

NJ cannabis regulators punt social equity tax decision with commission split



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A marijuana plant is visible at a medical marijuana dispensary in Egg Harbor Township, New Jersey, on March 22, 2019. | Julio Cortez/AP

The Cannabis Regulatory Commission on Wednesday punted — again — whether to increase the state’s social equity cannabis tax.

The non-decision decision at the closely watched remote meeting showed the commission clearly divided on how to approach the proposed tax increase. But it also showed that no members of the five-member commission openly embraced the maximum allowable tax increase on cannabis that has been floated.

The commission weighed increasing the Social Equity Excise Fee on cannabis, which goes toward communities impacted by the war on drugs, from the current [\\$1.24 for an ounce](#) to \$30 an ounce. Cannabis cultivators pay the tax.

[State law says the](#) fee, known as SEEF, “may” be \$30 for an ounce of usable cannabis when an ounce of retail cannabis is between \$250 and \$350. During the meeting, the CRC’s acting executive director, Chris Riggs, recommended the commission increase the SEEF to \$30 per ounce, citing the CRC’s current regulations that say [the social equity tax “shall”](#) be that price when it is between \$250 and \$350 per ounce. An ounce of cannabis cost \$330.68, Riggs said during Wednesday’s meeting.

Commissioners were split on what dollar figure the tax should be. Commissioners Sam Delgado and Krista Nash supported increasing the SEEF to \$5 an ounce for usable cannabis and \$3 an ounce for unusable cannabis. Commissioner Maria Del Cid-Kosso tried to increase the SEEF to \$10 per ounce for usable cannabis and \$3 for unusable cannabis, although it could not get another commissioner to second her motion — killing the proposal instantly.

The proposal that ultimately won on Wednesday was Commissioner Charles Barker’s: Waiving the commission's regulations that say a SEEF rate must be published in the [New Jersey Register by Nov. 1](#) to be effective for the following year, meaning the issue is delayed.

It is unclear when the CRC will reconvene to address the SEEF.

The cannabis industry which has intensely lobbied to prevent increasing the SEEF to the maximum \$30 an ounce, saying it would undo progress made by the state’s cannabis market and bring people towards the black market.

Bill Caruso, a prominent cannabis attorney and lobbyist, said that increasing the SEEF to the maximum \$30 would “decimate the racial and social equity” efforts built by the

commission. Instead, he proposed making intoxicating hemp — which produce similar effects as cannabis but is unregulated — subject to the tax.

“If you want to raise money for the SEEF, go back to the Legislature and tell them to tax hemp the same way that they're taxing cannabis,” Caruso said during the commission meeting. “Those folks want to be on store shelves, and they should be paying the SEEF too.”

Social justice groups have pushed for the maximum allowable SEEF. In a statement, the ACLU-NJ pushed for the \$30 per ounce rate.

“We urge the Cannabis Regulatory Commission to swiftly take up the unresolved issue of increasing the New Jersey social equity excise fee to the amount indicated in their previously established regulations,” ACLU-NJ Campaign Strategist Ami Kachalia said in a statement Wednesday. “If the fee is not raised accordingly, New Jersey will be leaving millions of dollars on the table that are meant to be reinvested in Black and Latinx communities targeted by decades of marijuana criminalization.”

Raising the SEEF to \$30 an ounce has received [pushback from Senate President Nick Scutari](#), who led cannabis legalization efforts in the state.

Correction: An earlier version of this newsletter misstated the current Social Equity Excise Fee amount. The current amount is \$1.24 for an ounce.



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