

Client Alert

New Jersey Adult-Use Recreational Cannabis Laws Provide Business Opportunities

On February 22, 2021, New Jersey Gov. Phil Murphy signed into law a series of bills that legalize adult-use recreational cannabis, decriminalize cannabis possession and use, and reduce or eliminate penalties for underage cannabis possession and use (collectively, the “Cannabis Legislation”). Taken together, these bills will create a recreational cannabis marketplace in New Jersey that is unrivaled in the Northeast.

The 3 cannabis bills enacted are:

- The “New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act,” Assembly Bill No. 21 ([A21](#)), referred to below as the “Adult-Use Act,” which allows consumers 21 years of age and older to buy cannabis products for personal use from licensed retail businesses;
- A bill that provides for criminal and civil justice reforms, Assembly Bill No. 1897 ([A1897](#)), referred to below as the “Decriminalization Bill,” particularly by decriminalizing the possession of up to 6 ounces of cannabis or up to 170 grams of hashish and raises awareness of the availability of expungement relief; and
- A “Clean-Up Bill,” Assembly Bill No. 5342 ([A5342](#)), which clarifies cannabis and hashish use and possession penalties for individuals younger than 21 years of age. More particularly, the Clean-Up Bill rectifies the contradictory language in the Adult-Use Act and Decriminalization Bill by eliminating the disorderly persons clauses of the Adult-Use Act, and establishes a three-tier warning system for underage possession or consumption of cannabis items, which will also apply equally to underage alcohol possession or consumption.

The cannabis landscape in New Jersey now has completely changed and the Cannabis Legislation presents opportunities for a myriad of businesses to participate in the cannabis industry in New Jersey. This Client Alert focuses on the impact of the Cannabis Legislation

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on businesses and individuals that seek to enter the new adult-use recreational cannabis market in New Jersey, as well as those that currently operate a medical alternative treatment center (ATC) pursuant to a permit granted under the New Jersey Medical Marijuana Program. In separate communications, we intend to address additional aspects of the Cannabis Legislation.

A summary of key aspects of the Adult-Use Act, including the adult-use cannabis licensing process and role and powers of the Cannabis Regulatory Commission (“Commission”), the creation of cannabis consumption areas, taxation matters, and prioritization afforded to certain applications and applicants based on diversity and inclusion factors can be found [here](#).

Due to the overwhelming approval of New Jersey voters in November 2020, the New Jersey Constitution was amended, effective January 1, 2021, to legalize the possession and use of recreational cannabis by adults. Practically speaking, however, not much has changed because the Cannabis Legislation has only recently been enacted and retail dispensaries have yet to be licensed to sell adult-use cannabis in New Jersey. Thus, the only legal means to purchase cannabis is still by using a medical marijuana card. Before adult-use cannabis becomes legally available, a number of important steps must occur, such as appointing all members of the Commission (which was completed February 25, 2021), and, in turn, the Commission developing regulations to govern the adult-use cannabis industry, and the Commission overseeing the license process and the review of the license applications. This could take the rest of the year or longer to accomplish. On the positive side, it is widely expected that one or more of the existing medical vertically-integrated ATCs (and, perhaps, ATC applicants who were awarded permits to open medical vertically-integrated ATCs that have yet to open) may receive adult-use licenses and commence retail operations before any solely adult-use retail stores come on-line. Once open for business, state-licensed adult-use cannabis retail stores will be able to sell up to one ounce of cannabis per adult customer, and individual adults may possess up to 6 ounces legally.

We will continue to watch as the Commission prepares to commence New Jersey’s adult-use cannabis program, and will report on further developments, as appropriate. In the meantime, if you have questions regarding an issue raised in this Client Alert, please contact the author or the attorney at the Firm with whom you are regularly in contact.

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