

**New Jersey Cannabis Equity Grant Program – Seed Equity
Frequently Asked Questions**

Revised as of December 19, 2023

General Program

- 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 NJ 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 with 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 expenses, and ongoing business support expenses 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 start-up costs associated with a cannabis industry business such as:

- 1) Rental expenses evidenced by a fully executed lease. Up to thirty-six lease payments may be covered after the date that the conditional license is awarded by the NJ CRC.
- 2) Payroll and independent contractor payments as evidenced by a payroll report, WR30, or equivalent payroll documentation and payment documentation for 1099 contractors.
- 3) Regulatory compliance expenses such as those related to all professional and advisory services required to (1) document, analyze, complete, and file a NJ CRC application; and (2) comply with all regulations, rules, controls, statutes, and any other requirements related to the legal operation of a New Jersey licensed cannabis business.
- 4) Legal expenses associated with opening and operating the business.
- 5) External employee training related to preparing staff to accomplish their job duties.
- 6) Professional services including but not limited to accounting, human resources,

business planning, security, marketing, website creation, lab services, and any other

outside services that may be needed to operate a New Jersey licensed cannabis business or obtain any license or authorization to operate as a New Jersey licensed cannabis business from the NJ CRC.

- 7) Utilities and overhead fees (e.g., expenses that are not directly related to a product or good but are necessary for business operations).
- 8) Commercial mortgage payments.
- 9) Business supply- items needed to operate the eligible business (e.g., office supplies and other supplies needed to maintain normal business operations).
- 10) Business equipment under \$2,000, inclusive of installation - Equipment or tangible property that includes machinery, furniture, fixtures, vehicles, computers, electronic devices, and office machines under \$2,000.

All use and documentation are subject to NJEDA approval.

All expenses must occur after March 9, 2020 and be utilized during the first 36 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:

- 1) Controlled inventory
- 2) Construction
- 3) Equipment and installation costs greater than \$2,000
- 4) Rolling stock
- 5) Purchase of land
- 6) Demolition of an existing structure

All use 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 NJ Cannabis Equity 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 NJ Cannabis Equity Grant Program?*

The program will be divided into 2 funding products. The first product, *Joint Ventures*, was a general grant funding program that opened on April 20, 2023. The second product, *Seed Equity*, is a grant funding program that also provides technical assistance. The *Seed Equity* grant product was created to support entities who have obtained a conditional license and want to obtain an annual license but need more assistance to progress to their annual application. This grant is only open to applicants who have been designated as social equity cannabis businesses by the New Jersey Cannabis Regulatory Commission (NJCRC).

An award pool of \$7,200,000 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 \$150,000. Funds will be disbursed incrementally based on the grantee's ability to meet certain milestones. Grantees will also be required to prove they have a conditional license and have been designated as a social equity cannabis business as defined by the NJCRC.

Applicant Eligibility

9. *Are Joint Ventures award grantees eligible to apply for Seed equity?*
No, grantees who have been awarded a Joint Ventures grant are not eligible to apply for Seed Equity.
10. Can I apply to the Seed Equity program if I have an annual license?
No, the Seed Equity program is only for social equity applicants who have a conditional license.
11. Can I apply to the Seed Equity program if I have a conditional license, but I applied for a conversion to an annual license?
 - 1) If, at the time of application, the applicant has applied for a conversion to annual but that conversion to annual has not been approved by CRC, then the applicant is eligible for the Seed Equity Grant.
12. *Who is eligible to receive funding from the NJ Cannabis Equity Grant Program for Seed Equity Grant Program?*
All eligible entities must meet the eligibility criteria:
 - 1) Entity must hold a valid NJCRC conditional license, in any class for recreational use.
 - a) Entities operating as Alternative Treatment Centers certified to operate in the adult personal-use market are not eligible.
 - 2) Entity must be designated as a social equity cannabis business, as defined by the NJCRC.
 - 3) Entity must have 50 or fewer full-time employees at the time of application, as evidenced through payroll documentation WR-30, or other documentation acceptable to the NJEDA.
 - 4) Entity is in good standing, at the time of application, with:
 - a) NJ Cannabis Regulatory Commission,
 - b) Division of Taxation as evidenced by a valid tax clearance certificate,
 - c) Department of Environmental Protection, and
 - d) Department of Labor and Workforce Development.
 - 5) 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).
 - 6) Owner or owners of 51% or more of the entity must have:
 - a) established at least one non-home-based retail, personal services, or manufacturing business 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.
 - 7) Owner or owners of 51% or more of the entity have enrolled and completed one of

the following:

- a) 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:
 - i) an accredited higher education institution, or
 - ii) state or local government, or
 - iii) private provider (with at least two years of operations and a minimum of 200 program graduates verifiable by the institution), or
- b) enrolled and completed a small business entrepreneurship training course, or
- c) completed six (6) college credits in business, management, finance, economics, accounting, agricultural sciences, logistics/supply chain management, or marketing, or
- d) has three (3) or more years of as an owner, manager, executive, or supervisor of a retail, agricultural, personal services, or manufacturing business.

13. *How much funding can I receive from the Seed Equity Grant Program?*

The *Seed* Equity grant awards up to \$150,000 per grantee.

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

You can get your NJ Tax Clearance Certificate through the State of New Jersey Premier Business Services. 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, select New Users Only – Create an Account, and follow the instructions for new account creation.

If you are already registered with Premier Business Services, log in by visiting https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp, navigate 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 from the portal.

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

15. *What is a personal services business defined as?*

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

16. *How do I report my WR-30 if I do not have any employees?*

WR-30 is the quarterly report of payroll tax filings to the State of 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 your entity has not filed a WR-30 because your entity does not have any employees, please answer zero (0) employees and NJEDA will verify this with the Dept. of Labor.

17. *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.
18. *Will I be required to repay the grant funding or provide matching funds?*
No. Grants provided under the NJ Cannabis Equity Grant Program are not loans, and are not required to be repaid. Applicants are not expected to provide matching funds.
19. *What application type is eligible for funding?*
All *Seed Equity* applicants must be designated as a “social equity business” by NJCRC. 5% of all awards will be allocated to social equity applicants whose businesses are in an Impact Zone.
20. *What is the duration of the application period? Is there a deadline to submit?*
Applications will be accepted on a rolling basis **subject to the availability of funds**. There will be a pre-application review.
21. *Does the application have a pre-registration?*
No, pre-registration is not required.
22. *Does the application have any materials to help me determine my eligibility?*
Yes, an eligibility assessment tool is available on the [Seed Equity Grant program page](#), which will help prospective applicants evaluate their potential program eligibility with a quick seven-question form.
23. *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 *Seed Equity Grant* is the right fit for their company.

Application Process

24. *When will the application open?*
Application is expected to open Thursday, November 30, at 10:00 a.m.
25. *Can I create an account before the application opens?*
No.
26. *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.
27. *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:

- 1) New Jersey Certificate of Incorporation or other formation document
- 2) New Jersey Tax Clearance Certificate
- 3) Recreational New Jersey Cannabis license
- 4) New Jersey WR-30 filed within 180 days of application
- 5) Completed legal questionnaire
- 6) Fully completed online application

28. *What is needed as part of the application process?*

Applicants must show proof of the following:

- 1) Owner or owners of 51% or more of the entity:
 - has established at least one (1) non-home-based retail, personal services, or manufacturing business 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.
- 2) 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 (2) years of operations and a minimum of 200 program graduates verifiable by the institution),or
 - completed a small business entrepreneurship training course, or
 - completed six (6) 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.

29. *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 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.

30. *Does the NJ Cannabis Equity Grant Program allow 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 the award.

31. *Is the NJ 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 opens to the public. Applications will move through several stages of review with ongoing communication between NJEDA staff and the applicant on a rolling basis.

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

Seed Equity applicants will be granted a fee waiver.

33. *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.gov. The Authority will be posting webinar recordings and additional information about the application on the [Seed Equity Grant program page](#).

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

Yes, webinars on the Seed Equity grant application will be held on November 13th at 6:00 p.m. & November 20th at 6:00 p.m.

35. *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 subject to the availability of funds. Under both products, there is a limit of one grant award per EIN.

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

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

1) Does not meet the minimum eligibility requirements

2) **An incomplete application (missing documents, answers left blank, etc.), if not corrected within ten (10) days after NJEDA staff reach out to collect missing information**

3) Applicant is not in good standing with required state entities

37. *Is the NJ Cannabis Equity Grant Program linked to any other NJ state programs or NJEDA programs?*

The NJ Cannabis Equity Grant program is a stand-alone program of the NJEDA. Program guidelines were established by the NJEDA board. Program 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 of an NJEDA grant has different guidelines than the legal review eligibility standard created to obtain an NJCRC recreational license. This is due to different sets of legislation authorizing NJEDA grantmaking capacity and NJCRC 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

38. *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.

39. *How will grant funds be disbursed for Seed Equity?*

The grant will be disbursed incrementally based on the successful applicant meeting the below milestones. In total, four disbursements will be available to successful applicants and expenditure of each prior disbursement must be shown as follows. Compliant documentation for each phase of disbursement is required. All eligible expenses must have been incurred after March 9, 2020.

- 1) An initial disbursement of up to \$37,500 will be made upon the successful applicant completing the fourth week of the NJEDA provided technical assistance program that is required for grantees and approval of eligible expenses. Successful applicants must either:
 - a) provide receipts that they have spent \$37,500 in eligible expenses or
 - b) provide a business spending plan detailing how the \$37,500 will be spent on eligible expenses
- 2) The second disbursement of up to \$37,500 will be made upon the successful applicant completing the full NJEDA provided technical assistance program that is required for grantees. Additionally, in order to be eligible for this second disbursement, Grantees must also provide evidence that they have spent the previous disbursement on eligible expenses.
- 3) The third disbursement of up to \$37,500 will be made upon the successful applicant obtaining site control and municipal approval to operate and open a physical location for their cannabis business in a New Jersey municipality. Additionally, in order to be eligible for this third disbursement, Grantees must also provide evidence that they have spent the previous disbursement on eligible expenses.
- 4) The final disbursement of up to \$37,500 will be made upon the successful applicant obtaining a NJ CRC issued annual license. In addition, prior to final disbursement, Grantees must provide evidence that they have spent the previous disbursement on eligible expenses and must provide receipts for the final disbursement that they have spent \$37,500 in eligible expenses.

Applicants will need to show proof that funds received in each disbursement were spent on eligible costs. All expenses must be incurred on or after March 9, 2020.

40. *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, but each applicant must meet each disbursement milestone to obtain grant funding.

41. *Is this a taxable grant?*

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

Miscellaneous Questions

42. *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 NJCRC (as determined by the NJCRC)
3. Remain in New Jersey for 12 months after execution of the grant agreement

43. *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.

44. *What is the NJEDA Seed Equity Technical Assistance Program and is it mandatory?*

NJEDA has procured a third-party technical assistance provider to administer a 6 to 8 week technical assistance program geared toward supporting the specific needs of New Jersey social equity cannabis entrepreneurs. The technical assistance program will provide educational information and individualized mentoring to each grantee. Each grantee must successfully complete this program to receive the second, third, and fourth disbursements of the grant.

45. *Is the NJEDA-sponsored technical assistance program different than the New Jersey Business Action Center's (NJBAC) cannabis technical assistance program?*

Yes. The NJEDA technical assistance program is different from the NJBAC Cannabis Training Academy. The NJEDA technical assistance program is only open to *Seed Equity* grantees. For more information on NJBAC's technical assistance program, please visit their website at [NJ Department of State - NJ Business Action Center - NJBAC Cannabis Training Academy Sign-up](#).

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

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

47. *The Seed Equity Grant application consists of two parts: 1. The common application (which are questions that every applicant applying for every NJEDA program must answer and 2. Seed Equity specific questions that are specific to the Seed Equity Grant. What types of questions*

make up the Common Application?

The entire application is listed in the presentation slides from the webinar. Please review the presentation slides for the information that the applicant will need to provide.

48. Where will the link appear for the application?

The link for the application will go live at 10:00 a.m. and the applicant will click on APPLY HERE to link to the Seed Equity application.

49. What if I am having trouble getting a copy of my tax clearance certificate from New Jersey Department of Treasury?

Please upload any correspondence or documentation that you have with the Department of Treasury as evidence that you requested your Tax Clearance Certificate.