



**BOROUGH OF LAWSIDE
ORDINANCE NO. 12 - 2021**

AN ORDINANCE PERMITTING THE OPERATION OF CANNABIS BUSINESSES AS PERMITTED USES WITHIN THE OAK AVENUE REDEVELOPMENT AREA, REPEALING ORDINANCE 04-2021 AND PREVIOUSLY ADOPTED CHAPTER 51A OF THE LAWSIDE CODE, AND AMENDING THE LAWSIDE CODE TO CREATE A NEW CHAPTER 51A

WHEREAS, in 2020, New Jersey voters approved Public Question No. 1, which amended the New Jersey Constitution to allow for the legalization of a controlled form of marijuana called "cannabis" for adults at least 21 years of age; and

WHEREAS, on February 22, 2021, Governor Murphy signed into law P.L. 2021, c. 16, known as the "New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act" (the "Act"), which legalizes the recreational use of marijuana by adults 21 years of age or older, and establishes a comprehensive regulatory and licensing scheme for commercial recreational (adult use) cannabis operations, use and possession; and

WHEREAS, the Act establishes six marketplace classes of licensed businesses, consisting of:

- Class 1 Cannabis Cultivator license, for facilities involved in growing and cultivating cannabis;
- Class 2 Cannabis Manufacturer license, for facilities involved in the manufacturing, preparation, and packaging of cannabis items;
- Class 3 Cannabis Wholesaler license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another;
- Class 4 Cannabis Distributor license, for businesses involved in transporting cannabis plants in bulk from one licensed cultivator to another licensed cultivator, or cannabis items in bulk from any type of licensed cannabis business to another;
- Class 5 Cannabis Retailer license, for locations at which cannabis items and related supplies are sold to consumers; and
- Class 6 Cannabis Delivery Service license, for businesses providing courier services for consumer purchases that are fulfilled by a licensed cannabis retailer in order to make deliveries of the purchased items to a consumer, and which service would include the ability of a consumer to

make a purchase directly through the cannabis delivery service which would be presented by the delivery service for fulfillment by a retailer and then delivered to a consumer.

WHEREAS, Section 3 of the Act defines a "cannabis establishment" as "a cannabis cultivator, a cannabis manufacturer, a cannabis wholesaler, or a cannabis retailer"; and

WHEREAS, Section 45 a of the Act authorizes municipalities to adopt by ordinance regulations governing the number of (1) cannabis establishments, (2) cannabis distributors and (3) cannabis delivery services, except for the delivery of cannabis items and related supplies by a cannabis delivery service based and initiated from outside of the municipality; and

WHEREAS, Section 45 b of the Act authorizes municipalities to prohibit by ordinance the operation of any one or more classes of cannabis establishments, distributors, or delivery services anywhere in the municipality, except for the delivery of cannabis items and related supplies by a delivery service based and initiated from outside of the municipality; and

WHEREAS, Section 45 b of the Act also stipulates, however, that any municipal regulation or prohibition must be adopted within 180 days of the effective date of the Act (i.e., by August 21, 2021); and

WHEREAS, pursuant to Section 45 b of the Act, the failure to do so shall mean that for a period of five years thereafter, the growing, cultivating, manufacturing, selling and reselling of cannabis and cannabis items shall be permitted uses in all industrial zones and the retail selling of cannabis items to consumers shall be a conditional use in all commercial and retail zones; and

WHEREAS, at the conclusion of the initial and any subsequent five-year period following a failure to enact local regulations or prohibitions, the municipality shall again, in 2026, have 180 days to adopt an ordinance regulating or prohibiting cannabis businesses, but any such ordinance would be prospective only and would not apply to any cannabis business already operating with appropriate approvals within the municipality; and

WHEREAS, on July 7, 2021, the Mayor and Council of the Borough of Lawnside adopted Ordinance 04-2021, creating a new Chapter 51A of the Lawnside Code, which, among other things, prohibited all manner of cannabis/marijuana-related businesses within the geographic boundaries of the Borough of Lawnside; and

WHEREAS, the Mayor and Council of the Borough of Lawnside, upon further consideration, have determined that it is in the best interests of the health, safety, and welfare of the Borough of Lawnside's residents and members of the public who visit, travel, or conduct business in the Borough of Lawnside, to permit cannabis-related businesses, excluding cannabis retailers and cannabis delivery service (hereinafter whenever the term cannabis delivery service is used it shall be defined to mean the delivery of cannabis items and related supplies by a cannabis delivery service located within the Borough but not a cannabis delivery service from a location outside the Borough which is regulated by the Act), within a

limited area in the Borough of Lawnside, subject to specific regulations governing said businesses, in order to address any potential detrimental impacts resulting from said businesses; and

WHEREAS, pursuant to Section 40 of the Act, a municipality may adopt an ordinance imposing a transfer tax and/or user tax on the sale of cannabis or cannabis items by cannabis establishments located in the municipality and which shall be in addition to any other tax imposed by law; and

WHEREAS, the Mayor and Council of the Borough of Lawnside have determined that, at this time, it is necessary to repeal Ordinance No. 04-2021 and Chapter 51A of the Lawnside Code, in their entirety, and also to adopt a new Chapter 51A, and to amend the provisions of the Oak Avenue Redevelopment Plan, to permit cannabis businesses, excluding cannabis retailers and cannabis delivery service, within Areas 1 and 2 of the Oak Avenue Redevelopment Area, subject to the specific regulations set forth herein.

NOW THEREFORE, BE IT ORDAINED, by the Mayor and Council of the Borough of Lawnside in the County of Camden and State of New Jersey, that Ordinance No. 04-2021 and the provisions of Chapter 51A of the Lawnside Code, as adopted by Ordinance No. 04-2021, are hereby repealed, in their entirety, and replaced with a new Chapter 51A, as follows:

SECTION 1. DEFINITIONS

For purposes of this Chapter, the following definitions shall apply:

"Cannabis" means all parts of the plant *Cannabis sativa* L., whether growing or not, the seeds thereof, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds, except those containing resin extracted from the plant, which are cultivated and, when applicable, manufactured in accordance with P.L. 2016, c. 16 for use in cannabis products as set forth in this Act, but shall not include the weight of any other ingredient combined with cannabis to prepare topical or oral administrations, food, drink, or other products. "Cannabis" does not include: medical cannabis dispensed to registered qualifying patients pursuant to the "Jake Honig Compassionate Use Medical Cannabis Act," P.L.2009, c.307(C.24:61-1 et al.) and P.L. 2015, c.158 (C.18A:40-12.22 et al.); marijuana as defined in N.J.S.2C:35-2 and applied to any offense set forth in chapters 35, 35A, and 36 of Title 2C of the New Jersey Statutes, or P.L.2001, c.114 (C.2C:35B-1 et seq.), or marihuana as defined in section 2 of P.L. 1970, c.226 (C.24:21-2) and applied to any offense set forth in the "New Jersey Controlled Dangerous Substances Act," P.L. 1970, c.226 (C24:21-1 et al.); or hemp or a hemp product cultivated, handled, processed, transported, or sold pursuant to the "New Jersey Hemp Farming Act," P.L. 2019, c.238 (C.4:28-6 et al.).

"Cannabis Cultivator" means any licensed person or entity that grows, cultivates, or produces cannabis in this State, and sells, and may transport, this cannabis to other cannabis cultivators, or usable cannabis to cannabis manufacturers, cannabis wholesalers, or cannabis retailers, but not to consumers.

"Cannabis delivery service" means any licensed person or entity that provides courier services for consumer purchases of cannabis items and related supplies fulfilled by a cannabis retailer in order to make deliveries of the cannabis items and related supplies to that consumer, and which services include the ability of a consumer to purchase the cannabis items directly through the cannabis delivery service, which after presenting the purchase order to the cannabis retailer for fulfillment, is delivered to that consumer.

"Cannabis distributor" means any licensed person or entity that transports cannabis in bulk intrastate from one licensed cannabis cultivator to another licensed cannabis cultivator, or transports cannabis items in bulk intrastate from any one class of licensed cannabis establishment to another class of licensed cannabis establishment, and may engage in the temporary storage of cannabis or cannabis items as necessary to carry out transportation activities.

"Cannabis establishment" means a cannabis cultivator, a cannabis manufacturer, a cannabis wholesaler, or a cannabis retailer.

"Cannabis manufacturer" means any licensed person or entity that processes cannabis items in this State by purchasing or otherwise obtaining usable cannabis, manufacturing, preparing, and packaging cannabis items, and selling, and optionally transporting, these items to other cannabis manufacturers, cannabis wholesalers, or cannabis retailers, but not to consumers.

"Cannabis retailer" means any licensed person or entity that purchases or otherwise obtains usable cannabis from cannabis cultivators and cannabis items from cannabis manufacturers or cannabis wholesalers, and sells these to consumers from a retail store, and may use a cannabis delivery service or a certified cannabis handler for the off-premises delivery of cannabis items and related supplies to consumers. A cannabis retailer shall also accept consumer purchases to be fulfilled from its retail store that are presented by a cannabis delivery service which will be delivered by the cannabis delivery service to that consumer.

"Cannabis wholesaler" means any licensed person or entity that purchases or otherwise obtains, stores, sells or otherwise transfers, and may transport, cannabis items for the purpose of resale or other transfer to either another cannabis wholesaler or to a cannabis retailer, but not to consumers.

SECTION 2. The lists of permitted uses for Areas 1 and 2 of the Oak Avenue Redevelopment Plan, as previously amended by Ordinance No. 01-2017, adopted on June 7, 2017, and Ordinance No. 01-2018, adopted on February 26, 2018, shall be further amended to include the following additional permitted uses, as defined in N.J.S.A. 24:61-32.

1. Cannabis establishments, including cannabis cultivator, cannabis manufacturer, cannabis wholesaler, but excluding cannabis retailer and cannabis delivery service; and
2. Cannabis distributor;

SECTION 3. Cannabis establishments and cannabis distributors shall be subject to the following specifications and standards, which shall constitute regulations applicable to a permitted use, and shall not be construed as conditions applicable to a conditional use:

- a) Licenses. Prior to the operation of any cannabis establishment, a permit or license must be obtained from the State of New Jersey and from the Borough of Lawnside for the applicable type(s) of cannabis establishment. No cannabis establishment shall be permitted to operate without State and municipal permits or licenses.
- b) Compliance with Licenses. Permitted uses shall, at all times, comply with the terms and conditions of the licensee's cannabis establishment permits and licenses issued by the State of New Jersey and the Borough of Lawnside.
- c) Odor. Cannabis establishments shall have equipment to mitigate odor. A building for a cannabis establishment shall be equipped with a ventilation system with carbon filters sufficient in type and capacity to mitigate cannabis odors emanating from the interior of the premises.
- d) Noise. Outside generators and other mechanical equipment used for any kind of power supply, cooling, or ventilation shall be enclosed and have appropriate baffles, mufflers, and/or other noise reduction systems to mitigate noise pollution.
- e) Security. All cannabis establishments shall be secured in accordance with State of New Jersey statutes and regulations; shall have a round-the-clock video surveillance system, 365 days per year; and shall have trained security personnel onsite at all times during operating hours.
- f) Dimensional, density and other bulk restrictions; other provisions and requirements. Except as specifically modified herein, and to the extent applicable, the dimensional, density and other bulk restrictions and requirements of the Oak Avenue Redevelopment Plan shall apply.
- g) Outdoor cultivation prohibited. The cultivation of cannabis shall only be permitted within a fully enclosed building. There shall be no outdoor cultivation of cannabis permitted with the Borough of Lawnside.
- h) On-site consumption prohibited. No cannabis or cannabis product shall be smoked, eaten or otherwise consumed on the premises of any cannabis establishment, unless permitted pursuant to State statute or regulation.
- i) Age restriction. No person under the age of 21 years may be permitted within any cannabis establishment. Any person seeking entry into a cannabis establishment shall be required to present proof of age to a security guard before gaining entry.

SECTION 4. Cannabis establishments and cannabis distributors are not permitted uses anywhere within the Borough, except within the Oak Avenue Redevelopment Area, as specifically provided herein. Cannabis retailer and cannabis delivery service is not a permitted use anywhere within the Borough, including the Oak Avenue Redevelopment Area.

SECTION 5. Local Transfer Tax

(a) There is hereby established a local transfer tax imposed on sales that occur within the Borough of Lawnside between a cannabis business that holds a cultivator, manufacturer, or wholesaler license and another such licensed cannabis business or any combination thereof, at a rate of two percent (2%) of the receipts from each sale by a cannabis cultivator; two percent (2%) of the receipts from each sale by a cannabis manufacturer; one percent (1%) of the receipts from each sale by a cannabis wholesaler; and a two percent (2%) user tax on non-sale transactions between cannabis businesses operated by the same license holder payable to the Borough of Lawnside.

(b) Every cannabis establishment required to collect a transfer tax imposed by ordinance pursuant to this section shall be personally liable for the transfer tax or user tax imposed, collected, or required to be collected under this section. Any cannabis establishment shall have the same right with respect to collecting the transfer tax from another cannabis establishment as if the transfer tax was a part of the sale and payable at the same time, or with respect to non-payment of the transfer tax or user tax by the cannabis establishment or consumer, as if the transfer tax was a part of the purchase price of the cannabis or cannabis item, or equivalent value of the transfer of the cannabis or cannabis item, and payable at the same time; provided, however, that the chief fiscal officer of the municipality shall be joined as a party in any action or proceeding brought to collect the transfer tax or user tax.

(c) All revenues collected from a transfer tax imposed by ordinance pursuant to this section shall be remitted to the chief financial officer in the manner prescribed herein. The chief financial officer shall collect and administer any transfer tax imposed by ordinance pursuant to this chapter. The municipality may enforce the payment of delinquent taxes or transfer fees imposed by ordinance pursuant to this section in the same manner as provided for municipal real property taxes. In the event that the transfer tax imposed by ordinance pursuant to this section is not paid as and when due by a cannabis establishment, the unpaid balance, and any interest accruing thereon, shall be a lien on the parcel of real property comprising the cannabis establishment's premises in the same manner as all other unpaid municipal taxes, fees, or other charges. The lien shall be superior and paramount to the interest in the parcel of any owner, lessee, tenant, mortgagee, or other person, except the lien of municipal taxes, and shall be on a parity with and deemed equal to the municipal lien on the parcel for unpaid property taxes due and owing in the same year. The municipality shall file in the office of its tax collector a statement showing the amount and due date of the unpaid balance and identifying the lot and block number of the parcel of real property that comprises the delinquent cannabis establishment's premises. The lien shall be enforced as a municipal lien in the same manner as all other municipal liens are enforced.

(d) The chief financial officer is charged with the administration and enforcement of the local transfer tax provisions of this ordinance, and is empowered to prescribe, adopt, promulgate and enforce rules and regulations relating to any matter pertaining to the administration and enforcement of this chapter, including provisions for the reexamination and corrections of declarations and returns, and of payments alleged or found to be incorrect, or as to which an overpayment is claimed or found to have occurred, and to prescribe forms necessary for the administration of this chapter. Should a cannabis establishment fail or refuse to provide adequate information to the chief financial officer to determine the amount of tax due, the chief financial officer may use information provided to the chief financial officer from other sources (i.e., the Commission or Department of Treasury) to determine the amount of tax liability.

(e) Taxpayers liable for the transfer tax are required to keep such records as will enable the filing of true and accurate returns or the tax and such records shall be preserved for a period of not less than three (3) years from the filing date or due date, whichever is later, in order to enable the chief financial officer or any agent designated by him to verify the correctness of the declarations or returns filed. If records are not available in the municipality to support the returns which were filed or which should have been filed, the taxpayer will be required to make them available to the chief financial officer either by producing them at a location in the municipality or by paying for the expenses incurred by the chief financial officer or his agent in traveling to the place where the records are regularly kept.

(f) All cannabis establishments operating in the municipality are required to file a copy of their New Jersey transfer tax return with the chief financial officer to report their sales during each calendar quarter and the amount of tax in accordance with the provisions of this chapter. Returns shall be filed and payments of tax imposed for the preceding calendar quarter shall be made on or before the last day of April, July, October, and January, respectively. A taxpayer who has overpaid the transfer tax, or who believes it is not liable for the tax, may file a written request on an amended tax return with the chief financial officer for a refund or a credit of the tax. For amounts paid as a result of a notice asserting or informing a taxpayer of an underpayment, a written request for a refund shall be filed with the chief financial officer within two (2) years of the date of the payment.

(g) The chief financial officer may initiate an audit by means of an audit notice. If, as a result of an examination conducted by the chief financial officer, a return has not been filed by a taxpayer or a return is found to be incorrect and transfer taxes are owed, the chief financial officer is authorized to assess and collect any tax due. If no return has been filed and tax is found to be due, the tax actually due may be assessed and collected with or without the formality of obtaining a return from the taxpayer. Deficiency assessments (i.e., where a taxpayer has filed a return but is found to owe additional tax) shall include taxes for up to three (3) years to the date when the deficiency is assessed. Where no return was filed, there shall be no limit to the period of assessment.

(h) Upon proposing an assessment, the chief financial officer shall send the taxpayer an interim notice by certified mail, return receipt requested, which advises the taxpayer of additional taxes that are due. Should the taxpayer wish to dispute the assessment administratively by requesting a hearing with the chief financial officer, it must do so

within thirty (30) days of the date of such interim notice. If, after the chief financial officer sends an interim notice, a taxpayer fails to timely request a hearing with the chief financial officer or requests a hearing and after conducting a hearing, the chief financial officer determines that the taxes are due, the chief financial officer shall send the taxpayer by certified mail, return receipt requested, a final notice. Should the taxpayer wish to dispute the assessment set forth in the final notice, he or she must initiate an appeal in the New Jersey Tax Court within ninety (90) days after the mailing of any final notice regarding a decision, order, finding, assessment, or action hereunder.

(i) Any person who receives an interim notice from the chief financial officer may within thirty (30) days after the date of an interim notice, request a hearing with the chief financial officer. Any person who fails to request a chief financial officer's hearing in a timely manner waives the right to administratively contest any element of the assessment. The chief financial officer shall accept payments of disputed tax amounts under protest pending appeals; however, any request for refund of such monies must be filed in accordance with this section.

(j) Any aggrieved taxpayer may, within ninety (90) days after the mailing of any final notice regarding a decision, order, finding, assessment, or action hereunder, or publication of any rule, regulation or policy of the chief financial officer, appeal to the Tax Court pursuant to the jurisdiction granted by N.J.S.A. 2B:13-2a(3) to review actions or regulations of municipal officials by filing a complaint in accordance with the New Jersey Court Rule 8:3-1. The appeal provided by this section shall be the exclusive remedy available to any taxpayer for review of a final decision of the chief financial officer in respect to a determination of liability for the tax imposed by this chapter.

SECTION 6. LICENSE

(a) In order to obtain a license from the Commission, a prospective licensee must evidence support of the Borough with respect to such application. Such support shall be evidence by a writing from the Mayor and Counsel of the Borough. As part of the Borough's review, the prospective licensee and the Borough shall determine what community and social justice initiatives for the prospective licensee to undertake supporting and a determination as to the amount of time, money and resources to be given annually.

(b) License. In addition to any license issued by the State, cannabis establishments permitted pursuant to this ordinance and cannabis distributors within the Borough of Lawnside, shall be required to obtain from the Borough of Lawnside Building Department an annual license evidencing compliance with the requirements of this Ordinance. Under no circumstances shall a local license issued by the Building Department be effective until or unless the State has issued the requisite permits or licenses to operate such a facility. The local license shall be valid for a one-year period from the date of issuance and shall be renewable, subject to any restrictions or regulations adopted since the previous local license was issued or renewed. In the event of any violation of this Ordinance, the Building Department may, upon notice to and a hearing provided to the licensee, revoke the license. Transfer of ownership of any local license or change of location or modification of any local license shall be subject to the approval of the Building Department. There shall be a non-

refundable application fee for such license in the amount of \$1,000.00 for all classes of cannabis licenses. The annual license fee shall be in an amount of \$10,000.00 for all classes of cannabis licenses.

- (c) An unlimited number of licenses for Classes 1, 2, 3 and 4 may be issued pursuant to this Ordinance.

SECTION 7. LOCAL HIRING, MINORITY BUSINESSES, SET ASIDES

(a) For all State licensed marijuana business operations, the annual licensing fees established within this ordinance shall be reduced by the following amounts for the applicable year if the business entity can demonstrate that it falls within one or more of the following categories:

- (1) Any business that can provide a Minority Business Enterprise Certification from the State of New Jersey shall be entitled to a 25% reduction of the licensure fee, or remaining fee if a reduction has already been applied under this section.
- (2) Any business that can provide a Women's Business Enterprise Certificate from the State of New Jersey shall be entitled to a 25% reduction of the licensure fee, or remaining fee if a reduction has already been applied under this section.
- (3) Any business that can provide proof that at least 50% of its employees are residents of the Borough of Lawnside shall be entitled to a 25% reduction of the licensure fee, or remaining fee if a reduction has already been applied under this section.

(a) In order to receive a reduction under this section, the business entity must provide adequate proof of employment and residency, in the form of payroll history and proof of residency demonstrating at least 6 (six) months residency and active employment.

(b) The Borough reserves the right to contact any employees referenced in order to verify employment and residency.

- (4) Any business that can provide proof that at least one (1) ancillary service contract has been awarded to a business located within the service contract has been awarded to a business located within the Borough of Lawnside shall be entitled to a 25% reduction of the licensure fee, or remaining fee if a reduction has already been applied under this section.

(a) In order to receive a reduction under this section, the business entity must provide adequate proof of ancillary service contract valued over \$1000 for services performed for the business year, and proof of payment.

(b) The Borough of Lawnside shall confirm that the ancillary service company is a business entity located within the Borough of Lawnside, and possesses a valid business license in good standing.

(c) Ancillary services shall include, but shall not be limited to, mechanical services, auto repair services, custodial services, office furniture and/or supplies, IT services, and construction and/or repair services.

SECTION 8. Any article, chapter, section, paragraph, subsection, clause, or other provision of the Code inconsistent with the provisions of this ordinance is hereby repealed to the extent of such inconsistency.

SECTION 9. In case, for any reason, any portion or provision of this Ordinance shall be held to be unconstitutional or invalid, the same shall not affect any other portion or provision of this Ordinance, except so far as the portion or provision so declared unconstitutional or invalid shall be severed from the remainder or any portion thereof.

SECTION 10. This Ordinance shall take effect in accordance with the law.

FIRST READING:

NOVEMBER 3, 2021

SECOND READING & PUBLIC HEARING:

DECEMBER 1, 2021

ADOPTED:

DECEMBER 1, 2021

BOROUGH OF LAWNSIDE

MARSHAREE A. WRIGHT
ACTING BOROUGH CLERK

MARY ANN WARDLOW
MAYOR