NJ Gasoline, C-Store, Automotive Association
615 Hope Road, Bldg. 2, 1st Floor
Eatontown, NJ 07724
Phone: 732-256-9646
Web: www.njgca.org

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To: Assembly Commerce, Economic Development, and Agriculture Committee
From: Eric Blomgren, Executive Director
New Jersey Gasoline, Convenience Store, Automotive Association

Re: Support A-5068 "Permits Department of Agriculture to regulate sale and distribution of hemp-derived consumable products under certain circumstances."

NJGCA represents hundreds of small, independent, often immigrant owned businesses across our state, and we support this bill today.

In the discussions I have had with our membership about this issue, what I have found is that they generally have chosen to shy away from selling any of these kinds of hemp products in their stores. Our distributor members have also made the decision not to sell these kinds of products to their customers.

The type of business owner who voluntarily pays annual membership dues so that they can be a part of an industry trade association is generally a cut above when it comes to all their business practices. They have rightly been wary of the totally unregulated 'wild west' scenario that has existed in this and most other states in the nation since these products entered the market a few years ago. As an association we have cautioned members against offering these products for sale.

However, there are many smoke shops, small stores, and internet operators who are selling them right now, and have been selling them for the last four years.

What we have now in New Jersey is the worst type of public policy solution, an unenforced prohibition. The best kinds of business owners avoid the product, while less scrupulous retailers sell it without rules and without much consequence. Retailers who follow the law lose revenue and customers to those who do not care about compliance, and honest business owners are left feeling like suckers, forced to either give up on selling items their customers want or else join a race to the bottom.

In our experience, those businesses who do not care to follow one law generally do not place a premium on following other laws—whether its age verification, product quality, wholesale or sales taxes, even labor laws.

Right now, there is often no easy way for the retailer or the customer to check what these products are, who exactly is the company that produced it, or what kind of testing there has been of the products contents or quality. If there are labels, there is no guarantee those are even accurate—which creates a danger to the customer and a risk of serious liability for the retailer. There have been cases where a product is just laced with regular marijuana instead of anything related to hemp.

The solution to all these problems is this bill. What these products need is the reasonable and clear rules set out by this legislation. It would make clear to the marketplace, both the retailer and the consumer, what has been tested for safety, quality, and accurate labeling.

Creating a license for the sale of these products ensures that the retailer fully understands all the rules of what they are getting into if they choose to sell any of these products. It also gives the State something to take away if the store does not comply with the rules of the road. The threat of losing that license and losing the ability to sell this category of products will keep operators in line, and those that prove themselves on a consistent basis unable to run a business that complies with the rules should be targeted and removed from the marketplace, while responsible business operators are able to continue serving their customers. The licensing fee also provides funds for the necessary enforcement, which we hope will be robust.

Among the important safety regulations required by the bill are age checks, requiring all the products to be behind the counter or otherwise locked away from customers, caps on the potency of products, proper labeling, and packaging restrictions. Clearly spelling out these safety provisions will create a level playing field among all retailers and set that playing field at a high level.

If the Legislature creates a clear path to safe compliance, good businesses will follow it. It's clear the State does not have the capacity to enforce a widespread total ban across the State, and across the internet; so instead we need to make a path to a better marketplace. The bill will allow enforcement to be focused on the small pool of truly bad actors. It will generate new revenue not only for local small businesses, but also State and local government at a time of perpetual budget shortfalls and ever increasing cost of living.

The system we have now in our state is incentivizing only the worse participants and will result in only the worst outcomes. This bill addresses that on a permanent basis. I ask that you support it.