



New Jersey State League of Municipalities



Additional Information:

- NJLM Cannabis Legalization: www.njlm.org/cannabis
- Breaking Down the Cannabis Legislation
 - Local Cannabis Tax: www.njlm.org/cannabis1
 - Local Regulation: www.njlm.org/cannabis2
 - Expungement: www.njlm.org/cannabis3

Cannabis Info Sheet (April 2019)

The Legislature is considering a bill (A-4497/S-2703) legalizing the adult recreational use of cannabis. The bill would create among other things four types of cannabis licenses, a \$42 per ounce tax on cannabis at the last point of sale before retail, and a newly established Cannabis Control Commission to oversee the issuance of licensing. Included in the conversation of legalization is expungement. While not taking a position on the issue of legalization itself, NJLM champions measures to facilitate municipal implementation of legalization if it were to become a reality.

1 Local Tax

Municipalities will be able to enact a local tax on recreational cannabis of 2% on growers and processors, 1% on wholesalers, and 3% on retailers on the receipts from each sale. The tax would be collected by the municipality.

2 Expungement

Cannabis-related offenses of up to 5 pounds will be expunged, with a two-tier process of expedited expungement system in place within 9 months of the effective date of the Act. Sentences of those currently incarcerated or on probation will be vacated. Either in Superior Court, where expungement filing fees will be waived and the state provides funding, or virtual expungement, which will prohibit consideration of past cannabis offenses, including applications for employment, state professional licenses etc.

3 Local Control

In addition to opt-out of commercial cannabis, municipalities will be able to enact regulations governing the time of operation, location, manner and the number of cannabis establishments. Municipalities will also be able to establish civil penalties for violation of such ordinances and regulations. Within 7 days of an application for licensing, the Cannabis Control Commission will notify the municipality. In turn the municipality determines and informs the State if the application complies with the local regulations.

4 Opting Out

Municipalities will have 180 days from the effective date of the Act to opt out of any or all license types by ordinance. Any existing ordinance prohibiting commercial cannabis sales or transactions will be null and void. After 5 years, municipalities must either pass the same ordinance again or amend it accordingly. It is our understanding and that if you opt-out within 180 days of the effective date of the Act, you may opt-in at a later date by ordinance.