



New Jersey Cannabis Equity Grant Program

Frequently Asked Questions-rev 4-18-2023

General Program

**Application is expected to open on
April 20, 2023 at 9:00am**

1. *What is the New Jersey Economic Development Authority (NJEDA or the Authority)?*

The NJEDA is the State's principal agency for driving economic growth, working to carry out Governor Phil Murphy's vision for a stronger and fairer economy. The NJEDA is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and foster innovation.

2. *What is the New Jersey Cannabis Equity Grant Program?*

The Cannabis Equity Grant Program is a pilot program that will make grant funding available to eligible private entities for early-stage expenses related directly to cannabis business start-ups in New Jersey.

3. *What are the goals of the NJ Cannabis Equity Grant Program?*

The goals of the program are to utilize a state appropriation to create a pilot program to support new businesses in the cannabis industry for their start up and operational costs during the first three years of operation. The Pilot programs will be open to conditional and annual license holders with a focus on social equity.

4. *What can the NJ Cannabis Equity Grant Program funds be used for?*

This is a grant to support start-up costs related to cannabis corporate business operations. Funding can be utilized for ongoing working capital expense, and ongoing business support expense as evidenced by receipts, invoices, or other documents showing actual payment made starting after March 9, 2020.

The Eligible uses for the program may include but are not limited to startup costs associated to a cannabis industry business such as:

- Rental/mortgage expenses
- Payroll wages
- Regulatory compliance
- Legal expenses
- Professional Services
- Employee Training
- Utilities
- Employee Wages
- Business Supplies and Equipment

All uses and documentation subject to NJEDA approval

All expenses must occur after March 9, 2020 and be utilized during the first thirty-six months from the start of the business.

5. *What are ineligible uses for the funds awarded by NJ Cannabis Equity Grant Program?*

The ineligible uses for the funds are:

- Controlled inventory
- Construction
- Equipment and installation costs greater than \$2,000
- Rolling Stock
- Purchase of Land
- Demolition of an Existing Structure

All uses and documentation are subject to NJEDA review and approval. All receipts and/or invoices submitted must be dated after March 9, 2020.

6. *How did this program start and where is the funding coming from?*

The program started due to the legalization of cannabis and with the signing of the New Jersey Cannabis Regulatory, Enforcement Assistance and Marketplace Modernization Act (CREAMM ACT). The \$10 million funding was received through the Chapter 115 supplemental appropriation to fund the Cannabis Grant Program.

7. *When do you expect to release future phases of this grant?*

Future phases of this funding are still under development, and more information will be shared when available. Sign up for the NJEDA newsletter to be notified when new rounds of funding become available and to receive other program updates.

8. *What is the program structure for the Cannabis Equity Grant Program?*

The program will be divided into 2 funding products. The first product will be general grant funding due to open April 2023 followed by technical assistance programming and grant funding in spring 2023. The Joint Ventures grant product is created to support entities that are farther along in the licensing process. These applicants have secured site control and municipal approvals required to open and operate a physical location within a New Jersey municipality.

An award pool of \$6,000,000 will be distributed to all applicants that meet or exceed the grant eligibility requirements until funds are exhausted. Grantees will be eligible for a grant award of \$250,000. Funds will be disbursed incrementally based on the grantee's ability to meet certain milestones. Grantees will be required to prove they have a conditional or annual license, have obtained site control over their real estate, show municipal approval, and meet all other eligibility criteria.

40% of awards will be reserved for social equity applicants and 5% of all awards will be

reserved for entities with businesses located in an Impact Zone.

Applicant Eligibility

9. *Who is eligible to receive funding from the NJ Cannabis Equity Grant Program for Joint Ventures Grant Program?*

All eligible entities must meet the eligibility criteria:

- 1) Entity must hold current valid New Jersey Cannabis Commission (NJCRC) conditional license or annual license, in any class for recreational use.
 - a. Entities operating as an Alternative Treatment Center certified to operate in adult personal-use market are not eligible.
- 2) Entity must have 50 or fewer Full Time Employees at the time of application as:
 - a. evidenced through payroll documentation WR30 or
 - b. other valid documentation.
- 3) Entity is in good standing, at the time of application, with:
 - a. the NJ Cannabis Regulatory Commission,
 - b. Division of Taxation as evidenced by a valid tax clearance certificate,
 - c. the Department of Environmental Protection, and
 - d. the Department of Labor and Workforce Development,
- 4) Entity must provide documents of incorporation (or other formation documents) showing commenced operations after the issuance of Executive Order No. 103 of 2020 (March 9, 2020).
- 5) Owner or owners of 51% or more of the entity must
 - a. established at least one non-home-based retail, personal services, or manufacturing businesses in any US state or territory or
 - b. has two (2) or more years of experience as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business
- 6) Owner or owners of 51% or more of the entity have enrolled and completed one of the following:
 - A professional cannabis education course (course or courses in cannabis business, cannabis law, cannabis operations, cannabis plant science/plant cultivation or economics of cannabis offered by
 - an accredited higher education institution or
 - state or local government or
 - private provider with at least two years operations and a minimum of 200 program graduates verifiable by the institution), or

- Enrolled and completed a small business entrepreneurship training course.
- Completed six college credits in business, management, finance, economics, accounting, agricultural sciences, logistics/supply chain management or marketing: or
- Has three (3) or more years of as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.¹

7) Entity must show it has secured municipal approvals which include:

- a. Government Approvals-
 1. Resolution adopted by the municipality's governing body or,
 2. where a municipality has no governing body, a written letter of support from the municipality's executive and
- b. All land use/planning/zoning approvals required from the municipality.

8) Entity must show it has secured site control, proven by documentation showing control, by applying entity, of real property in a New Jersey municipality to be used for the operation of a licensed New Jersey recreational cannabis facility as listed in the application.

10. *How much funding can I receive from the NJ Cannabis Equity Grant Program?*

Joint Ventures grant award is up to \$250,000.

11. *How can I get my NJ Tax Clearance Certificate?*

If you are not registered with Premier Business Services, visit the Premier Business Services portal https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp and select New Users Only – Create an Account and follow instructions for new account creation.

If you are already registered with Premier Business Services, log in https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp Go to the Tax & Revenue Center and select Business Incentive Tax Clearance. If your account is compliant with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through the portal.

Questions regarding your account may be directed to NJ Treasury at 609-292-9292 or via email at Premier Services Registration at Integrated-Registration.Admin@treas.nj.gov.

12. *To qualify for this program, does the NJEDA require that I pay my employees a certain wage?*

There are no requirements related to staff compensation as part of this grant through NJEDA.

13. *Will I be required to repay the grant funding or provide matching funds?*

No, grants provided under the Cannabis Equity Grant Program are not loans and are not required to be repaid. Applicants are not expected to provide matching funds.

Application Process

14. *Will any application types be prioritized for funding?*

Yes, 40% of awards will be allocated to entities with a social equity status attached to their NJ CRC license. 5% of all awards will be allocated.

15. *What is the duration of the application period? Is there a deadline to submit?*

Applications will be accepted on a rolling basis **until funds are exhausted**. There will be a pre-application review. Application fee will not be required until after pre-application review.

16. *Does the application have a pre-registration?*

No, pre-registration is not required.

17. *Does the application have any materials to help me determine my eligibility?*

Yes, an eligibility assessment tool is available at njeda.com, which will help prospective applicants evaluate their potential program eligibility with a quick seven question form.

18. *Is the eligibility assessment tool mandatory?*

No, the eligibility assessment tool is a voluntary, easy to use assessment that will help applicants to determine if the Joint Ventures Grant product is a right fit for their company

19. *When will the application open?*

Application is expected to open in April 20, 2023 at 9:00am

20. *Can I create an account before the application opens?*

No

21. *If I speak another language other than English, can I receive a translated version of the Cannabis Equity Grant?*

No. Applications will only be provided in English.

22. *What documentation will I need as part of the application process?*

Applications will include questions and required documentation related to the entity ownership including names, ownership share, place and length of residency, owners' resumes, management team's resumes, planned place of operation for the cannabis entity, site identification by address, lot and block numbers, and other information staff may deem necessary to evaluate the application.

Applicants will also be required to include, but are not limited to, the following documents:

- New Jersey Certificate of Incorporation or other formation document
- New Jersey Tax Clearance Certificate
- Recreational New Jersey Cannabis license
- New Jersey WR-30 or equivalent document filed with 180 days of application
- Proof of site control
- Proof of municipal approvals
- Completed Legal Questionnaire
- Fully completed online application

23. What is needed as part of the application process?

Applicants must show proof of the following:

- Owner or owners of 51% or more of the entity:
 - have established at least one non-home-based retail, personal services, or manufacturing businesses in any US state or territory OR
 - has two (2) or more years of experience as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.
- Owner or owners of 51% or more of the entity have enrolled and completed one of the following:
 - A professional cannabis education course (course or courses in cannabis business, cannabis law, cannabis operations, cannabis plant science/plant cultivation or economics of cannabis) offered by an
 - accredited higher education institution or
 - state or local government or
 - private provider with at least two years operations and a minimum of 200 program graduates verifiable by the institution).
 - Completed a small business entrepreneurship training course; or
 - Completed six college credits in business, management, finance, economics, accounting, agricultural sciences, logistics/supply chain management or marketing: or

Has three (3) or more years of experience as an owner, manager, executive or supervisor of a retail, agricultural, personal services, or manufacturing business.

24. How will NJEDA staff check claims of ownership and employment for both the leadership, education, and employment proofs?

Ownership proof: If an application shows previous business creation or ownership to meet either the leadership or proof of education; applicants may be asked to provide documentation such as incorporation papers; bills of sale or previous tax records to verify statements and program eligibility guidelines. NJEDA staff will verify the validity of the documents submitted.

Employment proof: If an application shows previous business experience as an executive, manager, or supervisor to meet either the leadership or education requirement; applicants may be asked to authorize an employment verification or provide tax records in order to confirm eligibility. NJEDA staff will verify the validity of the documents submitted.

Education proof: If an application shows previous educational experience to complete the education requirement; applicants will be asked to provide official or unofficial transcripts, a diploma, certificates of completion, or progress reports showing course completion in order to confirm eligibility. NJEDA staff will verify the validity of the documents submitted.

25. *Does the Cannabis Equity Grant Program allow for me to clarify answers and provide additional responses with staff?*

Yes, At the sole discretion of the Authority, staff may ask for clarification of the information included on the application including, but not limited to, responses, documentation, and attachments at any time prior to award.

26. *Is the Cannabis Equity Grant Program first come, first served?*

NJEDA will begin the review process for applications on a first come, first reviewed basis from when they are initially submitted, beginning from the date and time the program application is open to the public. Applications will move through several stages of review with ongoing communication between NJEDA staff and the applicant on a rolling basis.

27. *Do I have to pay a fee to apply or provide matching funds?*

There is an Application Fee of \$1,000. However, there is a fee waiver for Seed Equity applicants.

For Joint Ventures, a \$1000 application fee is required to complete the application. Fees will not be accepted until the application has been reviewed and vetted for completeness and eligibility by program staff and senior management.

28. *Are you offering any support or technical assistance (TA) to complete the application?* Technical support for the application will be provided at a webinar with details and dates to be posted on njeda.com. The Authority will be posting webinar recordings and additional information about the application at njeda.com.

29. *Will there be any informational sessions or webinars for applicants outlining the program and application process?*

Yes, webinars on the application were held on March 16, 2023 and April 11, 2023

30. *How long will it take for my application to be approved?*

All applications will be reviewed for completeness in the order that they are received by the Authority. At the sole discretion of the Authority, staff may ask for clarification of the information included on the application including, but not limited to, responses, documentation, and attachments at any time prior to award. Applications will be accepted on a rolling basis and proceed based on their completeness. Under both products, there is a limit of one grant award per EIN.

31. *What are some reasons applicants may not be approved?*

An applicant's inability to meet eligibility criteria or due to misrepresentation of application information. Some reasons may include, but are not limited to:

- Does not meet the minimum eligibility requirements
- An incomplete application (missing documents, answers left blank, etc.), if not corrected within 10 days after NJEDA staff reach out to collect missing information
- Applicant is not in good standing with required state entities

32. *Is the NJEDA Cannabis Equity grant program linked to any other NJ state programs or EDA programs?*

The Cannabis Equity Grant program is a stand-alone program of the NJEDA. Product guidelines were established by the NJEDA board. Product operations, eligibility determinations and award accounting are all completed by NJEDA staff.

NJEDA program eligibility standards and determinations may differ from the eligibility standards used by state agencies and commissions. The legal review eligibility standard for the award for an NJEDA grant has different guidelines than the legal review eligibility standard created to obtain a NJ CRC recreational license. This is due to different sets of legislation authorizing NJEDA grant making capacity and NJ CRC recreational cannabis license issuance. By law, NJEDA grant eligibility determinations and awards must follow all applicable NJ state legislation and NJEDA board guidelines.

Grant Awards

33. *How will I be notified of my award?*

Applicants will be notified electronically of the approval stating the level of funding (as a not-to-exceed amount) available for the proposed project and will execute an agreement with NJEDA.

34. *How will grant funds be disbursed for Joint Ventures?*

Grant funds will be disbursed in two rounds.

Round one disbursement of \$100,000 will be triggered by the execution of the grant agreement. Applicant will then provide invoices, receipts or contracts showing the spending of

at least \$100,000 in costs related to the launch and opening of their New Jersey cannabis business. All expenses must be incurred on or after March 9, 2020.

Round two disbursement of \$150,000 will be triggered by receipt of the applicant's CRC annual license. Applicants will need to show proof that funds received in first disbursement were spent on eligible costs.

35. *What happens if something unexpected comes up during the program duration? Could the timeline be adjusted?*

All disbursement timelines are based on the applicant's needs and timing.

36. *Is this a taxable grant?*

NJEDA cannot provide tax advice. Please consult with your accountant or your tax preparer.

Miscellaneous Questions

37. *Does the grant have any post-closing requirements?*

Yes, Businesses that are disbursed the full grant amount must meet the following conditions for 12 months after the final eligible disbursement:

1. Retain a NJ Cannabis license
2. Maintain good standing with the NJ CRC (as determined by the NJ CRC)
3. Remain in New Jersey for twelve months after execution of the grant agreement

38. *What happens if I fail to comply with the grant post-closing requirements?*

Failure to comply with these requirements or using funds for ineligible purposes may subject grantee to repayment of the grant to the Authority.

39. Are there any additional grant products available for cannabis entrepreneurs?

A Technical Assistance and Grant product will utilize \$3,600,000 in program funding to provide 24 grants of \$150,000 to entities that meet the criteria for NJ CRC social equity qualifier and need assistance in converting their conditional license to an annual license. This product is expected to follow at a later date in 2023.

40. *Who do I contact with additional questions?*

Potential applicants may reach out to cannabis@njeda.com, call (844) 965-1125, or use the Customer Care chat feature found on the NJEDA website at www.njeda.com.

Additional Questions

1) *What time will the application be open?*

The grant application will open at 9:00 a.m. on Thursday, April 20th, 2023.

2) *Will there be a pre-registration?*

There will not be a pre-registration for this program. Once the application goes live you click the link, and it will direct you to the application form.

3) *What is the definition of a Full Time Employee?*

“Full-time employee” means a person:

- a. Who is employed by a business for consideration for at least 35 hours a week and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.; or
- b. Who is employed by a professional employer organization pursuant to an employee leasing agreement between the business and the professional employer organization for at least 35 hours a week and whose wages are subject to withholding as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.; or
- c. Who is a partner of a business who works for the partnership for at least 35 hours a week and whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes, as provided in the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq.; or
- d. Who is a resident of another state and would be eligible under subsections a, b, or c above, but whose income is not subject to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., due to a reciprocity agreement with the other state.
- e. “Full-time employee” shall not include any person who works for the business as an independent contractor or on a consulting basis.

4) *What documentation can be used to prove site control?*

- a. Secured site control must be proven by documentation showing control by the applying entity of real property in a New Jersey municipality to be used for the operation of a licensed New Jersey recreational cannabis facility as listed in the application.
- b. Documentation demonstrating site control may include but is not limited to:
 - i. property deeds,
 - ii. leases,
 - iii. tax records,
 - iv. mortgages,
 - v. executed bills of sale and;
 - vi. Binding Letters of Intent (“BLOI”)-for annual licensees only

5) *Do Binding Letters of Intent (“BLOI”) count as site control proof?*

BLOI may be submitted as proof of site control with the entity’s approval for an NJ CRC annual recreational license.

- a. Only annual licensees are eligible to present BLOIs.
- b. BLOI letters must contain the following
 - i. Language that states a lease will be executed immediately upon award.
 - ii. Language that indicates that the landlord is aware that the tenant’s use of the premises will involve activities related to the cultivation, manufacturing, or dispensing of cannabis.
- c. Upon grant approval, the entity will have a time period of 30 calendar days to execute their lease to maintain their grant eligibility. Extensions will not be granted.

6) *What are personal services business defined as?*

The definition of personal services business is the following: personal services such as intellectual or manual services that require advanced knowledge, skills, and/or training to deliver a service to an individual or business or manufacturing business.

7) *How do I report my WR-30 if I do not have any employees?*

WR-30 – This is the quarterly report of payroll tax filings to the state on NJ. We ask you to upload your most recent copy to expedite application review. However, this is now an optional upload. If your entity has filed a WR-30 with the Dept of Labor, please upload the document, If, however, your entity has not filed a WR-30 because your entity does not have any employees, please answer zero employees and EDA will verify this with the Dept of Labor.

Eligible Uses

Eligible uses may include but are not limited to startup costs associated to a cannabis industry business

- Rental expenses
- Payroll and Independent Contractor Payments– as evidenced by a current payroll report or WR30 or jobs that may need to be filled (job posting, and descriptions would need to be provided) or equivalent payroll documentation (including 1099 contractors).
- Regulatory Compliance expenses.
- Legal expenses associated with the business – may include retainers paid or unpaid invoices but only for services dated after the award of the applicant’s license issued by NJ CRC.
- Employee training – cost to train or hire a trainer for any function of their business operation that may or will happen 36 months after award of NJ CRC license.
- Professional Services - accounting, human resources, business planning, transportation, security, marketing, website creation, lab services and any other outside services that may be needed to operate cannabis business or obtain any license or authorization to operate from the NJ Cannabis Regulatory Commission.
- Utilities and Overhead Fees – bills dated after award of license and only for 36 months after are eligible.
- Mortgage payments
- Business supplies
- Business Equipment under \$2,000

All uses and documentation are subject to NJEDA review and approval. All receipts and/or invoices submitted must be dated after March 9, 2020.

Ineligible Uses

Ineligible uses are costs that are not allowed under the grant program. Grant funds may not be used to pay for past or future costs shown to be ineligible. The costs include:

- Controlled inventory
- Construction
- Equipment and installation costing greater than \$2,000.00
- Purchase of land
- Demolition of an existing structure
- Rolling stock

Municipal Approval - Defined as:

- a. Resolution from the municipality's governing body or, where a municipality has no governing body, a written Letter of Support from the Municipality's Executive; and
- b. Land use/planning/zoning approval from the Municipality.