

**TOWNSHIP OF READINGTON**

**YOU ARE HEREBY NOTIFIED THAT AN ORDINANCE ENTITLED:**

***AN ORDINANCE OF THE TOWNSHIP OF READINGTON, HUNTERDON COUNTY  
AND STATE OF NEW JERSEY AMENDING AND SUPPLEMENTING CHAPTER 88  
OF THE CODE OF THE TOWNSHIP OF READINGTON TO ESTABLISH A  
CANNABIS TRANSFER TAX AND USER TAX IN THE TOWNSHIP***

***ORDINANCE #03-2022***

***BE IT ORDAINED***, by the Township Committee of the Township of Readington, in the County of Hunterdon, State of New Jersey, as follows:

**SECTION 1.** Chapter 88 of the Code of the Township of Readington entitled "Cannabis and Medical Cannabis" is hereby amended and supplemented to provide the following new Section:

Subsection 88-xx . Cannabis Taxation.

A. Purpose. The purpose of this section is to implement N.J.S.A. 40:48I-1 and 24:6I-46 of the New Jersey Cannabis Regulatory Enforcement Assistance and Marketplace Modernization Act ("CREAMMA") which authorizes a municipality to impose Cannabis Transfer and User Taxes on cannabis for adult use, but not medical use. All terms herein shall have the same meaning as found in N.J.S.A. 24:6I-33, section 3 of CREAMMA and Chapter 88 of the Code, unless otherwise stated.

B. Cannabis Transfer Tax.

(1) Except for that portion of sales of "medical cannabis" defined as such under the the "Jake Honig Compassionate Use Medical Cannabis Act" (*N.J.S.A. 24:6I-1, et seq.*) (the "Honig Act"), there shall be a transfer tax imposed on the receipts from the sale of cannabis and cannabis items from the following licensed person(s) or entity(ies) located in Readington Township:

- (i) From a cannabis cultivator to another cannabis cultivator; and/or
- (ii) From one cannabis establishment to another cannabis establishment; and/or
- (iii) By any combination thereof.

The transfer tax rate shall be assessed at 2% of the receipts from each sale by a cannabis cultivator and/or cannabis manufacturer and shall be assessed at 1% of the receipts from each sale by a cannabis wholesaler.

(2) The cannabis transfer tax shall be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution by any governmental entity with regard to cannabis.

(3) The transfer tax shall be stated, charged and shown separately on any sales slip, invoice, receipt or other statement or memorandum of the price paid or payable or equivalent value of the transfer for the cannabis or cannabis item.

#### C. Cannabis User Tax.

(1) Except for that portion of sales of "medical cannabis" defined as such under the the "Jake Honig Compassionate Use Medical Cannabis Act" (*N.J.S.A. 24:6I-1, et seq.*) (the "Honig Act"), there shall be a user tax imposed on any concurrent license holder operating more than one cannabis establishment.

(2) The user tax rate shall be assessed at 2% on any concurrent license holder operating more than one cannabis establishment. The user tax shall be imposed on the value of each transfer or use of cannabis, or cannabis items not otherwise subject to the transfer tax imposed pursuant to this Chapter, from the license holder's establishment that is located in the Township of Readington to any of the other license holder's establishments, whether located in the Township of Readington or another municipality.

(3) The user tax shall be in addition to any other tax or fee imposed pursuant to statute or local ordinance or resolution by any governmental entity with regard to cannabis. Any transaction for which the user tax is imposed is exempt from the tax imposed under the Sales and Use Tax Act.

(4) The user tax shall be stated, charged and shown separately on any sales slip, invoice, receipt or other statement or memorandum of the price paid or payable or equivalent value of the transfer for the cannabis or cannabis item.

#### D. Collection of Cannabis Transfer and User Tax.

(1) Every cannabis establishment required to collect the transfer and use taxes imposed by this Section shall be personally liable for the transfer and use tax imposed, collected or required by this Section and CREAMMA and shall have the same rights to collection of said tax as afforded by CREAMMA. In the event a cannabis establishment institutes an action or proceeding to collect transfer or use taxes from another cannabis establishment or consumer, as applicable, the CFO of the Township shall be joined as a party in any such action or proceeding.

(2) No cannabis establishment required to collect the transfer and user taxes imposed by this Section shall advertise or hold out to any person, or to the public in general, in any manner, directly or indirectly, that the transfer tax or user tax will not be separately charged and stated to another cannabis establishment or the consumer or that the transfer tax or user tax will be refunded to the cannabis establishment or to the consumer.

(3) Remittance and Reporting of Cannabis Taxes.

(i) The taxes imposed by this section shall be paid to the Township (to the attention of its Chief Financial Officer) on a quarterly basis no later than the fifteenth (15<sup>th</sup>) day of the month following the last month of the quarter along with a report certified as true and accurate by the Cannabis Establishment's Chief Financial Officer, Controller or other similarly situated person showing the gross revenues for the Cannabis Establishment (separating the gross revenues of the medical cannabis) for each month of the quarter.

(ii) A Cannabis Establishment operating within the Township of Readington shall file on an annual basis no later than April 15<sup>th</sup> of each year, a financial report from an independent accountant certifying as to the annual revenues for the preceding year, distinguishing the medical cannabis from the adult use cannabis.

(4) Delinquent Taxes.

(i) If the transfer tax or user tax is not paid when due, the unpaid balance and any interest accruing thereon, shall be a lien on the parcel of real property comprising the cannabis establishment's premises.

(ii) The lien shall be superior and paramount to the interest in the parcel or any owner, lessee, tenant, mortgagee, or other person, except the lien of municipal taxes, and shall be on parity with and deemed equal to the municipal lien on the parcel for unpaid property taxes due and owing in the same year.

(iii) The municipality shall file in the office of its Tax Collector a statement showing the amount and due date of the unpaid balance of cannabis taxes 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.

(iv) The annual municipal permit issued pursuant to this Chapter shall not be renewed for the cannabis establishment should any transfer or user tax pursuant to this Section be delinquent.

5. A copy of this Section shall be transmitted to the NJ State Treasurer and to every Cannabis Establishment within the Township of Readington.

**SECTION 2. Renumbering.** The sections, subsections and provisions of this Ordinance may be renumbered as necessary or practical for codification purposes.

**SECTION 3. Severability.** If any section, paragraph, subsection, clause or provision of this ordinance shall be adjudged invalid by a court of competent jurisdiction, such adjudication shall apply only to the section, paragraph subsection, clause or provision so adjudged, and the remainder of the Ordinance shall be deemed valid and effective.

**SECTION 4. Inconsistency.** Any article, section, paragraph, subsection, clause, or other provision of the Code of the Township of Readington that is inconsistent with the provisions of this Ordinance is hereby superceded to the extent of such inconsistency.

**SECTION 5. Effective Date.** This ordinance shall take effect upon passage and final publication as provided by law.

A TRUE COPY OF WHICH ORDINANCE IS PRINTED ABOVE WAS INTRODUCED AT THE MEETING OF THE TOWNSHIP COMMITTEE ON *JANUARY 18, 2022* AND THAT IT IS THE INTENTION OF THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF READINGTON TO CONSIDER PASSAGE OF SAID ORDINANCE AT THE REGULAR MEETING OF THE TOWNSHIP COMMITTEE TO BE HELD AT THE MUNICIPAL BUILDING, 509 ROUTE 523, WHITEHOUSE STATION, NEW JERSEY, ON *FEBRUARY 7, 2022* AT 7:45 P.M. AT WHICH TIME AND PLACE, OR AT ANY TIME OR PLACE TO WHICH THE MEETING SHALL BE FROM TIME TO TIME ADJOURNED AN OPPORTUNITY WILL BE GIVEN TO ALL PERSONS WHO MAY BE INTERESTED THEREIN TO BE HEARD CONCERNING SAID ORDINANCE.

KARIN M PARKER, *RMC*  
MUNICIPAL CLERK