



**To:** Members of the Authority

**From:** Tim Sullivan, Chief Executive Officer

**Date:** May 11, 2025

**Re:** Creation of the NJ Cannabis Business Development (CBD) Grant

**Summary**

The Members are asked to approve:

- 1) Authorization of \$5 million from the New Jersey FY25 State Appropriation Act for NJEDA cannabis equity grant programs to create the NJ Cannabis Business Development (CBD) Grant Program – a pilot program that will make grant funding available to eligible cannabis businesses in the State of New Jersey.
- 2) Authorization of the Chief Executive Officer to delegate to the appropriate staff on all approval, decline, and appeal decisions for non-discretionary reasons in accordance with the terms set forth in the product specifications.
- 3) Requested policy amendment for the Cannabis Grant program to exclude from disqualification, debarment, or suspension any marijuana and hashish related offenses, as stated in the CRC statute and as administered by CRC when found in the legal review process.
- 4) Delegation of authority to the CEO to apply any future funds that may be appropriated to the Authority for cannabis-related uses, or recaptured funds from the Joint Ventures and Seed Equity programs, toward the CBD Grant.
- 5) Delegation of Authority to allow staff to utilize 5% of the \$5 million grant program allocated for awardees (\$250,000) for the Authority’s administrative fees associated with operating the program. If additional funds are appropriated, then NJEDA will take another 5% of that future amount as well.

**I. Background & Overview**

In February 2021, Governor Phil Murphy signed the New Jersey Cannabis Regulatory, Enforcement, Assistance, and Market Modernization Act (“CREAM Act”), legalizing adult-use cannabis in the state. Since the launch of recreational sales in April 2022, New Jersey’s cannabis market experienced significant growth, generating over \$2 billion in total revenue,

with 288 licensed businesses open and operating. In 2024 alone, combined medical and recreational sales reached \$1 billion — a nearly 25% increase over 2023 — underscoring the strength of New Jersey’s regulated market. Beyond direct sales, the industry stimulated the broader economy, driving an estimated \$2.50 in economic impact for every dollar spent, supporting jobs, ancillary businesses, and new intrastate supply chains.

In June 2022, New Jersey adopted legislation enabling the New Jersey Economic Development Authority (“the Authority”) to establish financial and technical assistance programs for cannabis businesses. On December 21, 2022, the Authority’s Board approved the Cannabis Equity Grant Program, and launched two grant programs, the Joint Ventures and Seed Equity Grant Programs, and provided essential funding to help offset startup costs, high real estate expenses, and limited access to traditional financing, laying the groundwork for a stronger, more equitable cannabis economy in New Jersey.

The Joint Ventures Grant Program was structured for cannabis businesses further advanced in the licensing process, requiring verified site control and municipal approval at the time of application. To promote equity within the industry, the program reserved 40% of awards for NJCRC-designated social equity applicants and 5% for businesses located in designated Impact Zones. Launched on April 20, 2023, the program was oversubscribed in just 40 minutes, underscoring the urgent demand for capital. The Authority awarded 46 grants of \$250,000 each, distributed in two tranches: an initial disbursement of \$100,000 following verification of site control and municipal approval, and a second disbursement of \$150,000 upon the successful opening of the business. As of mid-April 2025, the Joint Ventures grant has disbursed \$8.8 million in funding and supported 29 cannabis business openings, including 22 dispensaries, three cultivators, three manufacturers, and one testing lab. The Authority’s grant awards reflected a diverse group of grantees:

- 27 approvals were Minority-Owned Business Enterprises (56%),
- 20 approvals were Woman-Owned Business Enterprises (43%),
- 12 approvals were both Minority and Woman-Owned Business Enterprises (25%).

The Seed Equity Grant Program, launched on November 30, 2023, was also highly oversubscribed, again demonstrating strong market demand. Designed for individuals at the beginning of their business journey, the program lowered entry barriers by not requiring site control or municipal approval for eligibility. To promote equity and diversity, only businesses designated as social equity applicants by the New Jersey Cannabis Regulatory Commission (NJCRC) were eligible.

A key component of the program was mandatory participation in the Cannabis Technical Assistance Program (CTAP), developed and delivered by Oaksterdam University, a national leader in cannabis education. The CTAP featured New Jersey-based instructors and provided grantees with critical guidance on launching their businesses. The nine-week course covered entrepreneurship fundamentals through interactive digital content, live virtual classes, personalized coaching, in-person workshops, and networking opportunities. The program

proudly achieved a 100% graduation rate. Seed Equity grants were awarded in a milestone-based structure, totaling \$150,000 per grantee in four equal disbursements: the first after week four of CTAP, the second upon program completion, the third upon securing site control and municipal approval, and the final disbursement when the business opened. Through this program, the Authority awarded 48 grants, supporting the growth of New Jersey’s emerging cannabis entrepreneurs.

As of mid-April 2025, the Seed Equity grant has disbursed \$4.8 million and supported nine cannabis business openings, including seven dispensaries, one cultivator, and one manufacturer. In addition, 23 additional grantees have obtained site control and municipal approval, as they continue to work toward opening their businesses. Seed Equity grant awards also reflected a diverse group of grantees:

- 36 approvals were Minority-Owned Business Enterprises (73.5%)
- 10 approvals were Woman-Owned Business Enterprises (20%)
- 9 approvals were both Minority and Woman-Owned Business Enterprises (18%)

These inaugural programs were historic in scale, representing the largest cannabis startup grants in the nation and delivering unprecedented support for emerging businesses entering this highly regulated industry. Now, the Cannabis Business Development (CBD) Grant represents the next phase in supporting a sustainable and equitable cannabis market. The CBD grant will help alleviate the financial burden of ongoing State and local compliance and offset operating expenses for early-stage companies, strengthening the long-term viability and equity of New Jersey’s budding recreational cannabis industry.

## **II. Cannabis Grant Funding Source**

The CBD pilot grant program will utilize \$5 million from the New Jersey FY25 State Appropriation Act, notwithstanding to P.L.2021, c.16 (C.24:6I-31 et al.), paragraph (1) of subsection b. of section 41 of P.L.2021, c.16 (C.24:6I-50). Despite any other laws or regulations, the revenues deposited into the “Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund” will be used to support the equitable development of the New Jersey cannabis industry, with \$5 million provided specifically to the New Jersey Economic Development Authority (NJEDA) for cannabis equity grant programs.

Pursuant to N.J.S.A. 24:6I-49, the Authority must reserve a portion of any available funds for businesses operating in NJCRC designated Impact Zones, which stimulate economic development in historically underserved areas. To remain aligned with the Authority’s other cannabis programs in the CEGP, 5% of this grant will also be set aside for businesses located in a NJCRC Impact Zone. These zones are designated by the NJCRC on factors such as past marijuana arrests, law enforcement activity, unemployment, and population. Additionally, any extra funds previously administered by the Authority’s cannabis grants can be carried over to support businesses through this program. The Authority is also authorized to accept any additional funds appropriated by the Governor in the future for the same product, as authorized by the NJEDA Board.

### **III. Eligible Applicants and Restrictions**

1. At the time of application, eligible applicants must possess a valid and current annual license digital card as per the final recommendation issued by NJ Cannabis Regulatory Commission (NJCRC) Office of Licensing in one of the following categories:

- Class 1 – Cultivator
- Class 2 – Manufacturer
- Class 5 – Retailer
- Testing Lab License (Medicinal-Only Labs Ineligible)

2. Eligible applicants must be in substantial good standing with the New Jersey Cannabis Regulatory Commission, New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection prior to approval.

3. Eligible applicants must provide a current tax clearance certificate to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation prior to approval.

4. Eligible applicants must provide a New Jersey Certificate of Formation prior to approval.

5. Any entity awarded an NJEDA Cannabis grant that has received funds (Joint Ventures and Seed Equity) are not eligible.

6. Holders of “Final Agency Decision Acceptance of Alternative Treatment Center (“ATC”) Certification Authorization To Operate in Adult Personal-Use Market” and Multi-State Operators (MSOs) are not eligible. MSOs are defined as cannabis companies with operations in multiple states.

### **IV. Application Process and Approval**

The pilot grant program will accept applications online on a rolling grant application basis, where grants will be awarded “first-come, first-served” as completed applications are submitted. The program will be available for three years from the date applications are made available to the public, or until the total funding pool is exhausted (whichever is sooner).

As part of the application, the Authority will request information that shall include, but is not limited to:

- 1) Copy of the NJCRC annual license digital card as per the final recommendation issued by NJCRC Office of Licensing. Conversion letters are not acceptable.
- 2) Brief Project description and overview
- 3) All business locations/addresses that are open and operating in and outside of New Jersey.

- 4) A New Jersey Certificate of Formation
- 5) The Authority will capture applicant expenses through an NJEDA-provided template (in an Excel file format) that lists out all eligible expenses, descriptions, dates, and amounts of the item or service already paid for in the last 36-months prior to their application submission date.

As stated, the Authority will perform a review of applications for completeness in the order that they are received. There will be a \$750 non-refundable application fee for all applicants due at time of application. An application submitted without a fee is considered incomplete and will not be reviewed until the fee is received. The date of application submission will be based on the date the Authority received the application fee from the applicant. Applications that are submitted with a fee at the time of application will take priority over incomplete applications.

At the sole discretion of the Authority, staff may ask for cures and clarifications of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments. Applicants will have 10 business days from the date of the staff's email to provide the requested information and submit any missing and/or incomplete documents. Applicant's responses to the staff's requests will be reviewed in the order they are received. Failure to respond to the request within the same 10-business day period will result in the application being deemed administratively withdrawn. If an applicant fails to meet eligibility requirements as described above, the application may be declined from the program. Applicants have the ability to withdraw from the application process at any time. Applicants are not able to cure an absent CRC annual license as it is required at time of application; there are no exceptions. Approvals and declinations will be under delegated authority.

## **V. Eligible Expenses**

Eligible expenses shall include:

- Rental expenses (including common area maintenance (CAM) charges), as evidenced by a fully executed lease signed by both the landlord and the tenant (the named tenant must be the applicant or a related entity to the applicant) that has commenced. Sub-leases are ineligible. Applicant must demonstrate good standing with their landlord through certification in application.
- Payroll Expenses – may be evidenced by a WR30 or equivalent payroll documentation (including 1099 contractors).
- Employee training expenses related to the applicant – cost to train employees or independent contractors for any function of their business operations.
- Professional Services (must be invoiced and/or addressed to the applicant entity listed on the application. that may include but are not limited to legal services, legal services related to the NJ CRC license and regulatory process, accounting services, human resources services, business planning, transportation services, security, marketing or branding services, website development, or lab services and any other outside services that may be

needed to operate an eligible cannabis business in NJ or obtain/maintain any license or authorization to operate from the NJ CRC.

Ineligible uses shall include, but are not limited to:

- Business supplies
- Controlled inventory
- Construction
- Equipment and/or installation fees costing greater than \$2,000.00
- Violations, fines or penalties

All expenses and associated supporting documentation are subject to NJEDA review and discretion. Applicants must provide documentation to verify expenses, such as paid invoices with proof of payment such as cancelled checks, credit card statements, or bank statements for cash payments. Applicants will need to provide as much detail as possible regarding all eligible expenses included in their application. All uses and documentation will be subject to the Authority's review and approval.

## **VI. Delegated Authority**

As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. Accordingly, the CEO will delegate to the appropriate staff on all approval, decline, and appeal decisions for non-discretionary reasons. Staff requests delegated authority to the Chief Executive Officer to approve an individual application to Cannabis Business Development ("CBD") Grant Program in accordance with the terms set forth in the attached product specifications. Staff also requests delegated authority to the CEO to utilize any future funds appropriated to the Authority for cannabis-related uses, or any funds that may be recaptured from the Joint Ventures and Seed equity programs, to be applied to the CBD Grant program

As with other financial assistance programs, staff will perform legal reviews in accordance with Executive Order 34 (Byrne) and the Authority's Disqualification/Debarment Regulations (N.J.A.C. 19:30-2.1, *et seq.*) to ensure that applicants demonstrate and maintain the highest standards of responsibility and moral integrity. For the purposes of the Cannabis Business Development Grant Program only, the Members are also requested to delegate authority to:

- decide not to disqualify, debar, or suspend applicants and affiliates convicted of marijuana and hashish-related offenses that meet the criteria for a "social equity business" as defined in the Cannabis Regulatory Commission's rules (specifically N.J.A.C. 17:30-6.6 and as administered by CRC, provided the applicant does not have other disqualifying convictions or judgments); and
- limit the timeframe for investigation into criminal matters, to those where the date of conviction, satisfactory completion of probation or parole, or release from incarceration, whichever is later, occurred five (5) years prior to the date of application, in accordance with N.J.A.C. 17:30-7.12. This modification to the delegated authority approved by the Board on June 8, 2022, will be consistent with NJ CRC's timeframe for disqualifying convictions (as stated in N.J.A.C. 17:30-7.12(d)).

## **VII. Awards**

Each grant award will total \$75,000, disbursed as a one-time payment following the execution of the grant agreement. Awards will not be reduced below this amount to accommodate applicant unable to provide documentation to verify the full value of eligible paid expenses. As stated, grants will be awarded on a rolling basis until all available funds are exhausted. Each applicant, as identified by their EIN, may receive only one award, and any applicants holding multiple licenses may receive only one grant per location.

## **VIII. Compliance Term**

The compliance term for this grant will be 24-months post the-executed grant agreement date. The Authority's staff will ensure awardees are still open and in good standing with the NJCRC every year after the date of their fully executed grant agreement through the Authority's prepared awardee certification. If an awardee is no longer open, then the Authority will have the ability to seek recapture at the Authority's discretion. In the event of any default on the grant agreement within 12 months of executing the grant agreement, 100% of the grant will be recaptured; any defaults after 12 months will result in a 50% recapture. Awardees, as per NJCRC, are not allowed to sell or transfer license of their business for 24 months following the award date. Awardees are not allowed to pursue another cannabis business license and open operations outside the state of New Jersey during the compliance term of the grant.

## **Recommendation**

The Members are asked to approve:

- 1) Authorization of \$5 million from the New Jersey FY25 State Appropriation Act for NJEDA cannabis equity grant programs to create the NJEDA Cannabis Business Development (CBD) Grant Program – a pilot program that will make grant funding available to eligible cannabis businesses in the State of New Jersey.
- 2) Authorization of the Chief Executive Officer to delegate to the appropriate staff on all approval, decline, and appeal decisions for non-discretionary reasons in accordance with the terms set forth in the product specifications.
- 3) Requested policy amendment for the Cannabis Grant program to exclude from disqualification, debarment, or suspension any marijuana and hashish related offenses, as stated in the CRC statute and as administered by CRC when found in the legal review process.
- 4) Authorization of the NJEDA Board to use any future funds that may be appropriated by the Governor, or recaptured funds from the Joint Ventures and Seed Equity programs, toward the CBD Grant.

- 5) Delegation of Authority to allow staff to utilize 5% of the \$5 million grant program allocated for awardees (\$250,000) for the Authority's administrative fees associated with operating the program. If additional funds are appropriated, then NJEDA will take another 5% of that future amount as well.