

## Howell Chamber of Commerce Breakfast Bonanza, 6-22-21

### Howell Alliance Presentation: "What Does Cannabis Legalization Mean for Municipalities?"

#### **1. NJ cannabis legalization**

- a. Cannabis is legal, marijuana is not
- b. Decriminalization, medical use, and recreational use are 3 different parts of the law; I am discussing recreational use today
- c. A town can ban none, all, or selections of recreational-use cannabis license classes (see below); cannot ban delivery coming from out of town, even if delivery licenses are banned
- d. Towns must opt-out of legalization with a new ordinance written after 2-22-21's legalization; failure to do so by 8-21-21 means accepting legalization, or opting in
- e. If legalization is not banned by a town, legalization remains for 5 years
- f. If a town bans legalization prior to 8-21-21, it can at any point reverse its decision to legalize
- g. If a town decides later to institute a legalization ban after the first 5 years, existing cannabis businesses established while it was legal will be grandfathered and allowed to stay
- h. Adult-use sales tax on cannabis will be 7%, and there will also be a social justice excise tax based on dollar amounts; municipalities can charge local sales taxes of up to 2%, depending on the license (FYI: Colorado's state tax is 15% on cannabis)
- i. Many of the regulations may change or may not yet be defined
- j. More than 60% of local municipalities in Colorado and Washington State opted out of allowing recreational retailers
- k. Howell Township introduced an ordinance opting out of all legalization licenses at 5-18-21 council meeting; it will be introduced a 2<sup>nd</sup> time and then voted on prior to 8-21-21 deadline

#### **2. NJ Cannabis Regulatory Commission (CRC)**

- a. Established to create regulations for medical and recreational use;
- b. Monthly meetings open to the public (will have 6 meetings done before 8-21-21 deadline for municipal opt-out)
- c. Many regulations will not be decided or finalized prior to 8-21-21, so towns may not be clear on what legalization means prior to opting in

#### **3. Licenses**

- a. 6 classes of licenses (can ban 1 or all):
  - i. Cultivator
  - ii. Manufacturer
  - iii. Wholesaler
  - iv. Distributor
  - v. Retailer
  - vi. Delivery service (can't ban delivery services from other towns coming into your town to deliver cannabis)
- b. A town can ban none, all, or a selection of license classes; cannot ban delivery coming from out of town, even if delivery licenses are banned
- c. Priority given to microbusinesses owned by residents and applicants from economically hard-hit communities or impact zones (areas impacted hardest by substance abuse)
- d. Cultivation licenses would be capped at 37 for the initial 24 months; limit won't wouldn't apply to licenses issued to microbusinesses (firms with 10 max employees and 2,500 square feet of canopy space)

- e. CRC will determine the maximum number of licenses for each class based on market demand
  - f. 30% of licenses will be allocated to businesses owned by women, minorities, or disabled veterans
  - g. Priority for licenses will be given to “impact zones,” or municipalities negatively impacted by unemployment, poverty, or past marijuana enforcement activity
- 4. Potency cap**
- a. At this point, there is no potency cap; some hash oils and resins are over 99% THC purity
  - b. Higher potency THC products can lead to psychosis, mental health disorders (depression, anxiety, suicidality, and exacerbated PTSD), cannabinoid hyperemesis syndrome/severe vomiting or “scromiting,” and addiction; there is causal data backing this
  - c. Lack of potency caps is a problem in others legalized states; none who allow retail sales have a potency cap, and it has become problematic and not easy to reel in now
  - d. Marijuana 2 decades ago was average 3% THC potency, now 55% potency (caffeine analogy- like having the caffeine in 1 20 oz bottle of Coke vs. 33 medium cappuccinos in 1 sitting)
  - e. Products with 97% and higher THC make up 15% of marijuana sales
- 5. Underage marijuana use and underage drinking of alcohol**
- a. Law enforcement restrictions and guidelines for underage use warnings are outlined in the NJ Attorney General’s “Marijuana Reference Card”  
[https://www.nj.gov/oag/marijuana/docs/MJ\\_Reference\\_Card\\_3.26.21.pdf](https://www.nj.gov/oag/marijuana/docs/MJ_Reference_Card_3.26.21.pdf); this includes not only underage use of marijuana, but also alcohol
  - b. Lowered risk perception by youth that accompanies legalization sparks increases in use
  - c. Brain develops until at least 25 years old, so using marijuana under this age—especially high potency forms—can alter brain development
- 6. Other considerations**
- a. Playdates at houses with cannabis present and easy access by minors
  - b. Inhalation of 2<sup>nd</sup>-hand smoke
  - c. Driving under the influence
  - d. Black-market spikes in sales (example: Oregon: marijuana used is 18-30% legal and the rest is from the black market)
  - e. Social justice outcomes: only 4% of the legal market nationally is black-owned; where is the generated revenue going ultimately?
  - f. Increases in opiate and alcohol use along with marijuana
- 7. For workplace/human resources implications and on-the-job regulations**, consult legal counsel or other experts, as there are many considerations, including federal law and CDL mandates
- 8. For more information, watch video presentation “Cannabis Legalization and Municipal Policy”** posted on the Alliance website: <http://www.twp.howell.nj.us/539/PreventionEducation> (scroll down a bit, on right side of page)

Howell Alliance: <http://www.twp.howell.nj.us/169/Alliance>

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