

Cannabis Lounges Coming to New Jersey

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Cannabis lounges (formally referred to as “cannabis consumption areas”) are coming to towns in New Jersey soon. In early December, the New Jersey Cannabis Regulatory Commission, (the “Commission”) proposed rules regarding the regulation of New Jersey cannabis lounges.

The Commission’s proposed [rules](#) would allow cannabis retail dispensaries to operate indoor or enclosed outdoor consumption lounges for patrons twenty-one years of age and older.

Lounges must be attached to a retail-licensed dispensary. Therefore, one cannot open a *standalone* cannabis lounge without having a cannabis retail license. In addition, **both** the township in which the dispensary and proposed lounge is to be located and the Commission must approve the application for the cannabis lounge.

The lounges would operate like breweries, where the lounge cannot sell food or drinks on site, but patrons can bring or order outside food or drinks (excluding alcoholic beverages and tobacco).

Other New Jersey THC products are also permitted. However, patrons cannot bring in non-New Jersey THC products. This restriction will likely create enforcement difficulties for lounge owners.

Potential lounge owners need to also consider other legal liabilities that go along with this type of business. For example, “Dram Shop” laws, where the business owner is liable if patrons over-consume and then later hurt themselves or someone else, or cause property damage. Additionally, lounge owners will need to develop systems to prevent service to minors. Adequate liability insurance is necessary for any prospective cannabis lounge business owner!

New Jersey is among only five other [states](#) that allow consumption lounges. New York permits consumption lounges, but [none](#) currently exist or are approved.

Considering the significant changes outlined above, interested individuals should review the proposed consumption lounge rules.

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