevalence of unregulated ingestible products found in the illicit market today. These products don't include effective labeling, tamper-resistant packaging and child-resistant packaging, true ingredients, and are not produced in a licensed cannabis manufacturing laboratory under good manufacturing practices. Furthermore, these products are not sold in a licensed dispensary, where they can be educated by wellness associates on dosage, use, and effects. Allowing licensed cannabis businesses approved by the Commission to create effective, ingestible products in all forms allows patients and personal use consumers to avoid harmful toxins and health risks that come with smoking cannabis, unregulated products, and unknown ingredients, and allows for discreet use.

My last topic, and arguably one of the most impactful, is the 280E tax and its impact on the cannabis business. Currently, New Jersey recognizes the 280E as it's found in the Internal Revenue Code, which ultimately prohibits any entity partaking in sale of a Schedule I drug from deducting their regular business expenses during tax filing. The effects of 280E on a cannabis business oftentimes has detrimental effect on the bottom line. Because of the effects of 280E, reinvesting in State priorities is very difficult. It prevents the cannabis business from investing in new assets, creating jobs for the community, expanding payroll for hardworking individuals, and being involved in the community. And it doesn't just impact

companies like TerrAscend, but it will equally impact new entrance licenses such as microbusinesses and social equity businesses.

On behalf of TerrAscend New Jersey, I'm proposing that the State strongly consider following suit with neighboring and competing states, who have already decoupled from or are in the process of decoupling from 280E, such as New York, Maryland, Maine, and Vermont. This makes New Jersey competitive in the long run with other states, and by decoupling from 280E and allowing for the deduction of business expenses, this incentivizes the expansion of a commercial footprint, a stronger workforce, and a more robust impact on beneficial community growth.

In conclusion, the company just wants to be on equal tax footing with any other legally operating business. I hope you find this testimony helpful. Overall, us cannabis businesses just want to be treated the same as any other business. And I would like to express my gratitude for today.

Thank you.

SENATOR STACK: Thank you very much for your testimony, I appreciate that.

Any other members of the Committee have any questions?

Senator Corrado.

SENATOR CORRADO: Thank you, Chairman. I'll be very quick.

Gentleman, are you New Jersey-based companies, or -- both of you are?

MR. HARRELL: Our company is not based here, no. We were founded here and then after a year we moved to -- we're now in Massachusetts.

Mr. KALAKOWSKI: TerrAscend New Jersey is based out of New Jersey. We have multiple satellites across the nation, including Canada, California, and Maryland.

SENATOR CORRADO: And do you know if there's a study -- you just mentioned ingestibles versus actually smoking -- that shows the effectiveness or the benefits? Because one of the things that we haven't talked about, and I don't know if there are studies out there that even address this, is that it's more toxic than cigarette smoke.

MR. KALAKOWSKI: Well, I can't speak for the actual science behind it, but I can say that a lot of patients do utilize ingestible cannabis for its relaxing nature. So it doesn't get someone high, but it does give someone a relaxed feeling, so it lets them work through their debilitating medical condition.

MR. HARRELL: We have science behind that, on vaporization versus smoking, combustion. I can provide those to you.

SENATOR CORRADO: That would be great. Thank you.

MR. HARRELL: It's mostly about absorption rate and speed.

SENATOR CORRADO: Okay. Thank you.

SENATOR STACK: Thank you, Senator.

Any other questions from any member of the Committee at this time? (no response)

Seeing none, thank you very much to the three of you for your testimony.

Thank you.

Panel number six: Dominic O'Brien, Green Thumb Industries; David Vitali, Acreage, and Ngiste Abebe from ColumbiaCare -- I hope I said that correctly.

Please, if you could just stand to be sworn in.

MR. LORETTE: Raise your right hands, please.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete, to the best of your knowledge, information, and belief?

DOMINIC O'BRIEN: I do.

DAVID VITALI: Yes.

NGISTE ABEBE: Yes.

SENATOR STACK: You may be seated.

Dominic, if you could begin please.

MR. O'BRIEN: Good afternoon Chairman Stack; members of the Judiciary Committee.

My name is Dominic O'Brien. I am a Senior Vice President of Revenue at Green Thumb Industries, the parent company of GTI New Jersey, which does business here and in 13 other states as RISE. It is an honor and a privilege to testify on behalf of RISE, which operates cultivation, manufacturing, and retail facilities in Paterson, and retail dispensaries in Bloomfield and Paramus.

I would also like to acknowledge and thank Vice Chair Pou and Senator Lagana, Senators (indiscernible) and (indiscernible) have been great hosts and partners on this journey. I would also like to say that we enthusiastically agree with Mayor Sayegh that the partnership between the City of Paterson and RISE is a success story.

First and foremost, we most acknowledge the enormity of the task before the Legislature and Executive Branch to stand up the new agency and industry simultaneously; especially in the shadow of COVID. New Jersey has done a very good job at an exceptionally difficult task. GTI has significant experience with medical-to-adult transitions, including Illinois, Massachusetts, and Nevada. In our experience, no transition is ever perfect and there are always lessons to be learned. We have applied those lessons learned elsewhere in the New Jersey rollout. We were successful in launching adult-use sales in two retail locations, in Paterson and Bloomfield, on time and without disruption or complaint from its neighbors or host communities. We were well-prepared for the anticipated surge in customers, working with the CRC staff to prepare detailed supply, traffic, and issue access points that assured uninterrupted patient access to needed medication, and a first-rate retail experience for our new adult use customers. We've maintained ample supply for medical patients, and they have not had to wait in line at our stores.

Through careful site selection and through a planning of traffic inside and outside our dispensaries, we've been able to avoid any issues related to parking and traffic. Once the Commission announced the adult-use approvals were issued, GTI's team worked 24/7 to ensure our success. We are very grateful to our 150 New Jersey-based employees for all the hard work they've put in to serve New Jersey patients and customers alike. GTI's New Jersey team reflects the diversity of New Jersey itself. Fifty-seven percent of our team identifies Black, African American, Latino/Latina/Hispanic, or two or more races. Fifty-one percent identifies as women or non-binary. Twenty-four percent reside in the Impact Zone

municipality, and 20 percent live in an economically disadvantaged area. We are proud of them, we are grateful for them; without their hard work, none of this could have happened.

We also must recognize the Commission staff for their dedication and responsiveness to ensuring a successful adult use rollout. From our perspective, it is quite evident that once they were committed to proceeding with adult-use sales, the Commission's staff made itself available as and when needed to provide guidance, authorization, and recommendations that allowed us to get the doors opened on time and without incident. Success in any governmental endeavor is usually the product of real partnership between industry and regulators, and we appreciate that the CRC staff worked with us to deliver an adult-use rollout that is the smoothest we've seen across the country to date. We hope that spirit of partnership continues.

The rapid transition was not without bumps along the way, to be sure. Transitioning from medical to adult use rules in under 30 days was challenging for all. Assuring cannabis products were properly tested before being sold was also challenging. Perhaps most concerning at this point, however, is the undercurrent of criticism directed at the currently licensed ATCs for the cost of adult-use cannabis relative to the unregulated legacy or illegal market. To be clear, operating a medical or adult-use cannabis business anywhere is much more challenging and costly than most people think. This is especially true in New Jersey. The cannabis license is not a lottery ticket; it is not a license to print money, as some people seem to believe.

The Legislature needs to be aware of the real obstacles future licensees face. Real estate supply is highly limited, given the reluctance of

some landlords to participate in the cannabis industry. Industrial and commercial rents, already through the roof, are subject to a cannabis premium. New Jersey's land use approval process is a daunting, lengthy, and costly process. The State's important social and union equity requirements for cannabis businesses add complexity and cost that most businesses do not have. New Jersey's regulatory requirements are strict, and the cost of testing product and ensuring compliance with those requirements are significant. The lack of full banking services drives up the cost of capital and access to loans. And hanging over all of this is the Federal tax code provision known as 280E that other folks have mentioned today.

All of these factors drive up cost and the amount of capital needed to produce a safe, well-regulated product and to open the doors to the public. GTI is not complaining about the unique aspects of the cannabis business, or the cost of doing business in a state that prides itself on social equity, union participation, and close regulation of a product that is used for medical and recreational purposes. This is what we do. GTI strongly supports each of the State's goals, but this Committee and the licensees need to be aware of the many obstacles to success and the extraordinary cost of operating in New Jersey.

Customers and the media need to understand that these local factors and policy goals are the reason regulated cannabis can cost twice as much as so-called legacy or unregulated cannabis. Unregulated operators do not pay taxes to Federal, State, or local governments to advance social equity and assure safe product in a well-regulated industry. They do not support community groups that make the lives better in the communities in which they operate. They do not comply with State mandates to use no pesticides,

to ensure their product doesn't contain harmful mold or other bacteria, to test each batch of product to ensure the safe use, or to label it so that consumers have the basic information they need to understand the source and potency of the product they are purchasing.

They do not recognize worker's rights to organize and provide their employees a safe workplace, fair wages, and health benefits. New operators currently being granted licenses do not have the financial resources to weather the effects of the unregulated legacy markets. Their hopes will be dashed by those who refuse to participate in a carefully balanced consumer-oriented system this Legislature established. We support efforts to bring legacy operators into the regulated marketplace, in a fair industry in which smaller operators can flourish. GTI believes strongly in providing small local businesses with the support and funding they need to get started and to be successful. To this end, GTI is committed to provide at least \$1 million in funding to social equity licensees, and we are in active discussions with several minority-owned licensees to provide funding on fair terms, to supply cannabis product to social equity licensees on fair and equitable terms, to provide technical support and training to help them with the steep learning curve of this business, and to continue supporting expungement and re-entry programs across the state. We are especially proud to have donated our first-day profits from adult-use sales to the New Jersey Re-Entry Corporation and other nonprofit organizations that are helping right the wrongs of the war on drugs.

In closing, GTI thanks New Jersey for the privilege of operating its cultivation and retail businesses here, and for the chance to speak with you today.

I will be happy to answer any questions you may have.

SENATOR STACK: Thank you very much.

Anyone have any questions for the panel?

Senator Pou.

SENATOR POU: Thank you. I just want to-- Real quick question, because I know we're trying to hear from everyone, so I appreciate that.

Dominic, you were providing us with a breakdown of the diversity that you provide throughout the State of New Jersey -- I believe it was just for New Jersey that you were quoting. Is that correct, or is that beyond New Jersey?

MR. O'BRIEN: That was for the State of New Jersey.

SENATOR POU: Just the State of New Jersey.

Now, I also know that you're in Paterson -- that was indicated earlier -- and of the 22, is that 22 employees that you have in New Jersey -- I'm sorry, in Paterson? Is that a correct number?

MR. O'BRIEN: Twenty-two is approximately correct. I don't know the exact numbers for the retail, but we also have a lot of employees on the cultivation side as well.

SENATOR POU: And they are located where?

MR. O'BRIEN: In Paterson as well.

SENATOR POU: And what is the breakdown of them?

MR. O'BRIEN: I don't have that off the top of my head.

SENATOR POU: Okay. Can you please provide that? Through the Chair, can you provide us with a copy of that? I would be interested to

know what the actual breakdown for those Paterson residents within -- the various different groups that you talked about.

And thank you very much for being in the City of Paterson.

MR. O'BRIEN: Thank you.

SENATOR POU: I appreciate the information in your testimony, so I look forward to receiving that information.

MR. O'BRIEN: Thank you.

SENATOR POU: Thank you.

SENATOR STACK: Thank you, Senator Pou.

Is there any official testimony?

MR. ABEBE: Yes, my name is Ngiste Abebe.

Good afternoon, Chairman Stack, and our Committee members; thank you very much for having us here today.

I serve as the Vice President of Public Policy at ColumbiaCare, one of the companies serving South Jersey, with locations in Vineland and Bedford. I wear many hats in this industry; in addition to being Vice President of Public Policy at ColumbiaCare, I serve as the President of the New York Medical Cannabis Industry Association; and in my private capacity as a citizen I've been appointed as the Vice-Chair of the Public Health Advisory Council for Virginia's Cannabis Control Authority. And I also, well before all of this, started out as a volunteer board member for my local chapter of Normal.

ColumbiaCare now employees nearly 100 people at our cultivation and dispensary facilities in South Jersey. And I do want to start by commending the State and the CRC for the progress made to date in bringing adult use online in New Jersey. We've managed to maintain an

emphasis on continued patient access, while also seeing an equitable start, especially-- I will echo the CRC representative's point that very few states have managed to issue conditional cultivation licenses as quickly as New Jersey has; and even more importantly, to have the transparency and the demographic data so that citizens, legislators, and the Commission members can be assured that the progress towards the stated goals for this legislation are actually being achieved. Although, there is much left to do to ensure that we carry that through the completion of this program and these licenses.

It is very encouraging to see retail applications also already open. We have been signing letters of intent to supply-aspiring applicants, should they be awarded their licenses; because, from a ColumbiaCare position, the more cultivators we have, the more brands we have on our shelves that New Jersey customers want to buy; and the more retailers that are open, the more shelves for our products to be on. There is a space where we are all stronger when we can work together in facilitating a transition from an economy that's currently taking place largely in an unregulated, untaxed environment; and the years ahead of us in order to transition that economic activity into a tax and regulated setting.

One challenge that we have related to the CRC is the discrepancy between the background check standards for medical versus adult-use hiring. We have been leaning in and identifying potential partnerships for recruitment pipelines, but with that discrepancy we are more limited in our ability to hire, because the standards for medical hiring are more stringent on what background infractions might be disqualifying. And importantly, the discovery of those records come at the worst possible point in the hiring process. Because as employers, we cannot ask or screen based off of those,

due to ban-the-box legislation, which rightfully prevents discrimination against folks with records. We only find out if somebody cannot work for us after we've made an offer and after somebody has accepted that offer. So we have stopped looking to fill the position; and even worse, the person who is looking for employment has stopped looking for new jobs because they are waiting for their background check to come back.

And so it is disheartening, not just for the employee, but it is also disruptive to the hiring process to have that background check information come at that precise point. And the closer we can get to making the medical and adult-use standards consistent, the better we will be able to be a good partner in the effort to ensure we are providing jobs to folks who are most impacted by the war on drugs.

In addition, despite some of those challenges, we devoted 4.21 percent of our sales from the first week of adult-use sales to Shiloh Baptist Church's re-entry program. They have been a partner of ours in Vineland, and they have a number of programs that serve the community in order to help make sure that folks who are returning citizens, or folks who are struggling with addiction find the resources they need and the support they need within their communities. This will be an ongoing partnership; not only did we make a donation, they also came and tabled outside of our Vineland location for the first day of adult-use sales in order to raise awareness about the program offerings that they had. We will be continuing with ongoing engagement with a number and wide variety of partners, and I am very excited to see the level of activity and opportunity there is for the industry to partner with folks who are trying very hard to connect aspiring applicants with the resources they need to succeed.

However, there are things that we as a private sector industry and you as State legislators cannot solve ourselves, and I will echo the points that others have made today about the need for Federal banking reform and 280E taxation reform. We've heard many comments about pricing issues, but as long as the effective tax rate -- especially for cannabis retail -- hovers at about 70 to 80 percent, it will remain difficult for any cannabis company to both pay employees a living wage and support local economics, while also ensuring that we are bringing down prices for patient access.

The other element on patient access that I think we need to seriously consider is the progress that can be made towards insurance reimbursement. Cannabis is a medicine, and other medicines have access to resources to ensure that patients can afford them. New Jersey joins New York and New Mexico among states that have made progress towards establishing insurance reimbursement for worker's compensation cases. New Mexico has gone the furthest, within the established formulary for the price of reimbursement for cannabis, especially for chronic management for worker's comp. Interestingly, there is a public-private partnership there, because a lot of private insurers for worker's compensation have to pay so much in order to cover not just the cost of opioids, but also any resulting substance abuse and rehabilitation services that an injured worker might need; and folks are seeking out the access to medical cannabis in order to not just avoid substance abuse problems, but achieve a better quality of life and better chronic pain management.

ColumbiaCare has partnered in the past with Columbia University for a pilot study where folks took our hard-pressed tablets to help manage their chronic pain. Among the study participants, two-thirds either

reduced or completely stopped their reliance on opioids to help manage their pain; and reported quality of life improvement, in addition to more successful chronic pain management.

There's much to be said about cannabis in general, but I'll end my remarks here. Though I would like to just acknowledge that I have sat on a lot of working groups, a lot of task forces, and come to a lot of committee testimony. I have never, before today, been invited to speak not on how or why we should legalize cannabis, but on how legalization is going; and I do just want to acknowledge the historic nature of being able to speak to that aspect of legalization.

Thank you for your time this afternoon.

SENATOR STACK: Thank you very much; thank you for your testimony.

MR. VITALI: Good afternoon, Chairman, and members of the Judiciary Committee.

My name is David Vitali and I'm from Optimus Partners, testifying on behalf of our client, Acreage Holdings.

Acreage would like to start by thanking Senate President Scutari, Chairman Stack, and the members of the Senate Judiciary Committee for the opportunity to discuss the State's rollout of the personal adult-use cannabis program. Acreage applauds the Cannabis Regulatory Commission's successful implementation of personal use cannabis following the resounding support of New Jersey voters. The CRC approved Acreage's certification to expand into the personal use marketplace with a cannabis cultivator, cannabis manufacturer, and two dispensary licenses. Acreage continues to serve

medical patients at all three of its dispensaries, with patients receiving exclusive access to our Atlantic City location.

From April 21, 2022, through May 8, 2022, Acreage served approximately 4,200 patients and 11,000 personal use customers. As I said, Acreage applauds New Jersey for being a thought leader on cannabis policy. Not only has the State legalized medical and personal use cannabis, but the State is also demonstrating leadership for its desire to have a sustainable and equitable adult-use cannabis marketplace. The CRC has appropriately encouraged the alternative treatment centers to engage in meaningful and substantive social equity work to ensure that the cannabis industry does its part in remedying the harms of the war on drugs. Additionally, the CRC instituted necessary policies and procedures to ensure patients continue having access to their medicine, while permitting customers to gain access to recreational market. Given these policies, Acreage has been able to keep our patients from waiting in any lines longer than five or ten minutes.

Again, Acreage thanks the Legislature and the CRC for ushering in cannabis reform in the State of New Jersey, and looks forward to continuing its open and productive dialogue with the Commission and the Legislature as the market evolves.

Thank you.

SENATOR STACK: Thank you very much.

Any members of the Committee have any questions at this time?

(no response)

Thank you very much for your testimony.

SENATOR POU: Mr. Chairman, just real quick -- before you leave.

You don't have to answer because I know we have the next panel coming up. I would just like if you could provide me information -- forgive me, I forgot your name -- Ngiste?

MS. ABEBE: Ngiste rhymes with biggest.

SENATOR POU: Very quickly, you mentioned Vineland, that you're in Vineland. If you could provide me with what communities within the Latino community you have become involved-- You mentioned the community that you were involved with, and you provided certain--

MS. ABEBE: Shiloh Baptist Church, our community partner.

SENATOR POU: Yes, thank you.

If you can just share with us -- and you can send that information to us, if you would. I know that they have a very large Latino community in Vineland, so I wanted to make sure.

The same with you, Mr. Murray, if you could provide us with information with respect to any of the involvement within the Atlantic City area, with respect to those communities of color that you are currently involved in, both the Latino and the African-American communities.

Thank you so very much for your testimony.

MS. ABEBE: Thank you.

SENATOR STACK: Just before you go, I'm sorry, Senator Corrado.

SENATOR CORRADO: Same page, if you can provide the testimony. You talked about -- and you weren't the first one that pointed that out about background checks--

MS. ABEBE: Yes.

SENATOR CORRADO: --the difference between medicinal and recreational. If you could provide what they're looking for, and what would disqualify you from working in the industry.

MS. ABEBE: I believe that NJCTA included the exact code section -- which we had uncovered in our research -- in their letter for the hearing today, so that should be helpful.

SENATOR STACK: Thank you very much, again, for your testimony.

The next panel is panel 7; we're actually going to break it into two. We'll have Michael Affuso, Executive Vice President and Director of Community Relations, New Jersey Bankers Association, come up; and Ed DeVeaux, President of New Jersey Cannabusiness Association, come up. And then we'll do the other two last.

If you could please remain standing, David will swear you in.

MR. LORETTE: Good afternoon, gentleman, thank you very much.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete, to the best of your knowledge, information, and belief?

M I C H A E L A F F U S O: I do.

E D M U N D D e V E A U X: I do.

SENATOR STACK: Thank you very much.

Mike, if you want to go first, please.

MR. AFFUSO: Sure.

Thank you, Mr. Chairman, and members of the Committee. I will try to be brief.

My name is Michael Affuso, I represent 65 brick-and-mortar banks doing business in New Jersey. I included some collateral material from the American Bankers Association, that you may want to peruse at your leisure, that really outlines the Federal issue.

Four facts that are pretty obvious: Cannabis is legal in New Jersey, it's illegal federally. There are some banks that actually do the business in New Jersey, but other banks fear violating Federal law. And that's really the crux of the argument. I know there's a question of whether Federal charter versus State charter is the line of demarcation between who engages the industry. That's a fallacy. There is a large federally chartered bank in New Jersey that is very deep in the industry.

The question really comes down to this issue of Federal anti-money laundering laws. All proceeds generated by any of these businesses are illegal under Federal law. Any attempt to conduct a transaction, including a deposit, is considered money laundering. All banks, both State and Federal, have to comply with these laws. Not only does it deal with the cannabis shop, it deals with vendors, real estate firms, security firms, utilities. So that's how pervasive this Federal law is and how difficult it is to deal with.

So, these are real risks. The Cole Memo was a memo created by Mr. Cole from the Obama Justice Department, which outlined legal enforcement priorities. It was issued under the Obama Justice Department, it was rescinded under the Trump Justice Department. It was kind of unrescinded. But you're asking, essentially, my banks to get involved in this very murky area. In addition to this Cole Memo, there is FinCEN guidance, which tells institutions what they should do if they're going to get involved.

But it doesn't tell them that if you follow the rules you're not going to have a problem.

So think about the real issue if you're a bank getting involved in this business. I don't want to be political, but there's a 50-50 chance you'll have a new administration in 2024. What if this administration decides to enforce Federal law? Some may say, okay, that's not going to happen. But what if you have an Attorney General that steps towards enforcing the Federal law? And you have a U.S. Attorney in some state that *really* decides to enforce it? Now, maybe there's no U.S. Attorney that's ever decided to politicize their office and run for higher office, but, you know, there's a possibility that can happen.

The question is really the appetite for risk, and this is not the type of risk that banks are used to dealing with. Banks are worried about *will you pay me back?* Not *will I go to jail?* So they know how to manage that risk. And you have to understand that this is just one segment of this issue of risk. So now, what the question really becomes is, if the bank is going to get involved -- if somebody comes to a bank and says, "I am somewhere in this ecosystem. Will you deal with me, will you take my deposits, will you lend to me?" The bank has to say, "All right, I'm going to get involved in this business, but I need to find *a lot* of customers," because they have to build out this entire infrastructure to deal with the risk. They can't just take a one-off. So you're never going to have a situation where a bank that is primarily a home loan lender is going to get involved with this business.

It has to be a commercial bank, and it has to be a bank that's really interested in dealing with this kind of risk, and willing to actually try to attract the level of customers that actually make it worth their while to get

involved. Other issues that you really want to think about: When banks deal with his risk, it's not just a depository question. It's a question of lending, and what happens if you lend and you have illegal collateral? How are you going to deal with that? What if you lend to a strip mall, and the strip mall goes under? Now you're receiving -- you're directly receiving, as a rent receiver, money from a cannabis-related business. And maybe they didn't know that was happening. So you really have to get-- The bank itself has to do a ton of due diligence.

And, quite frankly, it becomes a question of who is willing to get involved in this. So I know one of the questions that is always posed to me is the question of using a credit card at a dispensary. And I could tell you, I'm under oath, that credit cards -- credit card companies -- say that these transactions are illegal. Now, I'm going to give you conjecture. A person could walk into a place that accepts a credit card or a debit card and ask for cash back. So let's assume a person walks in and asks for \$100 cash back first. Then they proceed to buy \$81 worth of cannabis with the \$100 that's in their left hand they got as cash back. And the purveyor of the cannabis decides to book that as a cash back transaction, not as a purchase transaction. Again, I know I'm under oath, this is merely conjecture, but I would bet that there's probably a possibility of dealing with it that way. In addition, the \$19 that was already in the till is now effectively washed through the purchaser of the cannabis. So I know that that question always comes up.

But, Senators, I'm going to disagree with my friend Bill Caruso, because he said there wasn't much that can be done here. There actually is a lot that can be done here. The issue at the end of the day is passage of the Safe Banking Act by the Federal government. And why I say that something

can be done here is because one of our U.S. Senators is in support of it, and is a co-sponsor of it; and one of our U.S. Senators is opposed to it. And what I would say is, if you'd really like to solve this problem, that you would speak to the Senator that is opposed to this Bill and ask him to support this Bill.

SENATOR SARLO: What Bill is that?

MR. AFFUSO: The Safe Banking Act. It passed the U.S. House six times -- six. It has broad bipartisan support -- and I know time is short and I don't want to get into the mix of it -- but that's what you can do. One phone call to one U.S. Senator solves that problem.

I'll take any questions.

SENATOR STACK: Thank you.

MR. AFFUSO: Thank you.

SENATOR DOHERTY: May I, Chairman?

SENATOR STACK: Oh, sure.

SENATOR DOHERTY: Yes, thanks Chairman.

SENATOR STACK: Senator Doherty.

SENATOR DOHERTY: I didn't think I was going to speak again.

But in my opinion, what you've painted is a very disturbing picture, right? I mean, do we have laws in this country or do we not? There are Americans all over the country who are being prosecuted violating Federal laws, and I just don't think this is good.

What you're telling me -- what I'm hearing is that there's clear Federal law that these activities are illegal under Federal law, but here in New Jersey we've set up a whole operation, you know, skirting the law. Is it going

to be enforced, is it not? How do you-- Anyway, that's very disturbing. You don't even have to comment. For me, it's very disturbing.

MR. DeVEAUX: Thank you, Chairman; Madam Vice-Chair; members of the Committee.

My name is Edmund DeVeaux, and I am honored to present to you this afternoon in my role as President of the New Jersey Cannabusiness Association, the state's first and largest trade association established to help the State establish a responsible, sustainable, diverse, and profitable cannabis industry. I look forward to discussing the access to capital in the cannabis industry, as well as other urgent matters as it relates to moving the state's newest significant contributor to our economic, social, and physical landscapes forward.

Before I delve into the heart of my remarks, I would like to offer once again my heartfelt thanks to Senate President Scutari for making legalization of cannabis a reality for this state, and creating opportunities to right the wrongs of past injustices, and creating future opportunities.

It is the notion of opportunity that begs the questions, is there access to capital? Is there access to resources for those we deemed legislative and regulatory priorities? This becomes a moot point if, as it was just mentioned, the Federal government would address the disparities in banking and insurance laws, and provide equitable access to essential services for small and startup cannabis businesses. The one word that seems consistent in conversations about cannabis commerce is *disparity*. The reality is all new business startups, regardless of market segmentation, require access to capital.

What presents the greatest challenge to cannabis startups is the lack of traditional avenues of access to certain resources. Cannabis legalization does not magically wipe away the devastation wrought upon historic communities and poor communities. I would use the analogy that we have prevented certain classes of people from legally participating in the 100-yard dash of the cannabis economy, and other economies, for that matter, for years. Now we say it's okay to get to the starting line, but when we examine the field, we find that certain participants do not have starting blocks. Others do not even have running shoes. And, don't forget, the rest of the field has a 50-yard head start.

Allow me to focus on three aspects of capital and other resource management issues, and how we might better facilitate better access. Those three areas of capital and resource management are personal access, private access, and public access. Just last week, I participated in a panel discussion on new license holders and what they can expect when pursuing a cannabis license. The new license holder on the panel was a dispensary owner-operator from Massachusetts. The young lady shared her local and state authority administrative challenges, but when asked about investment issues -- including cost overruns, a natural part of any development project -- she said, "I went to the bank of dad, and he wasn't always happy about it." It might have been insulting, had she not been such a nice person.

This year, the New Jersey Institute of Social Justice reported that Black median household income is less than a tenth of white households. Going to the bank of dad, mom, grandmom, cousin, and so on is not an option. At the New Jersey Cannabusiness Association, we are collaborating with legislators and regulators to make sure that we caution those interested

in entering the cannabis market that their investment is done at-risk because of the free-market system we are engaged in. Private access to capital by virtue of venture capital and other partnership arrangements is permissible under the current laws and regulations. The NJCBA is proud to have been an advocate for oversight of those arrangements.

As the Cannabis Chamber of Commerce, we also make sure that technical resources are also available, as we provide networking, webinars, and support other industry-wide activities to support future license holders and ancillary businesses, including fostering relationships with the current ATCs. Public funding of cannabis investment is a little further away, but we are in talks with relevant State agencies about how we make that happen in the most effective way possible. Remember: There are those without starting blocks or running shoes that are 100 yards away from the finish line.

What the NJCBA advocates for is earned assistance programming, where potential recipients of State funds participate in classes to develop or enhance business skills to better protect the State's investment. Plus, it demonstrates a willingness on the part of the applicant or participant to give, not just receive.

Thank you Chairman Stack, Vice Chair Pou, and members of the Committee for your time. I look forward to answering any questions you may have regarding the Cannabusiness Association and the evolving cannabis industry in New Jersey.

SENATOR STACK: Thank you very much, Ed, I appreciate that.

Thank you very much, Mike.

Does any member of the Committee have any questions at this time? (no response)

Okay, seeing none, thank you both for your testimony. Thanks for being patient waiting today, also.

The next panel that will come up will be Christine Buteas and Ray Cantor from the New Jersey Business and Industry Association.

If you could please remain standing to be sworn in.

David.

MR. LORETTE: Good afternoon.

Do you swear or affirm that the testimony you're about to give here today is true, correct, complete to the best of your knowledge, information, and belief?

RAY CANTOR: Yes.

CHRISTINE BUTEAS: Yes.

SENATOR STACK: Thank you very much.

You may begin.

MS. BUTEAS: Good afternoon, Chairman Stack, Vice Chair Pou, members of the Committee.

My name is Chrissy Buteas, I'm the Chief Government Affairs Officer at the New Jersey Business and Industry Association. I am joined by my colleague, Ray Cantor, Vice President of Government Affairs.

I want to thank you, as well as Senate President Scutari, for inviting us to testify here today on what we see as a very critical issue to our membership, one that has been highlighted very extensively during the question and answer period with the Cannabis Review Commission. I also want to acknowledge the work that Chairman (*sic*) Sarlo has done on this

issue as well, specifically related to maintaining a workplace safety component within this statute.

What I'm not going to do is read all of the testimony and comments that we submitted to the CRC, which I know were included in the information that we sent you previously. But the main message we want to get across is we need some clarity for the employer community. And so, to be as succinct as possible, this is where we see ourselves now. We have hundreds of thousands of businesses, millions of employers, that this statute impacts. Not only the private sector, also our not-for-profit sector, as well as all of you in our government sector.

So while we're not here to debate the actual statute, what we're here today to do is to try to gain clarity and to raise some awareness on why the business community is very concerned with moving forward. Just a quick rewind: The current statute says that you can't refuse to hire anyone just because they test positive for cannabis. However, employers can maintain a drug-free workplace, but a couple of provisions must be met. One, is you need to test during worktime hours, and they test positive. The second component of that is you need to have someone do a self-assessment to determine if they are, in fact, impaired. And so the statute says that the Cannabis Review Commission, which was alluded to earlier, must put in place what that criteria looks like.

And so we are in a situation right now where we have a statute that says we need to have these workplace impairment recognition experts trained and meet a certain criteria, but we don't have the regulations actually explaining the certification process, what needs to be met, who are these folks, where do we get them from, can they do this virtually, do they have to be on

site? And so we have a lot of questions right now pertaining to when will these workplace impairment recognition experts -- you know, when are we going to get them trained, how are we going to go about utilizing them, what is the protocol going to be?

To further complicate that as well, I do want to mention that in the statute it also says that you can use drug recognition expert criteria to help inform how the WIRE training will be impacted, keeping in mind that that is now being litigated by the New Jersey Supreme Court. So we know some folks have commented, "How is that going to play into this?" Yet to be seen.

So what are we asking for now? Again, the clarity, the timeline for -- does the business community comply with the statute as is? Because I know that the CRC said it wouldn't be in effect right now, but we have had some legal opinions say you cannot ignore what the statute says right now. So the clarity would be very important for us right now, and to also -- I think it was brought up to have a FAQ, a document posted on the website to inform our employers about what the process is, what do you recommend in the interim.

So, again, the clarity is the main piece that we're looking for at this point; and to just understand that this doesn't need to be that complicated. But it is a complicated matter and one that we are in an extreme grey, unknown area.

So thank you for the opportunity. Again, I want to thank the Senate President for inviting us here today, along with Chairman Stack and members of the Committee, to talk about this critical issue.

MR. CANTOR: And thank you, members of the Committee.

I just wanted to add a little bit of detail -- not too long -- to what Chrissy said, and talk about that clarity issue and some solutions that we think could help alleviate the problem.

Again, what we have right now is a statute that limits an employer's ability to use drug testing alone to take adverse employment actions, and requires the use of WIREs to certify people that do physical examinations. But the Commission has failed to adopt those regulations to allow for the certification. So the first thing that obviously needs to happen is for the Commission to act, and to propose and adopt those regulations. Until that point in time, we don't believe that the statute limiting employer's rights to rely on drug tests should really be applicable. We think that that requirement should be stayed until the regulations are in place.

But let me give you four things we think the Commission should do right away when they do the regulations. One, we need as many WIREs and certified people as possible out there. It's a large employer community, as Chrissy mentioned; it's the private, the public, and the nonprofit sector. We need as many WIREs as possible, and we need to drive down the cost by having them there. So the Commission should take a broad view as to who could certify and try to expedite that process.

Two, there are national organizations that play in the impairment space, there are national certifications you can get. The Commission has the ability to recognize those national certifications and allow them to work in New Jersey as well -- an immediate solution to bring in people immediately, in addition to certified additional WIREs in New Jersey.

As Chrissy mentioned as well, we think that physical examination requirements should be allowed to be done virtually. That's consistent with the trend toward e-medicine. You could do it on your phone; you know, there are things you could do. By the way, rather than having them have a physical examination take place on site, which is time consuming, expensive, and limits the ability for WIREs and others to do their job, allowing these types of physical examinations, which are being done right now in other areas virtually, will help solve some of that problem.

And lastly, we think the Commission needs to define an adverse employment action as-- The Commission needs to allow employers to take adverse employment actions against employers who cannot pass drug tests, when the Federal law requires that drug test to be passed in order to do their job. We'll give you a very quick example. Under Federal law, in order to drive a commercial truck and have a CDL license, you need to pass the drug test. However, if you fail the drug test, an employer's only option right now is to remove that -- not allow that employee to drive. But they can't do their job. And under the way New Jersey law is written, one would argue that you can't fire that employee even though they can't do their job.

We would take an opposite viewpoint and argue that you're not firing an employee for failing a drug test, you're firing that employee for not being able to do their job under Federal law. That needs to be clarified. We think the Commission could do that in the regulations; or in guidance that we've been asking for.

So, you know, that's our request. We need the Commission to act. We all need safe workplaces. And we thank you again for allowing us to be here today.

SENATOR STACK: Thank you both for your testimony, both Christine and Ray.

Any members of the Committee have any questions at this time?

(no response)

No? Seeing none, thank you very much both.

MS. BUTEAS: Thank you.

SENATOR STACK: Thank you for coming down and waiting.

At this time, I would just like to thank all the members of the Senate. Thank you very much, the members of the Committee, for your patience during the Hearing.

Thank you to all the witnesses who testified today, and a special thank you to the Senate President for all his hard work on this issue.

Thank you very much. The meeting is adjourned.

(MEETING CONCLUDED)