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The New Jersey Cultivator Report

How Municipal Opt-Out Sets the Terms on Both Sides of the Market — in the Words of Twenty-Four Operators

Max Jackson

Cannabis Wise Guys · Twenty-four interviews, first half of 2026

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All photographs are the author's own. None was made in New Jersey, and none depicts a New Jersey operation. Equipment and software marks visible in them are incidental; no manufacturer shown has any relationship to this report.

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ABOUT CANNABIS WISE GUYS

Cannabis Wise Guys is an independent research and advisory practice that translates what happens inside licensed cannabis operations for the people who finance and regulate them. Its work sits between the investor's spreadsheet and the cultivator's grow room.

COMPETING INTERESTS

The author is Co-Chair of the Cultivation Committee of the New Jersey Cannabusiness Association (NJCBA). No operator interviewed for this report was a client of Cannabis Wise Guys at the time of research or publication. All interviews were conducted under the anonymization protocol described in Appendix B.

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Executive Summary

New Jersey signed medical cannabis into law on Governor Corzine's last day in office, January 18, 2010; by the time voters legalized adult use a decade later, nine Alternative Treatment Centers were the entire program. The legislature followed four months after the referendum with CREAMMA, creating the Cannabis Regulatory Commission and handing each of the state's 564 municipalities the power to opt out of hosting any licensed cannabis business. Most of them used it. When adult-use sales opened on April 21, 2022, the market was seven ATC parent companies at thirteen dispensary locations, and no independent cultivator reached a shelf for approximately seventeen months after that — a time in which the incumbents set every consumer habit in the state before a competitor could put a jar beside theirs. Four years in: a $1.16 billion market[1], 322 dispensaries, 71 operating cultivators out of 384 to 439 licensed, and 386 of the state's 564 municipalities still closed to cultivation.

386 of 564
municipalities do not permit cultivation

178
municipalities permit cultivation

71
cultivators operational, July 2026

$2,964 → $2,051/lb
implied wholesale flower, Q1 2024–Q4 2025 — −30.8% over eight quarters

99.2%
of the 386 towns that do not permit cultivation voted Yes on legalization in 2020

Over the first half of 2026 I sat down with twenty-four New Jersey cannabis license holders and applicants — twenty-one holding cultivation licenses at every stage from profitable to still building to gave-up-before-a-plant-went-in-the-ground, two who abandoned the application process outright, and one retailer building cultivation alongside a store — and asked each of them, in plain terms, how they got in, what it cost, and what was keeping them up at night. They are not a focus group. They are the market — every scale the state licenses except the publicly traded multistate operators. None of them runs in more than one state today; this is the independent side of the market talking, and the one operator among them who ever held a license in a second state sold that business before we spoke. They share no common story but the New Jersey market. Ten of them named the same wall before the interview ever reached it — and nearly all the rest confirmed it the moment it came up.

Not the regulator. The town.

1 NJ-CRC, "High Points," April 27, 2026 — reports "more than $1.16 billion in sales" for the 2025 calendar year (recreational + medical combined).

That convergence is the finding. A single grower blaming the system is a grievance. Ten operators who came in through different doors and share little else, naming the same barrier in answer to an open question about what had been hardest — before the word "municipal" had been said in the interview — are evidence. And when the question did come up, operator after operator confirmed it: one answered "100%" without hesitation; another laid out the town's delays in granular detail. Only two operators in the entire cohort said municipalities were never a barrier at all. And the most disarming part is who is saying it. The operators with the least to say against the Cannabis Regulatory Commission are the ones who still could not get into the market. One operator who left a previous career for a cultivation license volunteered that the Commission's operator-training program "knocked it out of the park," then described the separate state agency that tied his site up for months and the processing delay that handed his competitors the market before he could open. The witnesses who clear the regulator point, together, at local control.

The thesis follows from the convergence: municipal opt-out is the structural failure, and it radiates into both sides of the market at once. New Jersey handed each of its 564 towns the power to ban licensed cannabis at the local line, and most of them used it. As of mid-2026, 386 of the 564 — more than two-thirds — do not permit licensed cultivation at all; a grower looking for a home has 178 towns to choose from, not 564.[2] On the supply side, that map collapses a grower's search to a fraction of the state, then turns even that fraction into a multi-year gauntlet of towns, buildings, and land regimes that screens out the farmers and the under-capitalized the law was written to include. On the demand side, the same map leaves most of the state — 62% of the population — without adequate access to a legal store, and the seller who served them before legalization never left.[3]

Both ends run downhill to a single number: the wholesale price of a pound of flower. Wholesale prices fall in every maturing cannabis market — that is gravity, not New Jersey's invention. New Jersey's fell 30.8% across eight quarters, from $2,964 to $2,051, on its way toward the $1,200 floor operators in this cohort keep arriving at.[4] Opt-out did not create the decline. It accelerated and deepened it — forcing supply through a fraction of the state's doors and manufacturing a price war on top of a slide that was coming anyway. The grower who survives the town, the building, the land, and the capital gauntlet does not arrive at an open market. She arrives at one that price war has already hollowed, sells into stores that write a 90-day term and stretch it past 120, and gets consolidated by whoever had the capital to wait her out. The grower who won his license through a competitive round and turns a profit today does not believe the door stays open behind him: "No new brands going to be able to enter it."

The scale of the gap has its own number, and getting it right required looking past the published total. The Cannabis Regulatory Commission's quarterly report shows a Grand Total of 548 cultivation licenses — a figure we used ourselves until we realized it counts board actions, not unique businesses. A conditional that converted to

2 NJ-CRC municipal opt-in table, pulled 2026-07-03
3 CWG analysis, CRC Atlist dispensary finder (August 2026) vs. U.S. Census 2020
4 Headset NJ POS data, Q1 2024–Q4 2025, gram-weighted whole-flower

annual appears in both columns, and the total sums both. Built from the Commission's own board meeting memoranda, the corrected range is 384 to 439 unique businesses. Against that corrected denominator, the Commission's July 2026 count of 71 operating cultivators means that fewer than one in five cultivation licenses in New Jersey have produced an operating business, four years in. The rest are stranded somewhere on the path — a town, a building, a lender, a clock.

The market that does exist looks, on one axis, like it is diversifying. Multistate operators held 96.1% of New Jersey flower revenue at the start of 2024; by the close of 2025 their share had fallen to 49.2%, with out-of-state brands at 18.5% and New Jersey-native independents at 32.4%. But the deconcentration happened on top of a collapsing wholesale price, and the structure underneath the numbers has not changed. The state has authorized roughly 2.8 million square feet of cultivation canopy across 73 active licenses. Eleven Tier VI licenses — the largest class — hold 59% of that total. All 19 microbusiness cultivators combined hold 1.7%, less than a third of what a single Tier VI authorizes. Revenue diversified. Canopy did not.

Measured against other markets at the same age, New Jersey sits at the bottom of the band. At fifteen quarters since its first legal sale, New Jersey tracks Illinois — another supply-constrained market — while consuming a fraction of what Michigan and Arizona moved at the identical stage. Whatever is holding New Jersey down, it is not youth, because youth did not hold them down.

None of this is unique to New Jersey. It is the machine every state builds when it legalizes cannabis and then lets its towns opt out — and New Jersey is just far enough along to show the states drafting behind it what the machine produces. Virginia, which legalized retail sales this year with New Jersey's results already in front of it, enacted a cannabis framework in June 2026 that bans municipal opt-out outright.[5] The wall that runs through every story in these pages is not a feature of legalizing cannabis. It is a decision New Jersey made — and one it can still revisit. What follows is the case for revisiting it, corroborated by the public record and carried in the words of the people living inside it.

5 Marijuana Moment, June 29, 2026

Key Terms

Metrc	The state-mandated seed-to-sale tracking system. Every licensed cannabis facility in New Jersey logs every plant, package, and transfer in Metrc.
CRC (Cannabis Regulatory Commission)	The New Jersey state agency that licenses, regulates, and oversees the legal cannabis industry.
CREAMMA	The Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act (P.L. 2021, c. 16), the state law that created New Jersey's licensed cannabis framework.
Class 1 (Cultivator)	A license to grow cannabis.
Class 2 (Manufacturer)	A license to process cannabis into products.
Class 5 (Retailer / Dispensary)	A license to sell directly to consumers.
Class 6 (Delivery)	A license to deliver cannabis to consumers statewide.
Conditional vs. Annual License	New Jersey issues cultivation licenses in two stages. A conditional license is an approval in principle — permission to begin finding property, securing municipal support, and building out a facility. An annual license is issued after the facility passes a final on-site inspection. A conditional license holder cannot grow, sell, or process cannabis.
ATC (Alternative Treatment Center)	New Jersey's original medical cannabis operators, licensed before the adult-use market opened. ATCs were the first to sell when adult-use launched in April 2022 and held a head start of approximately seventeen months before independent cultivators reached the market.
MSO (Multistate Operator)	In this report, one of ten named parent companies that operate cannabis businesses across multiple states: Ascend, Cannabist, GTI, Curaleaf, TerrAscend, Verano, Justice Cannabis, Canopy USA, iAnthus, and Ayr. A small operator who holds a license in two states is not classified as an MSO here.
Canopy Tier	The state assigns each cultivator a maximum authorized growing area (canopy ceiling) based on the tier of its license. Tier I authorizes 10,000 square feet; Tier VI, the largest, authorizes 150,000 square feet.
Microbusiness	A license class capped at 2,500 square feet of canopy, designed to lower the barrier to entry for small cultivators. Referred to in this report as micro-grower or micro-cultivator.
SEEF (Social Equity Excise Fee)	A per-pound excise fee collected from licensed cultivators, deposited into a state fund.
Section 280E	A provision of the Internal Revenue Code that prohibits businesses trafficking in Schedule I or II controlled substances from deducting ordinary business expenses. Because cannabis remains federally scheduled, licensed cultivators cannot deduct rent, marketing, or most operating costs — resulting in an effective tax rate on gross margin rather than profit.
Gram-weighted whole-flower wholesale	The average wholesale price of flower, weighted by the quantity sold at each price point (so a hundred cheap grams count more than ten expensive ones), filtered to whole-bud flower excluding shake, trim, ground, and infused formats.
The panel	The Headset point-of-sale dataset covering New Jersey cannabis retail transactions. Panel coverage against regulator-reported sales runs 98.4% for New Jersey. Every market-share, brand-count, and wholesale-price figure in this report is drawn from this instrument unless otherwise stated.
Eighth	An eighth of an ounce (3.5 grams), the standard retail unit for cannabis flower in most U.S. markets.

ON QUOTATIONS

Quotations are rendered under the convention set out in Appendix B: verbal disfluencies removed, hedges kept, brackets for supplied words, ellipses for omitted ones.

PART ONE · THE ROOT

0 Who's Talking, and Why This Report Exists

I came into licensed cannabis through a camera. For years I photographed West Coast cultivation — dozens of facilities, every configuration from hoop house to warehouse, standing in other people's rooms with other people's problems. Then I went to work in one. Trinity County, California, one of the three counties that make up the Emerald Triangle, the oldest cannabis-growing ground in the country: part-time for the better part of two years, then a year running the place as general manager. I lived in a van parked on the property. Six flowering greenhouses. Thirteen thousand flowering plants. A nursery and a shipping container we converted to a clone room, every plant tagged by hand, one at a time, in Metrc. We were two hours from the nearest Home Depot.

The problem I think about most belonged to a consultant. He had sold the owners a complete automation package — one-gallon coco pots, low labor, high yield — and skipped the math. The irrigation was undersized by 40%. At thirteen thousand plants, that is not a near-miss. It is a slow crop failure on a timer. We tore it out and rebuilt it from the ground up: flow rates, pump specifications, every line recalculated, with no budget and no margin for being wrong. It worked the first day. Months later I learned the consultant had taken our fix and installed it in his own flagship facility.

That is where the only idea in this report comes from. People throw millions of dollars at cannabis infrastructure without a clue who is going to keep it alive.

New Jersey is not a case study to me. My father left it in 2014 — moved to Colorado because he was tired of risking jail over a joint. A little over a decade later, his kid sits on the New Jersey Cannabusiness Association's Cultivation Committee, in the state he fled. I came home to a market that was making, one by one, the same structural mistakes I had watched break operators on the West Coast. Cannabis Wise Guys exists to put operational reality in the room before the blueprints get poured in concrete — to translate between the people who write the rules and the plant that has to live under them.

So I did the thing I trust. I went and asked the people doing it.

Over the first half of 2026 I sat down with twenty-four New Jersey cannabis license holders and applicants and put the same plain things to each of them — how you got in, what it cost, and what is keeping you up at night. The question spine, and the outreach that carried it, are reproduced in Appendix D. They are not a focus group. They are the market. The operator who won his license through a competitive round and turns a profit today, and the applicant who spent his savings and never put a plant in the ground. A micro-grower working a few hundred square feet of canopy, and a larger operation running multiple production formats. People who are open and selling. People who are still building, years after they won the license. People whose licenses expired before they could use them. People who walked away. Every scale the program licenses except the publicly traded multistate operators, and every stage of survival and failure.

These operators may know each other; New Jersey cannabis is a small world. The point was never that they reached the same conclusion in isolation. The point is the breadth: when ten operators who do not agree on much beyond the plant name the same wall in answer to an open question about what had been hardest, before the subject has been raised in the interview — and all but two of the remaining fourteen confirm the experience when asked — that wall is not bad luck distributed ten times. It is the architecture of the program.

My own outreach named the premise and the candidate barriers before any operator agreed to talk, and a second email told non-responders that the interviews were converging — so the counts here measure what happened inside the interviews, not what the emails may have planted before them; both emails, the split against that second email, and the disclosures that ride with them are reproduced and reckoned with in Appendix D.

Twenty-four is where this paper stands, not where the listening stops. The cohort is open; I am still sitting down with operators, and the wall has not moved.

And they pointed at the same place. Not the regulator — the town.

The single decision that runs through every story in these pages is municipal opt-out: the power New Jersey handed each of its towns to ban licensed cannabis at the local line. Local control is the root. It strangles the market from the supply side, where a grower cannot find a town that will have him, and from the demand side, where a consumer cannot find a store and goes back to the seller who never left. Both ends run downhill to the one number that decides who survives — the wholesale price of a pound of flower. Local control is the structural failure, and everything else operators complained about hangs off it. The rest of the report is the proof.

This is not an academic study. I am an operator with a political science degree and an economics minor, not a credentialed economist, and the numbers should be read accordingly. Everyone quoted in these pages is an operator too. This is an operator talking to operators, then checking what they told me against the public record. Where the state genuinely fell short — timelines that ran years past what the rules implied, language that needed a lawyer to decode, processing that stalled while capital burned — it is named. The failures of five hundred town councils do not land

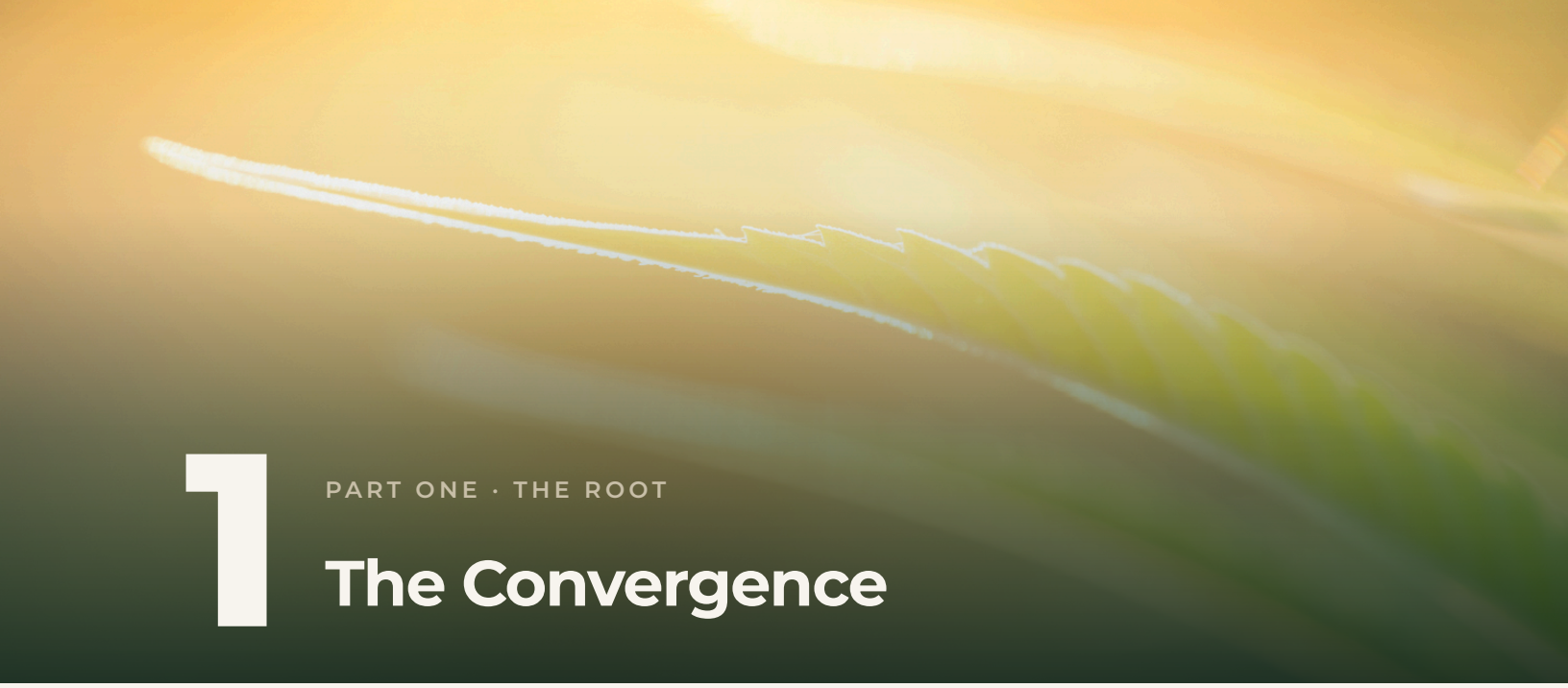
on the regulator’s desk here. New Jersey is not unusual. Pennsylvania, Virginia, and the states lined up behind them are writing these same rules right now, and they can still choose differently.

One more thing belongs here, before any of it.

Twenty-four people let me into rooms they had no obligation to open. They walked me through their numbers, their timelines, the parts of the story that do not flatter them, and in more than one case the part that still costs something to say out loud. Cannabis is a subject most people who work in it discuss carefully, for reasons that run fifty years deeper than legalization. They talked anyway — about money they lost, licenses that expired before they could be used, and towns they still have to go back to.

Every one of them is anonymous in these pages. That was the condition of the candor, and it means not one of them gets credit for the record they built. So the credit goes here, at the front, where they can at least see it. This report is theirs. I only wrote it down. What I owe them is accuracy.

Here is what the operators told me.



PART ONE · THE ROOT

1 The Convergence

Twenty-four operators. Almost nothing in common — different scales, different regions, different balance sheets, the profitable and the bankrupt, the still-building and the long-gone. One wall, named again and again, in nearly the same words. The town said no, or the town said yes and then made "yes" mean nothing, and the years and the money disappeared into the gap.

That convergence is the finding. A single grower blaming the system is a grievance. A cohort this varied, agreeing on this one thing while disagreeing about almost everything else, is evidence.

The most disarming part is who is saying it.

If this were a hit piece on the regulator, the operators with the kindest words for the Cannabis Regulatory Commission would be the ones I left out. They are the ones I put first. The operators who had the least to say against the CRC still could not get into the market — and the place they point is the town.

One standard-tier grower in the south told me New Jersey behaves like a limited-license state — and not because the Commission capped licenses. It didn't. "It's the municipalities, given the municipalities the control. That's what makes me say it's a limited licensed state." She was not complaining when she said it. She was answering a question about what had drawn her to New Jersey in the first place, and naming scarcity as the attraction — which is the point. The cap she was describing as an opportunity is the same cap that keeps everyone else out, and she knew exactly who had set it. This is the same operator who volunteered, unprompted, "I have nothing bad to say about the CRC. I will praise them till I'm done." The grower with nothing bad to say about the regulator is the one telling you the regulator was never the cap.

She is not the outlier. She is the chorus.

> **"It's the municipalities, given the municipalities the control. That's what makes me say it's a limited licensed state."**
>
> — A licensed cultivator, South Jersey

Another small grower put the same split in plainer terms. “The towns were kind of the hardest because the CRC was straightforward. They’re like, ‘Listen, this is what you need. This is what you need to get. And once you get that, you can roll, right?’ … it’s just hard for you to get that from the towns.” The reason it was hard, he said, is that there is no single rulebook to clear: “Every town has the right to make up their own rules. Some of them don’t even have rules. Some of them are making them up as they go.”

A self-built grower in the south wrote her own conversion application rather than pay for one. Her complaint with the state was real and specific — the processing was slow, a conversion that dragged on for months — but the geography, not the agency, was what nearly stopped her. When she mapped the half of the state she was searching, the math stopped her cold: by her own rough count, “out of 236 municipalities, there w[ere] only 23 allowing cultivation.” Asked what one change she would make with a magic wand, she was “stuck between … the municipal opt out or … like the municipal control because either one … would have just made this a breeze.” Two options, one address.

> **“It was very funny going into a place that voted yes, and then every single person on the board was like, ‘We don’t want this in our town.’”**
>
> — A micro-grower on what a Yes vote turned out to mean

Another micro-grower credited the Commission’s stated intent to make room for small operators, then described what that intent ran into on the ground: “It was very funny going into a place that voted yes, and then every single person on the board was like, ‘We don’t want this in our town.‘“ A different operator named a real CRC failing and named it plainly. He would copy the Commission’s own rule into his question, then ask about it — and “they would respond to me with the same exact rule and no explanation.” That is a genuine state shortcoming. It is also a different order of problem than a town that votes the market in and then refuses to let anyone build. The binding wall was municipal.

This is not the sound of operators who resent their regulator. It is the sound of operators who had no real fight with theirs and could not get into the market anyway. That distinction is the whole report. These are friendly witnesses with their eyes open, and they named real state failures where they found them — timelines that ran years past what the regulations implied, language ambiguous enough to need a lawyer, processing that stalled while the meter ran. Those are named too, where they belong. Some carried a broader wariness about the industry’s pull on the rules over time, and one of them put it bluntly: “I just worry that greed is going to get to the people in the CRC, and they’re going to end up changing s*** before the plan can actually come into effect.” That is a worry about what the agency might become,

not an account of what kept him out. Eyes open, no illusions, and still pointing past the agency to the towns. When the operators with no quarrel against the regulator tell you the wall is somewhere else, believe them about where the wall is.

Of the other fourteen, ten of twenty-four named the town on their own. Most of the rest confirmed it when asked — one micro-grower who drives an hour and forty minutes to his facility answered “100%” without a pause. Several had the opposite experience. One cultivator volunteered it without being asked: “it was never a challenge for me to navigate municipalities at all.” His barrier was capital — four years of it — but the town was clean. A small-town micro-grower whose building, funding, and municipality all came together said the same: the town “quickly gave us approval” and has been “really friendly and easy to work with,” and when asked what had been the single hardest barrier, he named patience — not the town, not the regulator. Others described councils that turned up to their hearings and voted them in. And one grower’s town had banned retail but wanted cultivation — “we don’t want the customers,” as he recalled the council putting it, “but we do want the capital and we think cultivation is right for us” — and rezoned him in under three weeks. That is not a counter-example to the opt-out thesis. It is the recommendation §12 makes — split the question,a town can say no to a dispensary without saying no to a grow — demonstrated by a real town four years before this report recommended it. A social-equity founder who lost her project outright never blamed a municipality at all: her mayor and her council backed her to the end, and what broke her was capital and the people offering it. Two more operators raised local control only after I had raised it first while describing the project, and those two are not counted in the ten. Run the identical strict test across every other barrier these operators raised and nothing comes close. Capital is named unprompted, as a barrier, by six — nine if you count every borderline case in its favor. Property by four. The Commission by three. Contractors by three. Municipal control is ten, unprompted — and the experience is nearly universal. Those counts are not symmetrical tests — the cautions that ride with each, and the full split against the second recruitment email, are set out in Appendix B.

Now the operator at the top of the ladder.

> **“What was supposed to be a 12-month process turned into [a] 36-month process.”**
>
> — A profitable cultivator, on a state approval that was supposed to take a year

The operator who had every advantage the program could hand a person won his license through a competitive round, built out his cultivation, and runs a profitable operation today. If the system worked for anyone, it worked for him. It barely did. The barrier, he said, is “not necessarily the CRC. It’s … the others, right? So, it’s the local town, then it’s the zoning, then it’s the planning, then it’s the building.” The state environmental approval his site required was supposed to take a year. “What was

supposed to be a 12-month process turned into [a] 36-month process." Asked what almost ended the operation after years of building it, he did not say the market or the regulator. He said capital, and "town delays, delays, delays from the town for us to continue building out when we hit revenue."

Then he took it back. That, he said, "almost … probably put us out of business. Not right. I mean it was extreme challenging." Read the correction, not the headline. The most successful cultivator in this cohort declined to dramatize his own near-death and downgraded it to "extreme challenging" in the same breath. That is the version that survives a hostile reading, and it is still a man describing three years he does not get back.

Then he said the part the state should sit with. The operator who won does not believe the door stays open behind him. "I don't think too many more people are going to get up and operating on the cultivation side," he told me. The multistate operators can absorb a price war; a handful of established growers have the canopy to outlast one. Everyone else is too late: "No new brands going to be able to enter it. Number one, the time, number two, the capital, number three, it just takes too long."

> **"No new brands going to be able to enter it."**
>
> — One of the profitable cultivators in the cohort

When the operator who won tells you the next one cannot, that is not a complaint. It is a forecast. The rest of this report is the machinery that produces it.

PART ONE · THE ROOT

2 Local Control, the Root

99.2% of the 386 towns that do not permit cultivation voted Yes on legalization in 2020.

Of New Jersey's 564 municipalities, 386 do not permit licensed cannabis cultivation inside their borders — more than two-thirds of the state, closed to the crop the legal market is built on. Only 178 allow it.[6] A wider count — towns that permit no licensed cannabis business of any class — runs to 331, and that number too is date-stamped. The 2021 lock-in window is expiring, and it opens the door in both directions: a town that has been permitting cultivation by default for five years, because it never got around to passing an ordinance, can now get around to it. Neither number is going to zero. Both describe a state that legalized a market and then let most of its own map refuse to host it.

Now put one more number beside them, because it changes what the map means. In November 2020 New Jersey voters amended their constitution to legalize cannabis, and the vote was not close in very many places. Counting every municipality in the state: 561 of 564 returned a Yes majority, two returned a No majority, and one tied. Of the 386 towns that today do not permit cultivation, 383 — 99.2% — voted Yes. Those towns cast 1,567,164 Yes votes between them, 57.2% of every Yes vote in New Jersey.[7]

Public Question 1 asked voters whether the state should legalize cannabis. It did not ask whether they would accept a grow at a specific address, and those are different questions. There is a real gradient inside the result: towns that permit cultivation voted 69.9% Yes, towns that do not voted 65.1% — a 4.8-point spread. The towns that closed their doors were less enthusiastic. They were not opposed.

6 NJ-CRC municipal opt-in table, pulled 2026-07-03; figure is as of mid-2026 and moves as towns reconsider
7 CWG analysis of the certified 2020 county-clerk canvasses for all 21 counties, reconciled to the NJ Division of Elections certified statewide result and joined to the NJ-CRC municipal opt-in table, snapshot July 3, 2026; method and limits in Appendix C

And two municipalities did vote it down, out of all 564. One of them is Walpack Township, which cast eleven votes in total and is excluded from every percentage here as too small to mean anything. The other is Lakewood, and Lakewood is the real counter-example: nearly twenty thousand votes against, about sixty-nine percent of the town, in one of the largest municipalities in New Jersey. It permits nothing today.

That is what a town acting on its own electorate looks like — and it is the only substantial one. Lakewood is not the pattern this section describes. It is the exception that shows the pattern is real: one municipality out of five hundred and sixty-four where a cannabis ban tracks a documented local no.

What the record will not carry is the story the state tells itself about opt-out — that a town closing its borders is honoring the people who live there. Not one of New Jersey's 233 opt-in municipalities is acting against a documented local No, and — Lakewood excepted — not one of the towns that permits nothing is acting on one. Municipal prohibition here does not track a local rejection of legalization, because there is almost no local rejection to track. That does not make opt-out illegitimate; home rule does not require a referendum. It does mean the mandate the practice is usually defended with is not in the record.

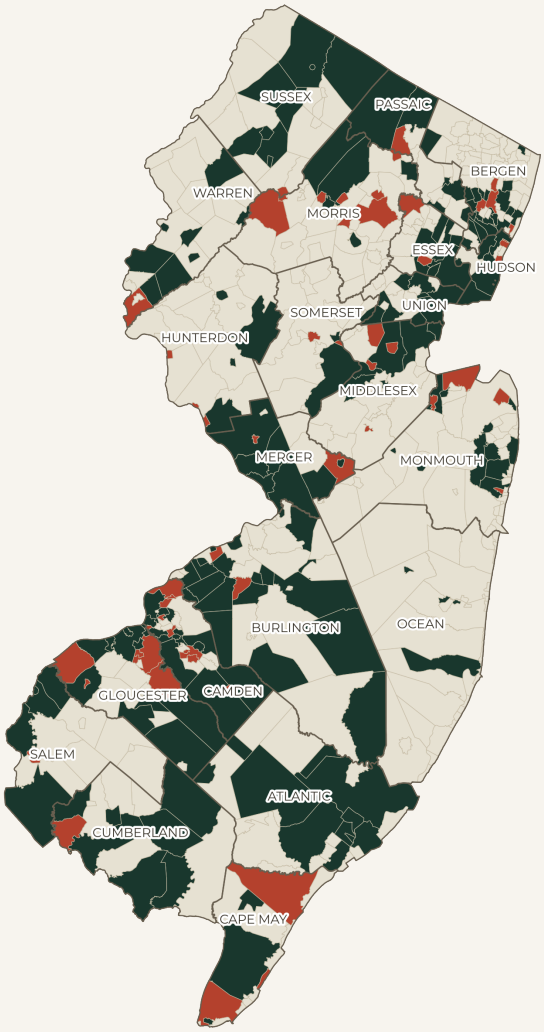
Two-thirds sounds like a preference — a lot of towns deciding cannabis is not for them. Read it from inside a grower's search and it is something harder. A New Jersey cultivator is not choosing a home from among 564 municipalities. She is choosing from 178. And "not banned" is not the same as "open": a town that permits cultivation on paper still has to zone for it, hold the hearings, and want you there. The grower in Section 1 who counted 23 of 236 southern towns allowing cultivation was not unlucky. That was her own tally, of her own half of the state, and she said herself the numbers were rough — but a rough count of a real search is what an applicant actually inherits the day the license clears.

This is why local control is the master variable. It does not act on supply or on demand. It acts on both, from the same root, at the same time.

On the supply side, opt-out decides where a grower may even look. When 386 towns are closed to cultivation before anyone makes a phone call, the search does not narrow — it collapses. That collapse is what turns a license into a multi-year hunt for ground, drives a grower an hour and a half from home to the one town that will have her, and lets the few landlords inside opted-in zones charge whatever the scarcity will bear. The license is real. The place to use it may not exist.

On the demand side, the same map decides where anyone can legally buy. A consumer in one of the hundreds of towns that host no licensed store has no legal shelf nearby, and the seller who served that consumer before legalization is still a text message away. Where dispensaries are permitted, opt-out forces them to pile into the same handful of opted-in corridors, and the competition there turns vicious — a price war manufactured not by too much cannabis but by a map that allows selling in a fraction of the state. Both effects drain to the same place: the wholesale price the cultivator needs to survive.

"The license is real. The place to use it may not exist."



Permits cultivation (178)
Permits other cannabis activity (55)
Permits no licensed cannabis (331)

FIG. 1

Most New Jersey municipalities host no licensed cannabis business.

Municipal cannabis opt-in status across New Jersey's 564 municipalities.

Source: New Jersey's 564 municipalities by cannabis licensing status: 178 permit cultivation (darkest), 55 permit other cannabis business classes but not cultivation, and 331 permit no licensed cannabis of any class. A grower's search begins inside the 178. NJ-CRC municipal opt-in table, July 3, 2026.

So the question that organizes everything downstream is not whether New Jersey grows too much cannabis. The state legalized a market and then let two-thirds of its own geography refuse to host it. Everything that follows happens inside the third that said yes. The supply side comes first — because before a grower can be crushed by the price, he has to find a town that will let him in at all.

PART TWO · THE MARKET

3 The Supply Side: Growers Can't Get In

A cultivator did everything the town's own ordinance told him to do. The municipality had voted cannabis in. He applied. He paid the application fee. "Everything was on point," he told me. Then, at the meeting where the council was supposed to sign off, one councilman stopped it. No reason was entered into the record. "When it came to finally approve us, they were like, 'Oh no, we can't approve you with no reasoning' — basically just citing public health." What the councilman said out loud, he recalled, was that cannabis "has no medical benefits" — "old reefer madness rhetoric." He had to threaten litigation and stand outside with a protest before the approval came.

THE THREE WALLS

The town. The conditional license comes easy. Getting from that to a place you can actually build is where the program quietly disposes of people.

The building. A landlord who signs a cannabis tenant can lose the federally backed mortgage and the insurance on top of it. The refusal is rational — that is what makes it a wall.

The land. A partnership in the Pinelands spent eleven months obtaining one certificate of filing, inside a twelve-month approval window that never stopped running.

The grower's verdict on the whole sequence: "this is the kind of grossness that we're trying to battle."

A New Jersey cultivation license is permission to start looking. The looking is the hard part, and it comes in three stages: the town, the building, the land. A grower has to clear all three before a single seed goes in the ground, and clearing one only delivers you to the next. Seven of the twenty-four operators in this cohort are still climbing — years in, no harvest.

The town

Start with the town, because the town starts the clock on everything downstream. More than two-thirds of New Jersey's municipalities do not permit licensed cultivation; the search begins inside the 178 that do. And "permitted" is where the hunt starts, not where it ends — a town that allows cultivation on paper still has to zone for it, hold the hearings, and decide it wants you there. The distance between "didn't ban it" and "will let you build" is measured in years, and in money the grower never gets back.

One social-equity micro-cultivator measured it in rejections. He was turned away at roughly fifty locations. Ten separate times he got all the way to the signing table — town on board, landlord on board, property zoned right — and ten times the landlord got cold feet as the pen came out. "After the first two, I was already aware: this might not go all the way through." The conditional license, he noted, had come easy: "everybody got the conditional, it's pretty smooth." Getting from the conditional to an annual — to a place he could actually build — is where the program quietly disposes of people.

Fifty rejections and ten dead leases is not one man's run of bad luck. It is the shape of the map.

Another operator spent a year drawing that map himself, because the state never published one. He put a wall map of New Jersey up and stuck it with pins, read borough-council minutes, and called townships one at a time to learn which of them would even consider a grow. When he finally found a town that wanted him, the schedule fell to a single part-time building inspector — available two days a week, holding the opening for months. "He's only there on Tuesdays and Thursdays, and if you miss the moving target, you wait a week." Two towns charged a ten-thousand-dollar, non-refundable municipal application fee just to be considered. The reason he was given was that they did not want applicants who could not afford the cost of entry running a business.

Even a town that wanted cannabis made the path a grind. A partnership building in a municipality that had opted in — willing, not hostile — lost seven to eight months in aggregate to township delays and burned more than $300,000 in rent waiting through them. The parking variance alone took three months: the town had written its cannabis ordinance around retail, not cultivation, and required over sixty parking spaces for a grow, calculated under an ordinance that had never been rewritten for the use. The town rewrote its own variance, passed it at the next meeting, then scheduled the applicants' hearing — three cycles, three months. Paper-only submissions cost two more: the township would not accept electronic plans, so every engineering revision had to be printed, physically sealed, and shipped across the country before the building department would review it. Their plans were lost once inside the construction office and had to be refiled from scratch. Inspectors passed work and came back and un-passed it, holding the next green sticker hostage until the item they had already cleared was re-done: "I'm human," was the answer. The partners called the township "definitely the biggest hurdle in getting up and

running" — and added, "no slight on the township." A town that wanted cannabis, caused five months of delays through process rather than malice, and billed $300,000 in rent the grower never gets back. That is what yes means in practice.

For a micro-grower in the middle of the state, the same map came out as a commute. Near home, in the handful of opted-in towns, commercial space ran thirty dollars a square foot. In a rural county to the south, where he could afford it, nine. Not all of that spread is cannabis — "these warehouses are much more desired than in other states," the same grower said. "We don't have the empty space like Ohio or Pennsylvania. Every town in New Jersey is somewhere strategically located." New Jersey's industrial market was already the tightest in the region before cannabis. Opt-out then removed two-thirds of it from a licensee's search, and when I asked whether that had made it worse, his answer was one word: "100%." So he signed a lease an hour and forty minutes from his house — far enough that getting a contractor or a head grower to the site became its own recurring problem. Thirty dollars near home, nine an hour and forty away. From inside a grower's truck, opt-out does not read like a ban. It reads like a drive he can't make twice a day.

The building

Clear the town and you meet the second wall: the building. Inside an opted-in town, the grower still has to find someone willing to rent or sell to a cannabis tenant — and that someone keeps turning out not to exist.

A North Jersey cultivator looked at every property on the market in the town that had approved him. Only one building owner in the whole town would take a cannabis tenant: "This is the only one that was willing to do it." One building. Then the reason all the others had said no walked through that one's door. Their landlord — who knew the tenant was cannabis, who had taken the chance on purpose — came in "red in the face one day": he had tried to borrow against the term of the lease, and the bank he had banked with "for 30 years won't give it to me because you're weed." That same landlord then tried to triple the rent. The partners bought the building — equity and a private note at significant annual interest — because, as one of them put it, "a bank will kick you out of your mortgage."

Read a landlord's refusal as prejudice alone and you will fix the wrong thing. Some of it may be prejudice. But underneath the prejudice is arithmetic, and the arithmetic is the part you cannot argue with. A landlord who signs a cannabis tenant can lose the federally backed mortgage on the building and the insurance that sits on top of it, because cannabis remains illegal under federal law. The refusal is rational. That is what makes it a wall and not merely a bias: you cannot argue a bank out of it, because the bank is right about its own exposure. This is a federal problem wearing a local face — and it is the one wall in this section that the State of New Jersey did not build and cannot, on its own, tear down.

The same wall stands wherever a grower needs money. A South Jersey cultivator owns his land outright, with no lien, and earns a W-2 income that could service a loan by itself; lenders still wave him off because the project is cannabis and "you're not operational." An operator who got all the way to selling product put it flattest:

"There is no capital available for cannabis businesses. There are no business loans. What debt we have is at usurious rates. It's just sitting over us trying to crush us." A cultivator-manufacturer in South Jersey ended up borrowing from a private individual who "functions as our lender-bank."

> **"Probably would have went for $5,000 rent. They'll raise it up to 10 or 15 or 20,000 because they have it."**
>
> — A grower watching landlords pre-secure cannabis zoning

And when a landlord says no to licensed cannabis, the same storefront often says yes to its unlicensed cousin. A partnership building a retail and cultivation operation in South Jersey was turned away by three separate landlords who didn't want cannabis. All three of those storefronts now hold smoke shops — selling unregulated THC product, carrying none of the licenses, none of the testing, and none of the obligations the state imposes on the licensed industry. When a landlord finally did rent to them, the rate carried what this report will call the green tax: "a little bit of an inflated rent for the extra b.s." A grower elsewhere watched landlords pre-secure municipal cannabis approval on empty buildings and then list them at a multiple — space that "probably would have went for $5,000 rent. They'll raise it up to 10 or 15 or 20,000 because they have it."

The scarcity has a second face. Where a building carries cannabis zoning and a tenant who cannot close, the property itself becomes the prize. One operator described watching investors displace cannabis licensees from their own sites — the same property bottleneck opt-out created, weaponized by anyone with enough capital to outbid the person the license was issued to. "You can't afford the two million for your space? Boop. I got four for you." That is not a financing failure. It is property displacement — the building wall and the capital wall in the same stroke.

The town shrinks the market to a few municipalities. The building wall shrinks it to a few addresses — and hands whoever owns them the power to name the price.

One operator in North Jersey actually beat the first wall and lost to the second in a single stroke. She turned a municipal "no" into a "yes," winning over a town that had simply overlooked cannabis by offering it community programs, and secured a building to run both cultivation and manufacturing. Then the landlord-investor who owned the building and was carrying her through buildout backed out after two years, when the cannabis-zoned real estate had tripled in value and a buyer appeared. Losing him meant losing the building, and losing the building meant losing the town: "him backing out as an investor meant I lost my property and my municipality." She withdrew from the town she had won. Two hundred to two hundred fifty thousand dollars, gone, with no plant ever grown. "Definitely spent a

house." She still holds the license. She is out looking for another town. A municipal "yes" bolted to a single landlord is only as durable as that landlord's patience.

> **"Definitely spent a house."**
>
> — A cultivator who won her town and lost her building

The land

Clear the town and clear the building, and the ground itself becomes the third wall. Land in New Jersey has its own governments, and they do not answer to the agency that issued the license — or, often, to the town that approved the grow.

A South Jersey micro-grower bought raw land and broke ground five years into the process. The town's setback rules — a hundred feet off every property line — compressed his buildable footprint so hard he had to scrap a single-story plan and put the grow on two floors of structural steel. "They crushed me on setbacks." He asked for a variance to bring the setback from a hundred feet down to sixty. The board said no.

In the Pinelands — the protected million-acre reserve across South Jersey — the second government is not a metaphor. A partnership building in the Pinelands spent eleven months obtaining one certificate of filing from the Pinelands Commission, inside a twelve-month approval window that was running the entire time. The finding came back inconsistent — a Pinelands term of art meaning the answer was no. They then had to drill their own well and either install septic — buying another quarter of a Pinelands development credit to clear the ground for it — or run an 850-foot sewer main instead. Real infrastructure, genuinely required, and none of it optional: a small town's worth of utilities before they could build a grow. Another operator sank six figures in engineering and legal fees into a Pinelands site in a town that wanted him — by his own account "a good town for cannabis" — and pivoted off the parcel anyway after a mid-process rule change tied the approvals up longer than his own clock could run. He got the Pinelands approvals in the end. He is now trying to sell the property to get his money back. His description of the agency: "an overarching regulatory agency that can just tie you up… they don't care… here's our rules… meet them or… get bent."

A larger-scale operator catalogued the whole gauntlet across two sites. Flood-zone compliance ran about half a million dollars and four months. Then, after a subsurface radar survey cleared the ground and the crew thought they were through it, construction hit buried oil tanks the survey had missed — $1.9 million and eighteen months to remediate, with no recourse against the engineers who had run the survey. Every dollar of it went to satisfy governments that have nothing to do with cannabis, the CRC, or the town that said yes.

The same filter runs at micro scale. A micro-grower building on raw land went through what any ground-up development requires — county permits, engineering, site preparation — and then found the township and county billing him for public infrastructure they would otherwise have funded themselves. He widened a road with a dangerous curve. He moved every telephone pole on it. He brought three-

phase power to a site that had none. His read of the dynamic: “we can get a lot of free upgrades out of this guy if he wants to develop land into the cannabis use.”

The farmer exclusion

Stack the three walls and a particular cruelty falls out of the bottom. The people best equipped to grow a plant — farmers, on land they already own and already work — are the ones the structure shuts out first.

A licensed hemp farmer works ground that spans multiple municipalities. He had been growing acres of hemp on that soil, legally. He went to his towns, conditional cannabis license in hand, and asked to grow cannabis on the same dirt. They said no. “I can grow two acres of cannabis and flower,” he told a board, “but I can’t grow 2500 square feet of regular cannabis. It’s the same exact plant.” One town’s stated worry, he said, was “that the neighbors are going to get high.” His answer to the board: “it’s only cow in the area. I don’t know how the neighbors are going to get high.” So he abandoned the farm he had already built out, took the string of rejections the search handed him, and finally put a few hundred square feet of canopy into a rented building forty-five minutes from home, funded out of his own savings.

This is written into the zoning, not improvised by three stubborn boards. Municipalities permit cannabis only on commercially zoned land — and, as one operator who went under contract on preserved farmland to grow cannabis on it put it, “no farmer has a commercially zoned farm. By nature, all farmers have agriculturally zoned farm[s]. So … we’re effectively shut out. Just by nature of how this is written.” She did everything a farmer could do to get past it. She spent a year campaigning the township door to door, with a hundred people at every hearing. She won her municipal vote. She won a vote of the State Board of Agriculture to make cannabis an approved crop on preserved farmland. Then a neighbor sued; the litigation ran long enough for her purchase contract to expire; someone else bought the farm. Her license expired without a plant in the ground. “All I got from that,” she said, “was experience.” Note where she lost. Not at the town, not at the county, not at the state agriculture board — all three said yes. She lost to a lawsuit and a clock.

This is the supply side of local control: a filter that runs for years, costs hundreds of thousands of dollars, and screens out the farmers, the under-capitalized, and the equity applicants the program was written to bring in — leaving, disproportionately, the operators with enough capital to outlast it. The few who clear all three walls do not arrive at an open market. They arrive at one that local control has already hollowed from the other side — where the same map that kept growers out has kept stores out too, and sent the customer back to the seller who never left. That is the demand side. It is where the price the grower needs to survive gets decided.

PART TWO · THE MARKET

4 The Demand Side: Local Control Hollows the Market

A town can ban the licensed dispensary. It cannot ban the demand.

The customer in a closed town still wants cannabis, still buys it, and still has the number of the person who sold it to him before the state ever got involved. That person never left. Prohibition at the town line does not erase the market — it decides who serves it. Section 3 followed the grower who could not find a town that would have him. This section follows the customer he was meant to reach, and the reason the path between them keeps collapsing into someone else's hands. The supply side decides whether a grower can plant. The demand side decides what his pound is worth when he finally does — and local control is the hand on both.

Section 2 measured local control in towns — more than two-thirds of the state closed to cultivation, most of it closed to retail as well. But towns do not buy cannabis. People do. Measure access by population instead of by municipal line, and the picture gets worse, not better. Sixty-two percent of New Jersey's residents — 5,762,571 of 9,288,994 — live in one of the eleven counties with fewer than four licensed dispensaries per 100,000 people. Massachusetts, at the identical line and by the identical calculation, puts 45 percent of its residents below it: three of fourteen counties, 3,161,514 of 7,001,399 people. Sixty-two percent of New Jersey's population lives below that line, against forty-five percent in Massachusetts[8].

The population lens matters because the towns that opted in include the cities. Jersey City, Plainfield, and Camden opted in at high rates and carry real population — so the raw town count could, in principle, overstate the deficit. It understates it. The suburbs where most New Jerseyans live — Middletown, Brick, Clifton, Lakewood, each of them larger than several of the cities that host the dispensaries — opted out[9].

8 CWG analysis. New Jersey — 322 operational dispensaries from the CRC Atlist dispensary finder (August 21, 2026), corroborated by BudWatcher, geocoded to county against U.S. Census 2020 decennial populations. Density = stores ÷ population × 100,000; a county counts as below the line under 4.0. Massachusetts — Cannabis Control Commission, Review and Assessment, February 2025, Table IV.7, p.24, computed from that table's own county rows. MA store base is ~28 months older than NJ's; against a fixed denominator, adding stores can only move counties above the line, so 45% is an upper bound.

9 CRC municipal opt-in/opt-out status database, July 3, 2026

The three most populous counties in the state — Bergen, Middlesex, and Essex — hold 2.65 million people between them at a combined density of 2.0 dispensaries per 100,000[10]. Weighting access by population does not rescue the town count.

It sharpens it because the county average is itself a place where the deficit hides. Take "adequate" to mean 4.0 licensed dispensaries per 100,000 residents — the density Massachusetts reached in the spring of 2023, roughly four and a half years after its own first legal sale, and the benchmark used throughout — and New Jersey's statewide density is 3.5.[11] It is stretched across a spread that runs from Atlantic County near 10.6 to Ocean County at 0.8, about thirteen to one. That spread is worth seeing, but it is not by itself evidence of anything: measured the same way, Massachusetts' county spread is 13.8 to one — comparable[12]. Unevenness is normal. The level is the problem. Hudson County reads as adequate at 4.7 per 100,000 — until you notice that the bulk of its dispensaries sit inside Jersey City. Strip the one city and the rest of Hudson is the access experience of an underserved county wearing an adequate county's average. The four worst-served counties — Bergen, Middlesex, Cumberland, and Ocean — hold 2.6 million residents, better than a quarter of the state, and share 35 dispensaries among them[13]. The two lowest-density populous counties — Bergen and Ocean — hold 1,592,961 people, nearly one New Jerseyan in six, and run at 1.3 per 100,000, a third of the benchmark. Across the counties running below the benchmark, the shortfall sums to roughly 100 dispensaries — the number New Jersey would have to add, distributed where the gaps are, to bring every county up to the adequate line. New openings have chipped at this since the first draft of this report — 322 operational dispensaries in August 2026, up from 294 in April — and the shortfall has narrowed. The county-level distribution gap has not.[14]

Density per capita is the standard metric for measuring retail access, and the one used here. Cross-county shopping exists — a consumer in Bergen can drive to a Passaic dispensary — but the benchmark measures what is available within the county where a consumer lives, which is the axis that determines whether the legal store is the path of least resistance or not.

That is the demand-side shape of local control. New Jersey's problem is not that it grows too little cannabis. It has a door shortage, and most of the people who would walk through one cannot reach it.

The storefront is not the only legal door on paper. New Jersey permits licensed home delivery statewide — a town that opts out of hosting a dispensary cannot bar deliveries to its own residents[17]. But legality on paper is not access in practice. At the end of 2025 the entire state had three operational delivery businesses — eight-tenths

10 CWG analysis, NJ dispensary registry against U.S. Census 2020
11 All population figures in this report use the 2020 decennial Census, held constant so the numbers are internally consistent. Current population estimates for New Jersey's fastest-growing counties run higher than the 2020 base. Using them would only widen the access gap described here.
12 CWG analysis, NJ dispensary registry geocoded to county against U.S. Census 2020; Massachusetts from CCC Review and Assessment, February 2025, Table IV.7, p.24
13 CWG analysis, CRC Atlist dispensary finder (August 21, 2026), corroborated by BudWatcher, against U.S. Census 2020
14 In at least one case — 2516 Fire Road, Egg Harbor Township — two separately licensed dispensaries operate in separate suites of the same building, sharing a parking lot. The state counts two. The community has one location.
17 N.J.S.A. 24:6I-45(b), as amended by A5051 / P.L. 2026, c. 13

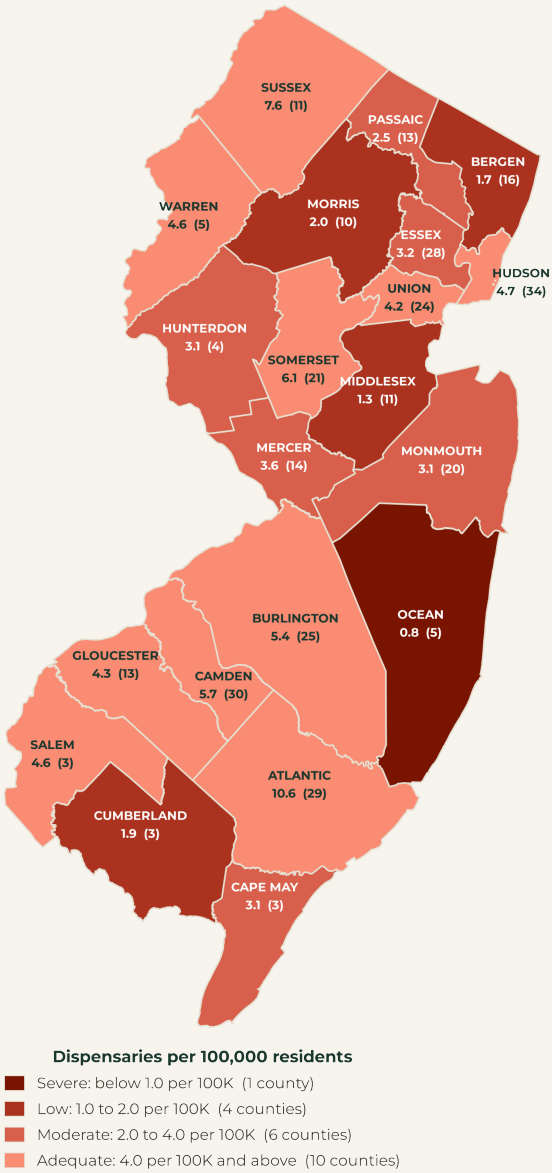


FIG. 2

Where New Jersey's dispensaries are, and where they aren't.

Access desert: dispensary density across New Jersey's 21 counties.

Source: Licensed dispensaries per 100,000 residents, by county, against an access benchmark of 4.0 — the density Massachusetts reached in the spring of 2023, roughly four and a half years after its first legal sale. Massachusetts stood at 5.1 as of its April 2024 store base[15]. Tiers: Adequate ≥4.0, Moderate 2.0–4.0, Low 1.0–2.0, Severe below 1.0. Ten of 21 counties clear the line; 62% of New Jersey's population lives below it — against 45% of Massachusetts residents at the same line, on the same calculation. CWG analysis, CRC Atlist dispensary finder (August 21, 2026), corroborated by BudWatcher (322 operational dispensaries), against U.S. Census 2020 decennial populations; Massachusetts from the Cannabis Control Commission's Review and Assessment, February 2025, Table IV.7, p.24. The date Massachusetts crossed 4.0 — spring 2023 — and its derivation from Cannabis Control Commission counts are set out under "The 4.0 benchmark" in Appendix C.[16]

of one percent of the 397 licensed businesses then operating[18]. The Commission's own consumer page still lists the same three, and all three sit in the north and center: two in Union County, one in Middlesex, none in the southern counties where the map is emptiest[19]. Nor does the channel grow into the gap when a state gives it room. Massachusetts protected delivery with a four-year exclusivity window and, unlike New Jersey, publishes what it sold: 99.3 percent of all legal cannabis sales since that market opened have happened in a dispensary, and 0.7 percent through

15 State of Cannabis 2025, p.91
16 The CRC's Permitted & Licensed Businesses page lists 380 retail entries. The CRC's own Atlist dispensary finder shows 322 operational. No CRC page distinguishes permitted from operational or states either number. A reader counting from the Permitted page overstates the market by 18%.
18 NJ-CRC, Data Benchmark, December 2025, p.9
19 NJ-CRC Class 6 delivery licenses DE000004, DE000015, DE000026

delivery[20]. And against a legacy seller who is cheaper, carries no tax, and already has the customer's number, an order-ahead delivery window measured in hours does not compete on the axis the customer feels first. Delivery is a supplement to a dispensary, not a substitute for one — and it is weakest exactly where the map leaves it the only legal option.

What fills the space they cannot reach divides into two patterns, and the rest of this section follows both.

Where the legal store is banned, the unlicensed one becomes the market

A consumer with no licensed dispensary nearby does not stop consuming. He reverts to the channel that legalization was supposed to retire. And in New Jersey the geography does something quietly perverse: the same town that bans the licensed dispensary often permits the smoke shop down the street, because a shop selling intoxicating hemp and unlicensed product is not, on paper, a cannabis business the ordinance reaches. So the unregulated channel moves into the exact storefront the legal one was forbidden.

The South Jersey partnership from the last section watched it happen to them in real time. Turned away by three separate landlords who did not want a licensed cannabis tenant, they found, later, that all three of those storefronts had filled: "Those same three spots all have smoke shops." Read as a real-estate story, that is a landlord problem, and Section 3 read it that way. Read from the consumer's side, it is a demand story: three doors that could have sold tested, tracked, taxed product to the people of that town now sell the untested, untracked, untaxed version instead. The licensed operator was screened out and the unlicensed one was waved in, into the same square footage, serving the same demand.

The pattern scales up to the places with the largest access deficits. One larger-scale operator described a nearby tourist strip in the same town filling with unlicensed storefronts selling cannabis openly — by his count more than a dozen — while his own licensed operation is zoned out of that district entirely. That is an operator's account, not a documented enforcement event; but it is the desert mechanism stated plainly by someone watching it from inside the legal market. The town does not lack a cannabis market. It lacks a legal one, and the difference is who collects the tax and who tests the product.

> **"Those same three spots all have smoke shops."**
>
> — An operator turned away by three landlords

The public enforcement record over the past two years shows the same mechanism where police chose to act — not as a clean statistical concentration, which a sparse and selection-driven record cannot support, but as two distinct patterns that point the same direction.

20 Massachusetts Cannabis Control Commission, Delivery Exclusivity Assessment, December 2025, p.54

In the towns that banned the legal store, the unlicensed operator did not compete with the legal market. It became the market. In one Bergen County borough with no in-town licensed dispensary, in the county carrying New Jersey's single largest access deficit, police shut down a full unlicensed dispensary operating openly on a state highway, removing "75 pounds of marijuana, plus 150 pounds each of marijuana vape devices and marijuana pre-rolls."[21] That is not a corner dealer. That is a storefront occupying the role a licensed dispensary would have held, in a town that would not host one. In Ocean County — the state's only genuine access desert, 0.8 per 100,000, 9% of its towns opted in — the response was bespoke: a statewide unlicensed vending-machine network built to run outside of other people's storefronts — 80 machines seized from more than 80 locations throughout the state, the operation charged out of the county with the fewest legal doors[22]. The desert did not contain the channel. It launched one.

The second pattern is the one a defender of the status quo will reach for: the unlicensed channel persists even where the legal store does exist. Jersey City — the densest licensed retail in the state — ran smoke-shop sweeps that pulled in, by health officials' estimate, "approximately 400,000 individual 10mg THC doses."[23] Paterson and Red Bank, both opted in, both with licensed dispensaries, were raided too[24]. Access, in other words, is necessary but not sufficient. Putting a legal store in town does not by itself kill the unlicensed shop next to it, because the unlicensed shop competes on the one axis the consumer sees first — price — and carries none of the testing, tracking, age-gating, or tax that sets the licensed operator's floor. The first pattern is an access failure that opt-out causes directly. The second is an enforcement failure that opt-out worsens by jamming both the legal and the unlicensed demand into the same few towns. New Jersey has bet its displacement of the unregulated market almost entirely on opening more legal doors. The record says open doors are the price of entry, not the whole game — a point the recommendations return to.

Where the legal store is allowed, the map manufactures a price war

Now cross to the third of the state that said yes, because the operators who clear all three walls do not arrive at relief. They arrive at a knife fight the geography arranged for them.

When most of the state closes before anyone opens a door, the dispensaries that do open cannot spread out. They pile into the same handful of opted-in corridors. Eighty-four percent of New Jersey dispensaries have at least one competitor within three miles; the median faces three; only one in six operates without a competitor within three miles[25]. That clustering looks, to an outside observer, like oversupply —

21 NJ 101.5, "Crackdown hits NJ smoke shops as owner accused of selling black-market cannabis," April 2, 2026.
22 Ocean County Prosecutor's Office, "Toms River Man Charged with Maintaining a Controlled Dangerous Substance Facility, Marijuana Distribution and Financial Facilitation; Three Others Charged with Marijuana Distribution," April 22, 2026, verified 2026-09-10 ↗
23 Hudson County View, verified 2026-06-25 ↗
24 Daily Voice / Passaic County Sheriff, Mar. 2026; Two River Times, Sep. 2025
25 CWG clustering analysis, LitAlerts / NJ Dispensary Info, April 2026

too many stores chasing too few customers. It is not oversupply. It is the same demand forced through a fraction of the doors. The price war was not made by too much cannabis. It was made by a map that allows selling in a third of the state.

And the data shows the map doing the work, because the competition does not deepen discounts — it makes them constant. An isolated dispensary marks 45.4% of its flower menu on sale. A dispensary with three to five competitors within three miles marks 71.7%[26]. The discount itself is about the same depth in both, roughly 25%; the clustered store simply applies it to nearly everything, all the time, because the store across the street will. Inside a three-mile radius, dispensaries price their flower within three cents an eighth of one another[27]. At a three-cent spread, the "$35 sale" is not a discount from an established price. It is a sticker calibrated to read a dollar cheaper than the store down the block — price theater in an equilibrium that has already squeezed the margin out. The one place the pattern breaks is the densest, most affluent market, Hudson County, where eighths average $39.21 and the customer tolerates it; density plus money resists the race, density alone does not[28].

The operators feel this as a market that moves faster than they can build in it. A family-funded micro-cultivator modeled his buildout against a wholesale price that fell out from under him before the facility had aged a year. He came out of the gate at $30 a wholesale eighth — roughly $3,840 a pound — and cut it again inside twelve months, the market moving down faster than he could build a margin against it. Another operator stopped absorbing the slide and started setting it. He had built his pro formas around roughly $2,750 a pound, and on the first of January he cut wholesale to that number — on purpose, prepared for the compression rather than reacting to it — and said exactly why: "I want to set the tone in the state. I want to control pricing… If somebody wants to bang with us at that level, then they're either going to have to raise their quality or lower their price point. And let's let the consumer decide." Separately, on his own horizon, the same operator described a four-to-five-year exit as "the only sustainable future that there is in the industry at this point." Put those two answers side by side and you have the logic of the whole price war. The operator strong enough to set the price is also the one planning his way out of the market he is setting it in.

The discounting does not stay at the counter. A dispensary cuts its shelf price to pull traffic from the store across the street; that store matches; the wholesale buyer demands a lower input cost to defend the new margin; the cultivator absorbs it. What looks like a pricing decision at the register is the downstream weight of a clustered map, and it lands on every grower in the state. The tier data records the result. Eighths priced at $45 or above held 60% of unit volume two years ago; today they hold 13.2%. A budget tier under $25 that did not exist at the start now takes 22.8% of units sold. Product above $50 is under 3% of transactions[29]. The premium

26 CWG clustering analysis, LitAlerts / NJ Dispensary Info, April 2026
27 CWG clustering analysis, LitAlerts / NJ Dispensary Info, April 2026
28 CWG clustering analysis, LitAlerts / NJ Dispensary Info, April 2026
29 Headset NJ POS data, Q1 2024–Q4 2025, tier distribution

market was demolished in eight quarters, and the demolition traces to the same clustered geography that produced the discount war.

That collapse does a second thing, harder to see than a price chart and just as corrosive: it resets what the consumer expects to pay. A shopper in a green-zone corridor, trained by competing dispensaries to treat the sale price as the real price, walks in next quarter expecting it to be lower still. The reference price ratchets down and does not ratchet back. That is not a surplus of cannabis working its way through a market. It is the same demand, squeezed through a fraction of the doors, teaching everyone who walks through one that the number on the sign is negotiable. The grower gets the bill for the lesson.

Inside the clustered corridors, operators describe a distribution dynamic that compounds the price war. Cultivators limit their own reach to avoid cannibalizing their accounts, and dispensaries with established buyer contracts lock out newcomers before a conversation starts.

One grower described the shift from open to selective distribution. He had started trying to sell to every store — the way, as he put it, “Wawa doesn’t say to 7-Eleven you can’t sell Coca-Cola.” But the reality of the clustered map rewrote the logic. Stores sharing a parking lot meant one account’s discount undercut the next. “We are now willing to do that where it makes sense,” he said of limiting distribution. “But ideally we wouldn’t do it.”

A micro-grower in the south runs the same calculation. “I try to limit our distribution so that we don’t have, like, neighboring stores carrying our product,” he said — because one store that refuses to discount and another twenty minutes away that runs aggressive sales turns the grower into the referee of a price war between his own buyers.

A third operator named the structure itself. Told that clustered dispensaries were discounting 30 to 40 percent, he did not disagree: “The cluster setup is … such a horrible way to set this up.”

That is the geography working backward through the supply chain. The same map that manufactured the retail price war teaches the grower to shrink his own distribution — which shrinks his revenue base, which makes the next price cut harder to absorb.

The opt-in failure

One operator in this cohort stands outside the thesis — and his case makes it stronger.

One shore resort town opted in. It did not ban cannabis. It did not refuse a license or stall a hearing. It opened its doors, priced the privilege, and then kept opening them. The operator who built there was promised six dispensaries in the district — “no more than six standard stores, and a couple of micros.” Store number ten opened, then twelve. He stopped counting. The town is currently home to fourteen operating dispensaries; that number was around seventeen when this report began.

The municipal fee structure tells the rest of the story. His mercantile license runs $25,000 a year per license type — tens of thousands a year to exist. A nearby full-service hotel pays $9,000. By his account, unlicensed storefronts sell cannabis on the boardwalk — in a zone where his own license does not permit him to operate — while the town collects his fee. He expected enforcement would come — in theory, he said, they should be gone first. That is an operator's account of the gap, not a documented enforcement finding.

That is not the opt-out failure. That is the opt-in failure.

A town that says yes, prices the license by the door, doubles what it promised, and collects a recurring per-class fee while the operator watches unlicensed storefronts fill the same strip destroys a business just as thoroughly as one that bans cannabis outright — it just does it after the operator has spent the money. The opt-out thesis holds. But opt-in without structure is its mirror, and the cultivator who sells into that town absorbs the damage either way.

The same two variables, hit a second time: intoxicating hemp

A second force pushes on those exact two variables — wholesale price and consumer expectation — and it is the same squeeze from a parallel direction. The licensed New Jersey cultivator is selling into the same aisles as an intoxicating-THC product that carries almost none of the obligations he carries on every gram.

The channel exists because of one line in federal law. The 2018 Farm Bill defined hemp by a single cannabinoid at a single threshold — delta-9 THC at not more than 0.3% by dry weight — hemp is "the plant Cannabis sativa L. and any part of that plant… with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis"[30] — and said nothing about total THC, nothing about the isomers and acid forms that deliver an intoxicating dose while testing under the line. An entire industry was engineered to live in that gap. No state cannabis regulator wrote that definition, and no state can rewrite it — the line is federal. But a state can govern what is sold inside its own borders, and the mature markets did: Virginia redefined its retail hemp standard as total THC in 2023, and the Fourth Circuit affirmed that standard against a preemption challenge — though a separate provision in the same law was vacated and remanded. Virginia's total-THC standard has since been superseded by the cannabis framework enacted through HB30 in June 2026, with a new cap effective August 15, 2026. California moved the product into its licensed dispensary system.

That is beginning to change, but not cleanly. In November 2025 Congress redefined hemp from a delta-9-only standard to one measured by total THC, effective November 12, 2026[31]. That closes the cheapest pathway — the synthesized and converted cannabinoids that made up most of the intoxicating-hemp market, which analysts estimate at roughly 95% of today's products[32]. The same law caps finished

30 7 U.S.C. § 1639o, verified 2026-06-09 ↗
31 P.L. 119-37, enacted Nov. 12, 2025; total-THC hemp redefinition effective Nov. 12, 2026; Congressional Research Service IF13136 ↗
32 Akerman, "Congress Enacts Sweeping Recriminalization of Hemp-Derived THC Products," ↗

hemp-derived cannabinoid products at 0.4 milligrams of total THC per container — roughly one-twelfth of a standard five-milligram dose. But a spending bill signed on September 2, 2026 held that cap in abeyance until December 11 for cannabinoids capable of being naturally produced by the plant[33].

New Jersey's own move is the more revealing one. The state tried to pull the product under its cannabis regime in 2024, and a federal court struck down parts of the effort — granting in part and denying in part, holding the severable provisions preempted by the Farm Bill and discriminatory against out-of-state hemp under the dormant Commerce Clause[34]. Then, in the law the Governor signed on May 29, 2026, the legislature did not close the channel — it extended it. The act authorizes intoxicating-hemp beverages through a window that expires November 13, 2026, and in the interim permits a resealable bottle holding up to 200 milligrams of total THC — forty servings of five milligrams each in a 750-milliliter bottle[35]. When the legislature wrote the expiration, it aligned it: the state authorization would lapse one day after the federal total-THC standard took effect. Then Congress moved the federal standard. The state authorization still expires November 13, 2026, but the federal container cap no longer lands until December 11 — a twenty-eight-day window that did not exist when New Jersey wrote the law, opened by a federal spending bill signed nine days before this report went to print[36]. The legislature set its clock to the federal one, and the federal one moved.

The honest dose comparison is narrower than it first looks. Per serving, the hemp beverage and the licensed one are identical: New Jersey caps a licensed cannabis beverage at five milligrams of THC per serving, and the hemp beverage is dosed at the same five[37]. The difference is the container: New Jersey caps a licensed cannabis ingestible package at 100 milligrams of total THC; the hemp bottle holds 200. That asymmetry is real and modest. What actually separates the products is elsewhere.

The difference that matters is everything the hemp version is not required to do. No mandate that its THC come from a New Jersey cultivator. It clears a potency check — an accredited lab certifies its THC per serving — but not the full contaminant panel a licensed product must pass, the screen for pesticides, heavy metals, microbials, and residual solvents[38]. No seed-to-sale chain of custody. No Social Equity Excise Fee equivalent — against the $11.0 million the state collected from licensed cultivators in 2025 alone, up 215% over the prior year[39]. And the legal beverage sells where licensed cannabis cannot — liquor stores, convenience counters — while its unlawful cousin, the smoke-shop gummy and vape now barred from sale, carries none of these obligations at all. Through the launch years that decided which operators lived and

33 Pub. L. 119-103 (H.R. 6500), signed September 2, 2026, §2019; enrolled bill text at, verified 2026-09-10 ↗
34 Loki Brands, LLC v. Platkin, Civ. No. 24-9389 (ZNQ) (TJB), Opinion (D.N.J. Oct. 10, 2024) (Quraishi, J.), ECF No. 18 — granting in part and denying in part plaintiffs' converted motion for summary judgment: "The State will be enjoined from enforcing the portions of the NJHAA that violate the Farm Bill's express preemption provision and the dormant Commerce Clause" (at 2; accord Conclusion at 24). Not for publication., verified 2026-09-10 ↗
35 A5051, P.L. 2026, c. 13, approved May 29, 2026 ↗
36 Pub. L. 119-103 (H.R. 6500), signed September 2, 2026, §2019; enrolled bill text at, verified 2026-09-10 ↗
37 N.J.A.C. 17:30-11.5, verified 2026-07-02 ↗
38 A5051 / P.L. 2026, c. 13, § 12.b.(3), hemp-beverage COA requirement
39 NJ-CRC Public Board Meeting Slides, May 14, 2026

which folded, the cultivator who did everything the state asked competed, on the same shelf and the shelf next door, against products that did far less of it.

This is where the hemp channel and the desert channel turn out to be the same problem wearing two faces. Intoxicating hemp's retail face in New Jersey is the smoke shop — that is where the category is generally sold, statewide. So in the towns that banned the licensed dispensary, the unregulated substitute did not merely compete with the legal market. It occupied the void the legal market was forbidden to enter. Opt-out banned the regulated store; the unregulated substitute walked into the space it left. And when the November 2026 cliff arrives, the demand that substitute captured does not vanish with the cheapest products — it looks for a legal store, in the same towns that still refuse to host one.

The easy target here is the wrong one. The Commission that regulates New Jersey cannabis did not author this asymmetry, and it could not have closed it — the definition that opened the channel was federal, and the moves that shaped it came from Congress and the state legislature, not from the cannabis regulator. On this question the Commission and the cultivator stand on the same side of the line. No defensible New Jersey figure exists for how many legal dollars this channel diverted, and neither the federal redefinition nor the state cliff will simply route that demand to licensed cultivators — the evidence from states that moved against such channels says consumers do not automatically switch into the regulated one[40]. The principle underneath the fight is the one Congress just adopted: a product that delivers an intoxicating THC dose should carry the obligations of the licensed product beside it, whichever plant the molecule came from. New Jersey's legislature had that principle in front of it in May. It extended the channel six more months instead, and set the extension to expire without a permanent rule behind it.

What both prongs converge on

Run the two channels back to the cultivator and they meet at the same place. The consumer in the closed town buys outside the legal market, so his money never reaches a licensed shelf and never counts toward the price a grower is paid. The consumer in the green zone is trained by a manufactured price war to expect cannabis to cost less every quarter. The hemp product undercuts both, on price and on every compliance cost the cultivator carries. Every one of those pressures pushes on the same two numbers: the wholesale price a grower receives, and the price a customer believes is fair.

The wholesale number has already moved. Gram-weighted whole-flower wholesale fell from $2,964 a pound to $2,051 across eight quarters — a 30.8% compression, and not a tidy one: the series peaked at $3,103 in the second quarter of 2024 before it turned — corroborated by a second, independent pricing instrument within about eight percent of the same level[41]. That is the price local control set — by deciding where cannabis could be sold, and, through the channels that filled in everywhere

40 Xing & Shi, 2024 ↗
41 Headset NJ POS data, gram-weighted whole-flower, Q1 2024–Q4 2025; Cannabis Benchmarks Premium Report, Sep. 5, 2025, p.25

else, what the buyer would come to expect to pay for it. The grower who survived the supply side now stands inside that number. What it does to him — and how far it still has to fall — is the next section.

PART TWO · THE MARKET

5 The Entry Gauntlet: What It Costs Just to Get In

New Jersey put social equity at the front of its cannabis law. The first place that promise got tested was not the ownership structure, and not the bank. It was the application desk. That is where it broke first.

WHAT IT COSTS JUST TO GET IN

The document. 750 pages per license. One operator filed roughly 1,500 across two applications and waited 16 months.
Pay for it. He put the package at about $80,000 to assemble. A different applicant was paying counsel $5,000 a month.
Do it alone. A second operator wrote her own 1,600-page conversion package and estimated she saved more than $200,000. That road requires technical fluency most equity applicants do not have.
The workaround. AI pre-drafts before counsel reviews — the third road, born from the cost of the first two.

Before a grower fights a town, before he hunts a building, before the land turns on him, he has to finish the application — and the application is its own filter. It runs before anyone owns a thing. What it filters for is not whether you can grow cannabis. It is whether you can afford the people who fill out the paperwork that proves you can.

Start with the size of the document. One operator described what his team handed the state: “I think each of our applications was close to 750 pages of material submitting.” Per license. He filed two, cultivation and manufacturing separately, so the real number was closer to fifteen hundred pages. He waited sixteen months for the conditional to come back — “16 months later. I was sitting and waiting for 16 months” — and his estimate for pulling the package together was about eighty thousand dollars. Eighty thousand dollars and fifteen hundred pages of application, just to ask permission to begin.

That cost forks into two roads, and neither one is paved for the applicant the program said it wanted.

The first road is to pay for it. A social-equity applicant — a legacy operator and community figure — took that road and counted what it cost, one bureaucracy at a time. The state license application ran to “200 something” pages, and she wrote it herself, moments after telling me the average person could not: “you don’t even know where to begin.” The municipal application was a different animal — a separate paper submission for every council member, and there were eight of them, $300 at the UPS Store to print. “It was like a wheelbarrow walking into that.” The state grant she went after on top of both of those she called “harder than Harvard.” Three governments, three filings, one applicant. The lawyer was not optional. “I’m paying 5K a month for this lawyer. Right? And so the lawyers are absolutely necessary because your investor will get you.” Five thousand dollars a month, indefinitely, not to grow but to keep from being taken. And when she was asked whether the state had given her any of the help its own equity mandate implied, the answer was four words long. “Jersey didn’t provide anything.”

The second road is to do it alone, and the only people who can survive that road are the ones who least resemble the equity applicant. A former industry employee with the technical fluency to skip the consultants wrote her own conversion package — “the 1,600 pages of documents submitted for our conversion was all me. You know, I took a week and a half off from work and just hammered away at it.” It worked. She kept her total attorney fees under forty thousand dollars and estimated she saved more than two hundred thousand against what other license-holders paid — some of them, she said, “upwards of 120,000 on attorney fees.” Read those two numbers together and the filter shows its hand. The professional dependency is not a fixed cost of entry. It is a cost the well-prepared can dodge and the unprepared cannot — and the program defined the unprepared, by design, as its intended beneficiaries.

A third road has started to appear, and it tells you how broken the first two are. One bootstrapped operator had a lawyer — but used AI to slash the billable hours. His partner “used AI a lot to kind of get a skeleton to work off of,” drafting the documents before handing them to counsel for review. Without it, he said, “there’s no way we would have been able to afford the legal help.” When the cheapest path through a regulatory filing requires a machine to pre-draft the paperwork before a lawyer can touch it, the filing is not screening for competence. It is screening for cash, and the people without it are finding workarounds the state never designed.

Even reading the rules cost money. A micro-cultivator could not get a straight answer on what his own license permitted — whether the “2,500 square feet” in the regulation meant his building footprint or his canopy — and had to pay attorneys to set up meetings with the state’s own counsel to find out. “The language from Micro and all that stuff doesn’t read clearly ever. And the answer we eventually got was, ‘Yeah, we know, but we’re not fixing it kind of deal.‘“ He saved every exchange. “I had the attorneys set up the meetings just to have it, because we didn’t know.” The ambiguity in the rules is itself a billable hour, and the person who pays it is the applicant.

That ambiguity is not academic. It built two different industries under the same license. One micro-cultivator read “2,500 square feet” as the building — so the entire

operation, veg rooms, drying, trim, everything plant-touching, fits inside 2,500 square feet. Another read the same regulation as 2,500 square feet of flowering canopy, which means a much larger building around it: separate rooms for vegetation, drying, trimming, storage, and compliance, none of which count against the cap. Same license class, same regulation, same words on the page. One operator is running a closet. The other is running a commercial facility. The difference between the two is which answer the operator got — or which answer he guessed, paid a lawyer to confirm, and built a business on top of.

That is ambiguity — two operators reading the same words and arriving at different businesses. A third micro-cultivator described something worse: a rule that moved. When he began, the micro regulation as he read it permitted 2,500 square feet of production space — every plant-touching room, not just flowering canopy. He designed his entire facility around that definition and drew up his plans. Then the Commission changed the rule. “My entire facility is designed off of that, and then I already have all my prints drawn up, and they changed the rule. So now I’m redesigning in my head.”

Unclear rules impose one kind of cost. The rules that are clear impose another. A micro-cultivator named the ownership cap as the first barrier he hit after winning his license — before the town, before the building, before the build. As he understood the constraints of his license, outside investors were limited to 49% equity. He raised five hundred thousand from friends and family and went looking for more, and the cap decided what he could offer. “Negotiations were not as free as they should be,” he said, “because I got a hard stop here. I can’t do anything else. This is the best deal I can do because this is the amount of money we need and that’s how much I can give you.” The same structural mechanism — a state-imposed ownership floor that helps whoever does not need money and constrains whoever does — appears again in §6, on the social-equity side.

> **“I felt like I was in a mousetrap or a mouse maze and there was no exit.”**
>
> — A social-equity applicant the program was written for

Now follow the road to its end, to the applicant the program was written for. A person with a cannabis felony — the exact profile social equity was built to repair — found the program and felt, for a moment, seen. Then he opened the curriculum. New Jersey does run a training academy for cannabis applicants, and it covers real ground; but for someone starting from nothing, he found it kept pointing at the same door. Its answer to too many questions, he said, was “Hire an accountant. Hire a lawyer. Contact an accountant. Contact a lawyer. Well, that’s like the first five sections of the CTA” — the Cannabis Training Academy. He did not fail because he could not grow; growing was the one thing he knew. He failed because the path to the license ran through a list of professionals he could not pay. “I felt like I was in a mousetrap or

a mouse maze and there was no exit." What kept him from trying anyway was the cost of a mistake, as he understood it: in his reading, the Commission "can tell you, 'No, you can never apply … again,' and you're beat. … And that's the law." No such permanent bar exists — a denied or incomplete application carries a right to notice, an administrative hearing, and a chance to cure, not a lifetime ban[42]. But the fear did the work the rule never would have, and note where the fear came from. He had been through the state's own training academy. He completed the curriculum built to prepare people exactly like him, and came out of it still believing the Commission could bar him for life. Nothing in it told him his rights. He priced the lawyers, weighed a bar that was never real, and stopped the application. But he did not stop. He started a business serving cannabis and said he plans to come back for the license. A social-equity program can be measured a lot of ways. One of them is the equity applicant who finishes the state's own course and has to build a separate business first just to afford the one the program said was his.

The operators who did get in saw the same thing from the inside. A cultivator who speaks well of the regulator called the equity layer exactly what the desk makes it: "a cover-your-ass for the state. That's all it is." Her reasoning was not bitterness. It was arithmetic: equity status "opens the door for someone like me to access getting a license quicker. At the end of the day, I still got to get the money. And they know good and well we can't get the money." A social-equity micro-grower who had been turned away up and down the state put the same point flatter still: the designation bought him a little speed with the Commission and nothing else. "All the other processes were the same." That is the shape of the entry gauntlet: eligibility the state made cheap, participation it left expensive. The program opened its doors to people it then required to spend money they did not have, and the gap between equity-eligible and equity-affordable is where the promise dies. This is the one wall in these pages the state built itself, and it is the one it could tear down most cheaply — application navigators, fee relief, state-funded counsel for equity applicants. This filter is a design choice, which means it is a fixable one.

But fixing the desk only gets you to the build. And the wealth test does not end at the application. It gets steeper the moment you try to put up a building and keep it alive long enough to harvest.

42 N.J.A.C. 17:30-7.9

PART THREE · THE OPERATOR

6 The Survival Crisis

In April 2024, the Cannabis Regulatory Commission did something regulators rarely do. It gave up on one of its own deadlines.

The rule said a licensed business had to request its final on-site assessment — the last step to becoming operational — within 365 days of approval, or forfeit the license back to the state. On April 11, 2024, the Commission waived it. The resolution is worth reading in the state's own words, because it is the operators' entire argument, conceded by the agency that wrote the clock: the waiver would "benefit cannabis businesses that may be at risk for losing their cannabis business license due to delays caused by external factors" — "BE IT RESOLVED, by the New Jersey Cannabis Regulatory Commission, that N.J.A.C. 17:30-7.14(f) and (k) are hereby waived… eliminating the 365-day deadline by which a cannabis business must request a final onsite assessment" and "…will benefit cannabis businesses that may be at risk for losing their cannabis business license due to delays caused by external factors, and will not create a danger to the public health safety or welfare."[43] The Commission's chair put it plainly the same day: without the waiver, businesses "would risk losing their award at a point where they are so close to the finish line already."[44]

The state set a one-year deadline to get operational, watched its licensees miss it in numbers large enough to threaten the program, and concluded the deadline was the problem — not the operators. A separate clock, the statutory window to convert a conditional license to an annual one, was never repealed; the Commission simply kept extending it — once across the board, and after that one operator at a time.[45] Operators describe both halves. One South Jersey grower was given "six months with an additional three-month grace period" and watched the agency concede the math before the first clock even ran out: "the CRC was already reaching out to everybody like, 'Uh, all right, we messed up a little. Like, here's an extra six months for everybody. We didn't realize this is the playing field we set up.'" After that it went one at a time. A

43 CRC Resolution 2024-220, adopted Apr 11, 2024, verified 2026-06-25 ↗
44 Dianna Houenou, Chair, NJ-CRC, remarks in discussion on the motion to approve the waiver; NJ Cannabis Regulatory Commission, Public Meeting Minutes (verbatim transcript), April 11, 2024, p.32, ll.14–19, verified 2026-09-10 ↗
45 N.J.S.A. 24:6I-36 and N.J.A.C. 17:30-7.6, public statute and rule, verified 2026-06-25

micro-grower four years in had, by the time we spoke, taken “my third 365-day extension.” The regulator did not loosen its timelines because it grew generous. It loosened them because the timelines described a world that does not exist.

THE DENOMINATOR CORRECTION

The Commission’s published Grand Total of 548 cultivation licenses — the figure this report originally used — counts board actions, not businesses — a conditional that converted to annual appears in two columns, and the total sums both. Correcting for the overlap yields a range: 384 to 439 unique businesses have received a cultivation license. Against that corrected denominator, the Commission’s July 2026 count of 71 operating cultivators is an activation rate between 16.2% and 18.5%. Fewer than one in five cultivation licenses have produced an operating business, four years in.

The scale of that gap has a number, and the number itself requires a correction — one that says as much about the Commission’s data as it does about the market.

The number is 548. It appears in the Cannabis Regulatory Commission’s quarterly data report, in the awards table, on the line for Class 1 Cultivator. Grand Total: 548. That is the number CWG used. It is the only per-class cultivator total we could find in the Commission’s published materials.

We attempted to determine how many unique businesses hold a Class 1 cultivation license from the Commission’s published materials. We were unable to arrive at a single answer.

The Grand Total sums three columns that overlap. The awards table breaks Class 1 cultivation into Approved Conditional (384), Approved Conversion to Annual (109), and Approved Annual (55). Add those up and you get 548. But a business that received a conditional license in 2022 and converted to annual in 2024 appears in both the Conditional column and the Conversion column. More than a hundred businesses traveled that path. The Grand Total counts each board action. It does not count each business. We could still be wrong about this.[46]

To resolve the overlap, we captured 3,984 license award rows across all classes from more than 40 board meetings and ran a name-matching crosswalk between conditional approvals and their subsequent conversions; the method is in Appendix B.[47] How many unique cultivation businesses emerged depends on a question the published data does not answer: whether the 55 businesses in the “Approved Annual” column are direct new entrants — businesses that skipped the conditional pathway — or pipeline completions whose conditional records we could not match. The Commission publishes no bridge between the two columns.

46 NJ-CRC, Data Benchmark December 2025, p.5 — footnote on a different slide reads: “*Conversions to Annual are included with Conditional licensees for this benchmark per statute.”
47 CWG NJ Annual License Timeline dataset, constructed August 2026 from 40+ CRC board meeting memoranda

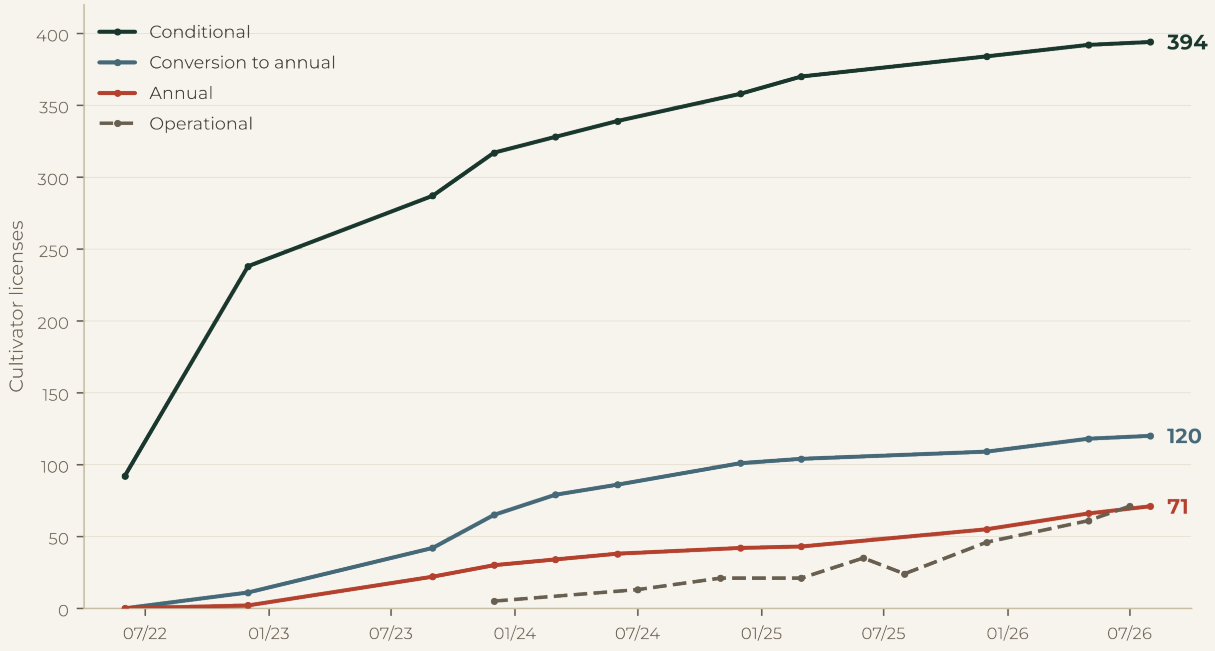


FIG. 3

New Jersey's cultivator licensing pipeline, June 2022 to August 2026.

394 conditional licenses awarded. 120 converted to annual. 71 operational — the first time the annual and operational counts converge.

Note: The body text's 384 conditional figure is drawn from the CRC's quarterly awards table (data as of Q4 2025). The chart's 394 is drawn from the CRC's Applicant Demographic Reports, a separate series that ran through December 2025 and includes applications the awards table may not yet reflect. The two instruments count the same pipeline from different vantage points.

Source: CRC Applicant Demographic Reports (Q2 2022–Q4 2025); CRC board meeting totals (December 2025, May 2026, August 2026); CRC Benchmark Data reports and board slides (operational count). Q3 2024 excluded — cumulative counts rise to 424/134/72 then fall to 358/101/42 in Q4, which is not possible for a running total.

That leaves a range: between 384 and 439 unique businesses have received a cultivation license, depending on the answer. 384 is the floor — the conditional column alone, which counts every business that entered through the standard pathway. 439 is the ceiling — 384 conditionals plus all 55 annuals treated as separate entrants. The true count is probably somewhere in between. On either number, fewer than one in five are operating.[48]

At the Commission's July 2026 count of 71 operating adult-use cultivators, the activation rate against the 384–439 range runs between 16.2% and 18.5%. When I began these interviews in February 2026 the count stood at 46. By May it was 61. By July it was 71.[49] That is a fifty-four percent increase in five months, and it is exactly what I told operators during those interviews I expected to happen — the 2021 and 2022 cohorts finally clearing the municipal, building, and capital stages more or less together, four and five years after they applied. The acceleration is not a correction to this report. It is the report's own clock running out, on schedule.

48 NJ-CRC Quarterly Data Reports for Q4 2024, Q2 2025, Q4 2025; CWG NJ Annual License Timeline dataset
49 NJ-CRC board materials, May 14, 2026; NJ-CRC meeting slides, July 16, 2026

"Licensed to operate" means a business has passed its final on-site assessment and holds an annual license — "The Commission shall conduct a final onsite assessment of the cannabis business… No later than 30 days after a cannabis business successfully passes such onsite assessment… the Commission shall issue the annual license."[50] Nothing in that rule requires a harvest or a sale. And the "12%" the Commission prints beside the 71 on its own slide is not an activation rate at all — it is the cultivator share of all 608 operating licenses in the state.

Fewer than one in five cultivation licenses in New Jersey have produced an operating business, four years in. The rest are stranded somewhere on the path this section describes: a town, a building, a lender, a clock.

A second system of record says the same thing from the other side. In the fourth quarter of 2025, 44 adult-use cultivation facilities moved at least one package through New Jersey's mandatory compliance-testing gate — the last step before product can reach a shelf — against the Commission's count of 46 operational cultivators in the same window. Two independent records, two points apart. Across the full three years from January 2023 through December 2025, only 49 adult-use cultivation facilities ever put a package through that gate at all.[51] Those 49 facilities represent roughly 42 to 44 distinct businesses after consolidating operators that hold multiple facility IDs. Against the corrected denominator range, that is between one in ten and one in eight of the class by Q4 2025 — with the unit-matched ratio, businesses to businesses, running between 9.6% and 11.5%. That is the binding constraint on New Jersey cultivation. The problem is not how many licenses the state issued. It is how few of them the structure lets become farms.

Here is the world that does exist. Operators model twelve to eighteen months from license to first harvest. They live three to five years. One North Jersey grower's construction alone took seventeen to eighteen months — and that was the manageable part; the variances and the zoning stretched the calendar far past plan while the rent ran the whole time. "We were still paying rent the whole time," the operator said, and counted it: "we burned over $300,000 in waiting around." That grower made it across. Below that line the gap runs longer and ends worse — four years pre-operational, four and a half, and in several cases no harvest at all.

The gap is not an inconvenience. It is the mechanism that converts a capital plan into a capital crisis. Every month a facility is under construction is a month of rent, debt service, legal fees, and utilities going out with nothing coming in. A business that budgeted eighteen months of burn and takes four years does not overspend its plan by a little. It runs the plan twice and finds the money for the difference wherever it can — credit cards, a father-in-law, a lender who should frighten anyone. The time gap is where the supply-side filter stops being about geography and starts being about who has the cash to wait.

50 N.J.A.C. 17:30-7.14, verified 2026-08-02 ↗
51 CWG analysis of New Jersey Metrc compliance-testing records, January 2023 – December 2025, obtained by state data request

“What are you going to do — not build it?”

— A grower whose build came in far past the plan

Put a number on it. A micro-cultivator on family property — the most favorable capital structure a first-time operator can have, owned land, family-funded, no landlord — budgeted two and a half million dollars. He came in between five and a half and six. “Originally we thought the project was going to cost maybe like two and a half million,” he said. “We doubled it easily once we got to reality.” COVID-era construction costs finished the rest, and the only honest response was the one he gave: “What are you going to do — not build it?” That is a 2.4x overrun on a family micro. It is not the worst-case scenario. It is the best-case version of the mechanism.

Look at what waiting did to four operators, none of whom built the same way.

The first survived on almost nothing. A legacy grower turned licensed micro-cultivator in the north got to his first harvest on roughly thirty thousand dollars of working capital, most of it borrowed against personal credit. “We had like zero money. We were just running on credit cards and loans. So maybe like 30 grand to get us to first harvest — just labor. It was just me and my partner until first harvest.” He and his partner did the labor themselves because they could not pay anyone to do it, restructured the warehouse lease to pay half the rent now and half over five years because at the full rate “we just wouldn’t be able to make it,” and put in a decade of personal savings, all of it, on a build he was told runs two to three million on average and that the two of them brought in for a little over one. He survived. He survived by spending himself down to the studs.

> **“We had like zero money. We were just running on credit cards and loans.”**
>
> — A micro-cultivator, North Jersey

The second raised real money and burned it pre-revenue. A first-time operator won his micro license in early 2022 and, four years later, still had no plant in the ground. “It’s been four years,” he told me. “I mean, it’s been an absolute nightmare.” He raised about two and a half million — five hundred thousand from friends and family, roughly two million from outside investors — and the building took it faster than he could build it. The dead-cost list is the time gap itemized: a hundred and fifty thousand dollars in rent paid before he could sell a thing, a hundred and thirty thousand in legal, a roof that ran almost a hundred thousand, a five-figure power upgrade, and fifteen thousand handed to a fundraiser who took it and vanished. His capital did not fail him because he raised too little. It failed him because the clock outran the budget.

The third never got the money at all. A trained horticulturist who quit an out-of-state cultivation job two months after winning his license spent four years failing to raise a dollar, and learned a brutal lesson about his own leverage. “I went up to New York

City to a cannabis investment conference — hedge fund managers, bankers — and I got chewed up and spit out on the project I was pitching." He had been asking for too much equity, he said, because he was not putting capital in — and he was asking investors "to take on 100% of the commercial real estate risk and 100% of the startup cost risk." He now regards a deal shape he once thought too thin — a minority stake and a salary — as an extraordinary one. His verdict on his own four years is the one this cohort learned late and expensively: that the skill that wins the license is not the skill that runs the business. He is now, finally, capitalized and chasing acquisitions — four years after the license that was supposed to be the hard part.

The fourth made it across, and is still drowning in the debt the crossing required. A multi-licensed operator who got all the way to operational laid out his capital stack like a man describing how he was bled: "The first money was $100,000 because I refinanced my house. Another partner put in 100 early on. My father-in-law put in a chunk. We took on another partner who put in a much larger piece. And then the largest piece of capital was from a private debt group at an insane interest rate that we're trying to survive underneath of." Asked why that group, he said they were "the only ones who would take a flyer on a pre-revenue, never-run-a-business-before group." Six to seven million dollars, application to lights-on, and the last and largest tranche came from the only lender willing to touch a first-time operator. He cleared the gauntlet. The gauntlet sent him a bill.

The instinct is to read all of this as a story about insufficient capital. It is not. One operator built a profitable grow on nine hundred thousand dollars; another committed seventeen million dollars in equity capital — not a dollar of debt — across multiple licensing attempts, and watched thirteen months of it burn when the state identified a disqualification in his application within a week of receiving it and said nothing for thirteen months while he kept paying property extension fees and preparing for an industry he was no longer approved to enter. "The state pissed away $17 million," he said. He expects to be roughly eighteen million in by the time he opens. The capital spectrum runs from nothing to nearly eighteen million, and the amount does not predict who survives. What predicts survival is something the entry gauntlet makes almost impossible to get right: whether you modeled for the market that would exist when you finally arrived, or the market that existed when you started.

And clearing the gauntlet does not end it. A cultivator in South Jersey — nine months operational, producing flower with a quality reputation, backed by more than seven million dollars in raised capital — described his position in terms that belong in this section rather than in a success story: "We're broke, right? We're grinding. When I say broke, I mean it's a real struggle." He has not seen a full cycle of seasons. He cannot afford to attend an industry conference. The capital crisis is not a stage of the build. It is a stage of the market.

That is the operating counter-example, and it is worth holding up. One cultivator built his model around $1,200 a pound from the first day — not the number the market was paying when he broke ground, but the number he expected once supply scaled. Asked what he had planned a pound at, he said twelve hundred. "My

whole model was based on mature market." He has never been paid $1,200. The market has not fallen that far. He built as though it would, and he runs profitably today at margins he puts above fifty percent — on a cost he puts at approximately twelve hundred dollars a pound, everything in: labor, electricity, rent, delivery. At the twelve-hundred-dollar floor he modeled for, that margin goes to zero. The best-prepared operator in this cohort hits breakeven at exactly the number the market is headed toward. He survives the price war. He does not win it. He is not lucky. He modeled for the market that would exist when he arrived. The reason almost no one else could is the time gap itself: when the path from license to harvest takes years instead of months, the operator who builds at today's price arrives in a market trading at tomorrow's, and tomorrow's is always lower.

That $1,200 number did not come from one operator's spreadsheet. One of the longest-operating cultivators in the cohort — with more years of actual selling behind him than most — uses $1,200 as his planning assumption, and named it before I had put any number in front of him. The applicant who expects to be nearly eighteen million in arrived at nearly the same place by a different road, modelling the descent explicitly — $3,500 at launch, falling roughly $750 a year — and when I asked where the fall stopped, he said $1,200. The operator running better than fifty percent margins built on the same number from day one. Two of those three reached it independently, under questioning that supplied no number; the third volunteered it. A fourth operator — a micro-grower running eighteen-hour days alone, carrying fifty cases of unsold flower and a first-year loss of twelve thousand dollars against a model built at $3,200 — agreed he could not survive below $1,200. But that number was mine before it was his. It is recorded here as corroboration, not as convergence. Three growers who share nothing else landing within a rounding error of the same floor is the market naming its own bottom.

Now set that floor against where the market actually is. Section 4 closed on the wholesale price local control had already produced: $2,964 a pound down to $2,051 across eight quarters, corroborated within about eight percent by a second, independent pricing instrument.[52] That $2,051 is not the floor. It is a waypoint. The operators model $1,200, and the history of older markets says even that is optimistic. Michigan — larger, older, and the national hub for out-of-state product — crossed below $1,200 a pound in 2022, at its own twelfth quarter, and sits at $611 today on the identical measure.[53] That is a blended average across a wide quality range, not a price for top-shelf flower, and it is not a forecast for New Jersey. It is a place an older market has already been. The grower who survived the supply side, raised the capital, and outlasted the time gap now has to be profitable at a number eight hundred dollars below where the market sits today.

The compression is not only visible in the panel data. The Cannabis Regulatory Commission publishes its own retail price per gram for adult-use flower in its board materials — drawn from the state's seed-to-sale system rather than from any

52 Headset NJ POS data, gram-weighted whole-flower, Q1 2024–Q4 2025; Cannabis Benchmarks Premium Report, Sep. 5, 2025, p.25
53 CWG analysis of the Headset POS panel, gram-weighted whole-flower, re-derived 2026-08-02

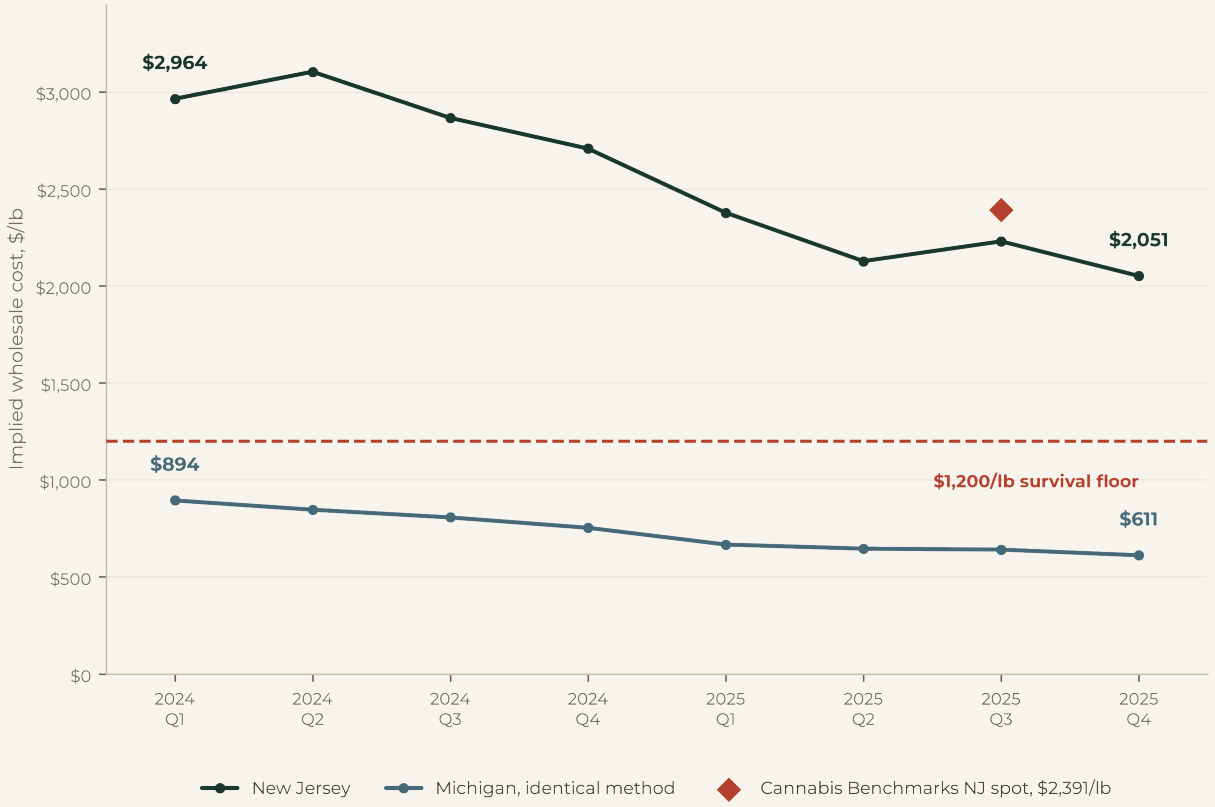


FIG. 4

Three times Michigan: New Jersey implied wholesale flower.

Gram-weighted whole-flower wholesale, Q1 2024 to Q4 2025. New Jersey fell from $2,964 to $2,051; Michigan ran between $894 and $611. The $1,200 floor is where NJ operators converge.
Source: Headset NJ POS data, gram-weighted whole-flower; Cannabis Benchmarks Premium Report, Sep. 5, 2025, p.25.

retailer's point-of-sale feed — and it tells the same story on a longer clock: $13.96 a gram in January 2023, $6.51 in June 2026. A fifty-three percent decline, on the regulator's own numbers.[54] Where the two series overlap, across 2024 and 2025, they agree to within about one percent a quarter and put the two-year decline at thirty-seven percent either way. Two caveats travel with that, and they are the Commission's, not mine: the slide is one the CRC chooses to run rather than one it is required to publish, appearing at irregular intervals, and the figures are restated between decks — overlapping months can disagree by as much as eleven percent depending on which deck you read them from. The direction is not in question. The decimal is.

That is a retail number, and it stays in its lane. It says nothing about what a cultivator is paid, and no margin is computed anywhere in these pages by setting the Commission's retail price against a wholesale series drawn from a different system. What it does is push the price story back nineteen months before the panel begins, and confirm that the collapse this section describes was already well underway when most of the operators in this cohort were still trying to find a town.

54 NJ-CRC public meeting slides, March 13, 2024 and July 16, 2026, "Adult Use Bud/Flower Price Per Gram."

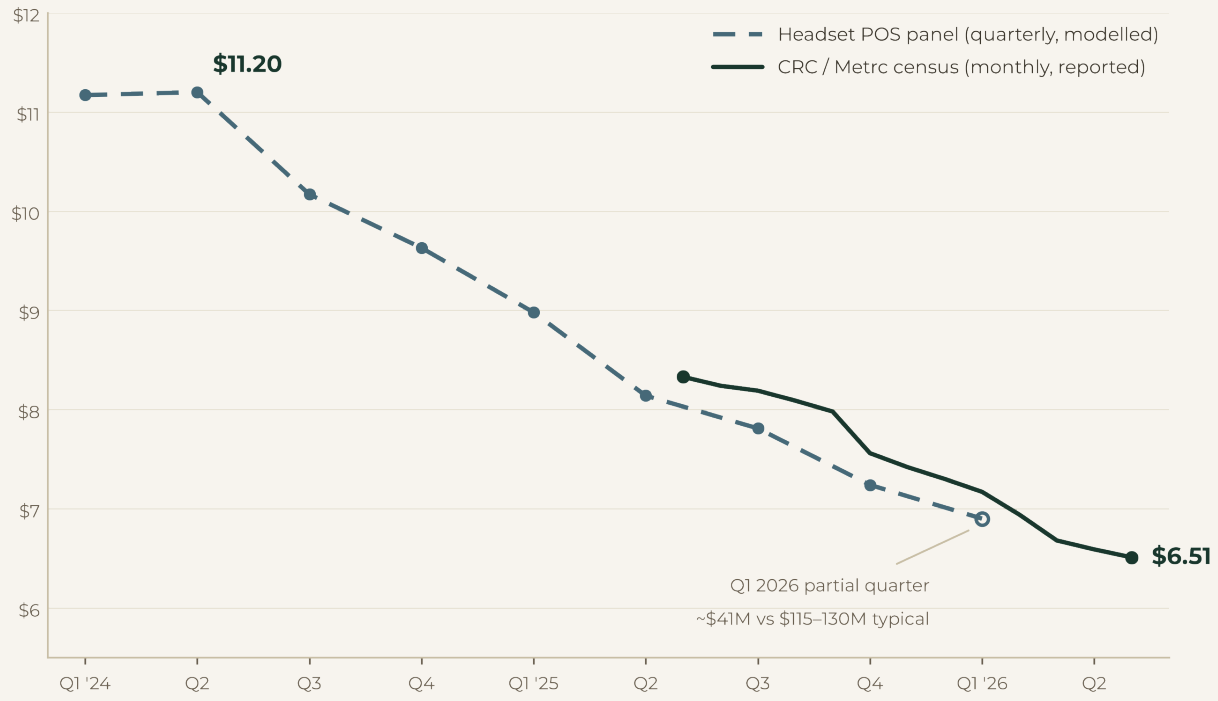


FIG. 5

Two sources, one trajectory: NJ flower price per gram.

CRC seed-to-sale retail price alongside the Headset wholesale series. The CRC series runs $13.96 to $6.51 across the full reporting window (January 2023–June 2026); the chart displays the overlap period where both instruments are active.

Source: CRC public meeting slides, 'Adult Use Bud/Flower Price Per Gram'; Headset NJ POS wholesale series. Where the two series overlap (2024–2025), they agree to within about one percent a quarter.

This is where the social-equity promise dies the second time. It broke first at the application desk, where the cost of entry screened out the people the program named. It breaks again here, in the ownership structure, where the one structural advantage the state handed equity operators turns into the weapon used against them. New Jersey requires a social-equity license to keep 51% ownership. The intent was control. The effect, for an under-capitalized founder facing a multi-year capital crisis, is a target painted on her back. The same equity founder who called the state's help nonexistent explained why the mandate fails the people it was written for: "Who in their right mind's gonna give $10 million to someone? A lot less of the power struggle would have occurred if I could get $5 million, keep 30%, keep my brand, keep my voice, keep my name." The 51% rule, she said, does not protect the founder. It advertises her desperation. "That invites predators, especially people that need to offload money in this industry. It's not the best players … coming in that … take that deal, because in the end they intend to undermine the owner." Every time she neared a deal, the same demand surfaced: "They either wanted to silence me and use me as a token for the business or take my brand. … They wanted access to my community." She walked away from a multi-acre project after sinking two to two hundred fifty thousand dollars of her own money and more than a hundred fifty thousand in grants.

The predation she describes is not a single source. The horticulturist from earlier in this section — the one who spent four years chasing capital — was asked to name the single barrier he would remove. His answer was one word: “Trust.” Not trust in the regulator. Trust in investors. “There was a couple of sharks that took advantage of me over the years,” he said, “and the reason why is because I trusted them.” The time was the cost: months chasing deals with investors who were never serious, months he could have spent on people who were. Two operators — different demographics, different ends of the table — naming the same predatory dynamic without prompting.

The cohort does not agree about that rule, and the disagreement is the useful part. Another operator called the same 51% requirement “a huge level of protection” — because even while raising outside capital, it is exactly that: a floor under his control that nobody can negotiate him below, no matter how hard investors push. Both are right, and the difference between them is leverage. The founder with options is protected by the floor. The founder without options watches the floor advertise her desperation. New Jersey wrote it for the second and delivered it to the first.

A license is a permission slip. The state issued it to people and then set them off to find capital they could not raise, on terms designed to be predatory, in a market collapsing beneath them. That is the survival crisis: a structure that selects for the deepest pockets at every gate and calls the result a market.

And the deepest pockets do not just survive the gauntlet. They use it. The filter that runs from the application desk through the build and into the price war does not produce an open market on the far side. It produces a small number of survivors with the capital to absorb a market headed toward $1,200 — and a smaller number with the capital to buy whoever is left. That concentration is not an accident of the New Jersey market. It is the product the structure was always going to ship. It is the next section.

PART THREE · THE OPERATOR

7 What a Pound Costs

Five sections of this report have been about the price a grower is paid. Not one of them has been about what it costs him to grow a pound.

That is the gap a grower notices first, and it is where an argument like this one either lands or floats. A $1,200 floor means nothing until you know what a pound costs to make. New Jersey is four years old, and almost nobody in it can tell you, because almost nobody has run enough cycles to know.

What follows is the structure of a New Jersey pound, from the operators who have run the cycles — not a benchmark. Exactly one clean cost-per-pound figure exists across twenty-four interviews. One. Anyone handing you a New Jersey cost-per-pound benchmark today is selling you something.

Here is the one. A micro-grower running nearly alone put his cost at about $1,300 a pound, and said he could get it to $600 with a method he has not yet been able to afford. Set that against the market. Wholesale is $2,051 and falling toward the $1,200 this cohort keeps naming. His cost is $1,300 today.

Run those numbers and you have the whole report in one line.

And even that flatters him, because his labor is free. When I said his twelve-thousand-dollar first-year loss was honestly not terrible, he corrected me: “No, but we don’t have any labor, bro. I work 18 hours a day. I take care of the plants.” A twelve-thousand-dollar loss with an unpaid owner working eighteen-hour days is not a twelve-thousand-dollar loss. It is a much larger one, and the difference is being carried in a man’s back.

The costs nobody outside the industry counts

Against that margin, put the obligations that attach to the pound itself and never appear in a pro forma.

New Jersey flower carries a six-month expiration, and the clock starts at harvest — six months plus forty-five days from the harvest date. Curing eats the front of it. “Now you’ve got 30 days to cure,” one larger-scale operator explained. “Well, some of our strains, you want 60 day cure… We have five months to sell it, you know, before it

expires. And when stores see it, and it's two months out, you can't sell it." So the sellable window is not six months. It is closer to three, and a buyer who knows the date on the package prices accordingly. New Jersey's six-month shelf life is among the shortest in the country. In practice, it functions as a discount schedule for the retailer.

Compliance testing takes its cut in product. One larger-scale operator estimated twelve grams per batch goes out for testing, and the operator sets aside twelve more at six months and twelve more at twelve months for retention — "I think you need 12 grams per batch," he said. Thirty-six grams off the top of every batch, gone before anything is sold. For the micro-grower it is worse per unit, because his batches are smaller and the fee is not. Four flavors of trim cost him roughly $1,600 to test and another $250 an ounce to ship.

> **"I'm not allowed to take any weed from my building. I have to ship it to a dispensary, buy it back, and I have to pay for that shipping."**
>
> — A micro-grower on getting a sample into a buyer's hand

And he cannot hand anyone a sample of his own flower. "I'm not allowed to take any weed from my building. I have to ship it to a dispensary, buy it back, and I have to pay for that shipping," he said — about $500 to put his own product in a buyer's hand. Every one of these costs is fixed per batch, not per pound. Every one of them is regressive. The smallest operator in the state pays the same testing fee as the largest, on a batch a fraction of the size, and the state's own rules are what set the denominator.

What the survivors actually have in common

The operators who are making it do not share a scale, a region, or a method. They share a balance sheet.

One profitable cultivator is debt-free and self-funded, and pays himself worse than most of his own employees: he and his partner are "the third and fourth highest paid in the building," because every dollar goes back into the build. His plan for the next phase: "No debt. No debt. No debt. We build what we can do."

Set that against §6, where four operators are drowning in the debt that got them open, and the pattern is not subtle. The survivors are the ones who owe nothing. That is not a strategy anyone can adopt. It is a description of who was able to start.

There is a less obvious commonality. An operator whose previous career was in perishable food distribution — a field with two-to-three-day shelf lives — recognized the parallel the moment he touched cannabis. "The parallels between food and cannabis were just too close," he said. Freshness. Rotation. Cold chain. The discipline of inventory that spoils if you hold it a day too long. "Take less product, get it more

often," he told other operators — the logic he brought from a career in perishable goods. The operators who struggle with it, he said, "are not familiar with rotation and highly perishable products and quality control." New Jersy cannabis is a crop with a six-month expiration and a three-month sellable window. The operators who survive treat it like perishable inventory. The ones who struggle never learned there was a parallel.

The second variable is ownership of the ground. One operator, handed the number of operating cultivators in the state and asked how many of them rent, guessed: "out of the 46 you said I guarantee 26 are renting" — and said flatly that he saw no future in it. That is his estimate against my figure, not a count, and it is printed here as an operator's read of his own market. But it names the axis correctly. A grower who owns his building can wait out a price war. A grower paying rent into a market falling thirty percent in eight quarters is watching the landlord's number hold steady while his own number drops.

One micro-cultivator proved the alternative. He did the municipal legwork before he filed — talked to the township, identified the site, lined up the purchase. Once his conditional came back, he closed on the property and converted to annual in six to eight months. "It all happened pretty quickly," he said. "It was because I positioned myself to where I purchased the property. So that made it a lot easier than if I was setting up a deal with a landlord and paying rent." He watched others drown in the gap he skipped: "People paying rent for three, four years before they can even start building or get operational. They're drowning." His timeline was six to eight months. The cohort average is three to five years. The variable was not the regulator. It was the ground.

And one North Jersey cultivator can put a dollar figure on the difference. He had been paying rent that ran to six figures a year. He bought the building with a private lender and now pays a fraction of that in annual interest. Nearly five to one. "Our investors have felt the weight off," his partner said. That is not a rounding difference. It is a different business.

The third is refusing to compete on the shelf where the war is fought. One small grower built his plan at what he recalled as $2,200 a pound — "I forget what I used… I think I used $2,200" — and has held above it: "for like, really good [top-shelf] flower, I think that's a reasonable price, even in a pretty mature market." He did not beat the price war. He declined to enter it. And he named what happens if nobody can: "if we allow price compression to take over everything and not leave room for like — you're gonna lose all of the craft grow like they won't be able to get a foothold in the market. Yeah, you'll only have big grows."

There is a federal reason the survivor profile looks like this, and it deserves its name: Section 280E of the Internal Revenue Code. Because cannabis remains federally scheduled, a licensed cultivator cannot deduct ordinary business expenses the way any other farm can — rent, marketing, most of what sits outside the cost of goods sold. The practical effect is a tax bill computed on gross margin rather than profit, and it punishes exactly the operators this section describes: the leveraged, the

renting, the discount-shelf sellers running thin. The operator who owes nothing, owns his building, and holds his price is not just weathering the market better — he is running the one structure whose economics survive a tax regime that denies the deductions every other industry lives on. On April 22, 2026, the DEA rescheduled state-licensed medical cannabis from Schedule I to Schedule III, rendering 280E inapplicable to medical operations effective tax year 2026; adult-use cannabis remains Schedule I, and broader rescheduling proceedings — with final briefs submitted August 17, 2026 — are pending. That is a federal cost in transition. The state cannot fix it, no town created it, and nothing in these pages attributes it to opt-out — but no honest account of why New Jersey cultivators fail financially can leave it off the page.

Two roads out: owe nothing to the bank, or own the building. Both are ways of not being in the market the preceding sections describe. That is the finding. The structure does not select for the best growers. It selects for the ones who owe nothing and sell to someone other than the volume shelf — which is a very small number of people, and not a market.

The concession that belongs here

One more thing, from an operator who cleared the whole gauntlet, and it cuts against everyone quoted above.

Asked what single rule he would delete, he started somewhere honest and then caught himself doing it: “I guess you sort of look at it from as a current operator, you kind of don’t want to delete all that s*** that you had to deal with because then people would just come in and have a big advantage over you.” Then he named the actual answer — zoning — and observed that the current rules put operators who got integrated with a municipality early “at a big advantage.”

That is the quiet part, said out loud by a man arguing against his own moat. The operators in these pages describe a wall, and the ones still standing are standing behind it. A slow market protects incumbents; the barrier that nearly killed them is now the reason nobody is coming up behind them. Six of the twenty-four benefit, structurally, from the thing they are asking the state to remove. It is also why the testimony is worth something: witnesses who gain nothing from the fix are the ones worth listening to about whether it is needed.

PART THREE · THE OPERATOR

8 Market Concentration and the MSO Advantage

96.1% → 49.2%

Multistate operators' share of New Jersey flower revenue, Q1 2024 to Q4 2025. They did not lose the market: their lines stayed roughly flat and the independents filled in around them.

Before the revenue data, one chart — because it reframes everything that follows.

The state reports total pounds harvested but nothing per-facility — no planted canopy, no yield by license, no production breakdown an operator could plan against. What it does publish, in the fee schedules attached to license renewals and in the board meeting memoranda that approve them, is the authorized canopy ceiling for each operating grow. We built the chart the state has not, license by license, from those published instruments.

Across 73 active cultivation licenses, the state has authorized roughly 2.8 million square feet of canopy — about 64 acres. The distribution: 18 ATC licenses hold 48.1% of the state total. 36 standard cultivators hold 50.2%. All 19 microbusiness cultivators combined hold 1.7% — less than one-third of what a single Tier VI license authorizes. Eleven Tier VI licenses, at 150,000 square feet each, hold 59% of the state's authorized canopy between them.[55]

Hold that chart against the revenue numbers that follow. Revenue diversified — from 96% MSO share to 49% across eight quarters. Canopy did not. The new entrants who drove the revenue shift include micro operators whose combined authorized canopy holds 1.7% of the state total — less than a third of what a single Tier VI license authorizes. The market looks more competitive on the register than it does on the ground.

55 CWG NJ Canopy Ceiling dataset, constructed August 2026 from CRC board meeting memoranda and published fee schedules; methodology in Appendix C

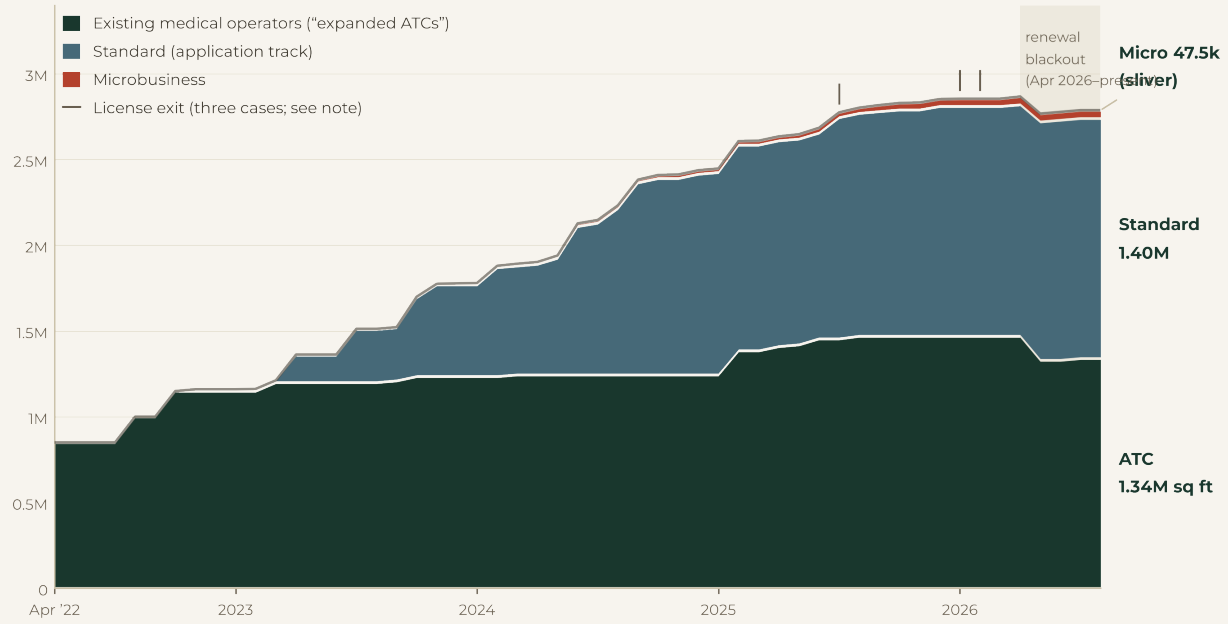


FIG. 6

Licensed canopy, not planted canopy.

Authorized adult-use cultivation canopy in New Jersey, by license group. 2.8 million square feet across 73 active licenses — about 64 acres.
This is what each license authorizes — not what is planted. In the three cases where both numbers are visible, utilization ran between 17% and 77%. The state publishes no planted-canopy data.
Source: CWG NJ Canopy Ceiling dataset, constructed August 2026 from CRC board meeting memoranda and published fee schedules; methodology in Appendix C.

> **"All the dispensaries treat us like their bank account."**
>
> — A cultivator on payment terms

The operator who said that cleared every wall in this report. A cultivator and manufacturer, selling branded flower since 2025 — one of the few in the new class who got all the way to the far side of the gauntlet. And the reward for arriving was discovering that the stores he sells to pay him whenever they feel like it. The standard on most of his wholesale agreements is net thirty. In practice he is paid at sixty days, ninety days, or not at all — "we're just happy to get paid at that point." Another operator visiting his facility pulled up a credit-tracking platform used in the industry for him — he had not been on it before — and there were single dispensaries carrying roughly eight hundred thousand dollars past ninety days. Told that he was himself carrying about three hundred thousand in receivables, he said it was probably more. A ninety-day payment cycle, for a grower whose own harvest cycle is ninety days, means the dispensary is financing its shelves with his crop.

And the multistate operators are worse, because they have the leverage to be. When he sold into an MSO-owned store, the contract came back at net ninety — which, he said, "means net f— you're never getting paid. Net 120, 150, whatever it is." Then he added the part that matters: that particular MSO has since backed off the term, and he sells them little now. Which is its own answer. The term was survivable by not

selling to them — a remedy available to an operator who can afford to lose the shelf, and to nobody else.

Hold that ledger up against the number everyone cites about who controls New Jersey cannabis, because the two do not say the same thing.

The number says the little guy gained ground. Across all New Jersey flower — a base of $128.1 million in the fourth quarter of 2025 — the multistate operators' share of revenue fell from 96.1% at the start of 2024 — when the independent class had barely reached the market — to 49.2% by the close of 2025.[56] Nineteen dollars in twenty to just under half — a rapid deconcentration over eight quarters. But the MSOs still hold the largest single share, and the independents who filled in around them split the other half between out-of-state brands (18.5%) and New Jersey natives (32.4%). The same direction shows up on the production side, measured independently of the register: multistate-owned facilities' share of flower batches entering New Jersey compliance testing fell sharply across the same window. Batches produced is not revenue; the two instruments agree on direction.[57] By either measure New Jersey deconcentrated faster than almost any market in the country. An analyst reading only that line would conclude the independent cultivator is winning.

"Multistate operator" here means one of ten named parent companies — the publicly traded and privately held parents that operate cannabis businesses across many states and are known in this industry by name. It does not mean "holds a license in more than one state." Those are different tests, and the second one inflates the multistate number by sweeping in small operators who happen to hold two permits. Every figure in this section uses the first. And every figure names its denominator, because there are two flower bases in common use — all flower, and whole flower excluding infused and popcorn formats — and they differ by nearly thirty percent.

But the revenue number is not the whole picture. The operator handed a net-90 contract would like a word.

Read the deconcentration through his ledger and it stops looking like a victory the independents won and starts looking like a fight the MSOs declined to have. The MSOs did not lose the market. They captured ground early, their lines stayed roughly flat, and the independents filled in around them. The collapse was not uniform — the operators who bet on premium pricing cratered, some large parents shedding the bulk of their flower revenue, while the operators who pivoted to value held or grew.[58] That tells you what kind of fight it was. It was a price war, and a price war is won by whoever can sell cheapest and wait longest. The independent cultivator can do neither.

He cannot wait longest, because of how the MSOs got here first. One of the profitable cultivators in this cohort names the MSOs as the single set of competitors with real staying power: "the MSOs who can play the price game," the handful with

56 CWG analysis, Headset NJ POS, all-flower base, Q1 2024–Q4 2025; Max-verified canonical brand-to-parent mapping, August 2026; method note in Appendix C
57 CWG analysis of New Jersey Metrc compliance-testing records, January 2023 – December 2025
58 CWG MSO concentration analysis, Headset NJ POS whole-flower

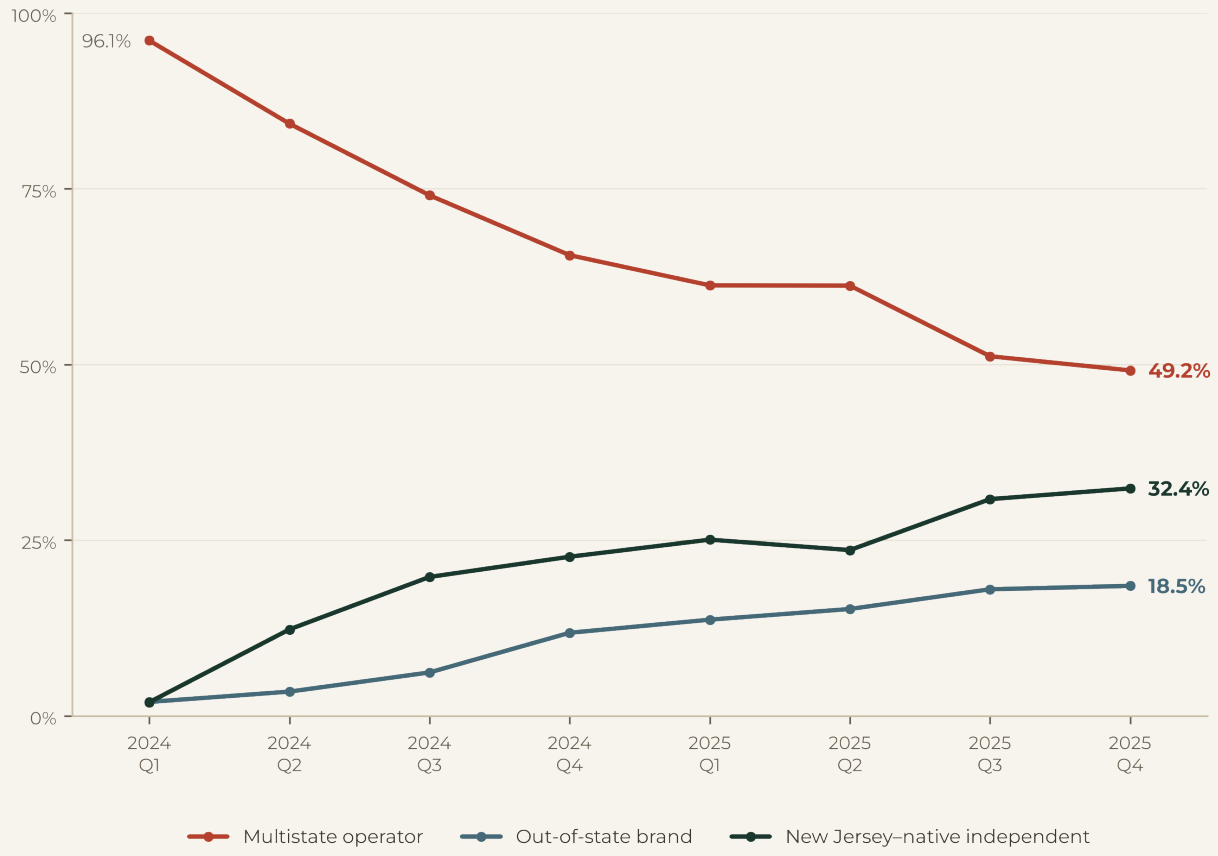


FIG. 7

MSO share of New Jersey flower revenue, 96% to 49%.

Share of all-flower revenue, Q1 2024 to Q4 2025, on the three-way origin scheme this report uses throughout — multistate operator, out-of-state brand, New Jersey–native independent. Multistate operators: 96.1% to 49.2%. New Jersey–native independents: 0.4% to 32.4%. Out-of-state brands: 3.4% to 18.5%.

Source: CWG analysis, Headset NJ POS, all-flower base; Max-verified canonical brand-to-parent mapping, August 2026.

enough canopy to outlast a downturn. A multistate operator can run New Jersey at a loss and carry it on the books of a dozen or more other states. The independent has one state, one harvest, and one lender — and in §6 you met the lender: a private debt group at a rate the operator spends his revenue trying to escape. The price war is survivable for the company that can lose money here indefinitely. It is terminal for the company that borrowed at usurious rates to show up.

One operator names the mechanism without rancor. “The CRC gave such a boost to the MSOs by delaying the process — all of us non-MSOs getting in. It was just such a long process of getting there that the MSOs secured the market, and you know how hard it is to change people’s buying habits.” That is a genuine state failure, and it belongs on the record as one: the processing delay that §6 measured in years of burned capital also bought the incumbents a clear runway to set every consumer habit in the state before an independent could put a competing jar on a shelf. The towns did not write that delay. The Commission’s own timeline did.

> **“Certain dispensaries just won’t even buy independent flower, because an independent person can’t give them that discount.”**
>
> — A grower on the 30% an MSO can offer and he cannot

The vertical integration finishes the job. “Being vertically integrated is a huge advantage,” one operator said, “and those of us who are not are sort of having to dance around.” The dancing is literal: an operator who owns the dispensary controls the shelf, and an operator who controls the shelf can squeeze the grower who does not. He watched the MSOs “give a 30% discount to every dispensary” — a discount an independent cannot match — until “certain dispensaries just won’t even buy independent flower, because an independent person can’t give them that discount.” That is not only anecdote. Across all eight quarters from the start of 2024 through the end of 2025, the multistate operators’ flower carried an effective price below the independents’ — every quarter, without exception, the low-price side of the market, even as every price fell together.[59] The share number says the MSOs retreated. The shelf says they kept the door. Even now, he noted, the analytics platforms show “the volume is still moving through the big boys.”

So look again at the deconcentration, and notice what it cost the people who supposedly won it. The number of whole-flower brands in the market did not shrink as the MSOs pulled back. It more than doubled — from 48 to 115 — and almost all of the new entrants were independents. The multistate operators’ brand count grew from 34 to 40; New Jersey independents went from 9 to 60; out-of-state brands from 5 to 15.[60] The MSOs did not flood the market. The independents did. The production record shows the same fracture from the other side: the number of facilities producing flower for the New Jersey market — cultivators, manufacturers, and medical operators combined — grew from 29 in 2023 to 95 in 2025, while the average number of batches per facility collapsed from roughly 1,350 to roughly 375 in 2024 before ticking back up to about 435 in 2025. In 2025, 62% of all flower-producing facilities put fewer than 100 batches through testing — together, 8.0% of the state’s flower batches.[61] A caveat on what batch counts can and cannot show: a micro cultivator may run a 5-pound batch and an MSO a 100-pound batch, and both register as a single test in the compliance-testing records. Batch share systematically understates the weight behind each MSO test, so the production-side “deconcentration” overstates how much the actual flower volume diversified. That is not a market opening up. It is a market fracturing — more growers splitting a pool that was shrinking per unit as it deconcentrated, against the wholesale price §4 already traced from $2,964 to $2,051 a pound.[62]

59 CWG analysis, Headset NJ POS whole-flower effective price by quarter
60 CWG MSO concentration analysis, Headset NJ POS whole-flower
61 CWG analysis of New Jersey Metrc compliance-testing records, January 2023 – December 2025
62 Headset NJ POS data, Q1 2024–Q4 2025, gram-weighted whole-flower

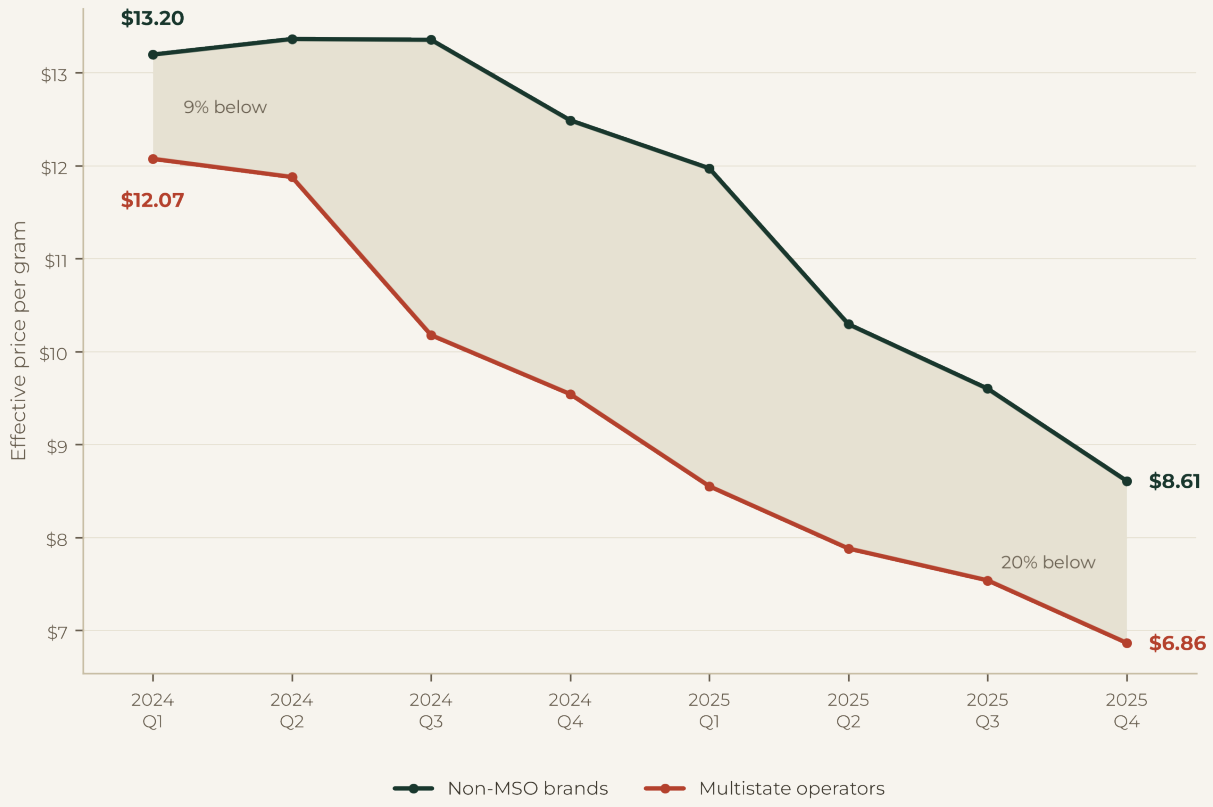


FIG. 8

Effective price per gram: MSOs against everyone else.

Gram-weighted whole-flower, Q1 2024 to Q4 2025. Non-MSO combines out-of-state and New Jersey independent brands. The gap never closes and never reverses.
Source: CWG analysis, Headset NJ POS whole-flower effective price by quarter. Pricing below a comparison group is an observed pattern, not a stated motive.

Which returns us to the bank-account problem, because non-payment is the mechanism that converts “won the share” into “can’t make payroll.” And here is a failure that is squarely the state’s to fix.

Net 30 → 90+

What operators in this cohort write, against when they collect. One MSO wrote 90 before backing off the term.

The Commission already requires every licensee to keep its wholesale supply agreements as a business record, and its inspectors pull those agreements during on-site assessments.[63] The one thing it does not do is set or enforce any rule about whether the payment terms inside those agreements are honored. Operators write the terms — including cash on delivery — buyers sign them, and then ignore them with no consequence. The state collects the contract and never asks whether anyone paid.

It does worse than not ask. It collects on the shipment whether anyone paid or not. An operator with multiple license types in South Jersey laid out the mechanism: the

63 N.J.A.C. 17:30-9.7(e); 17:30-20.3(d)(2)

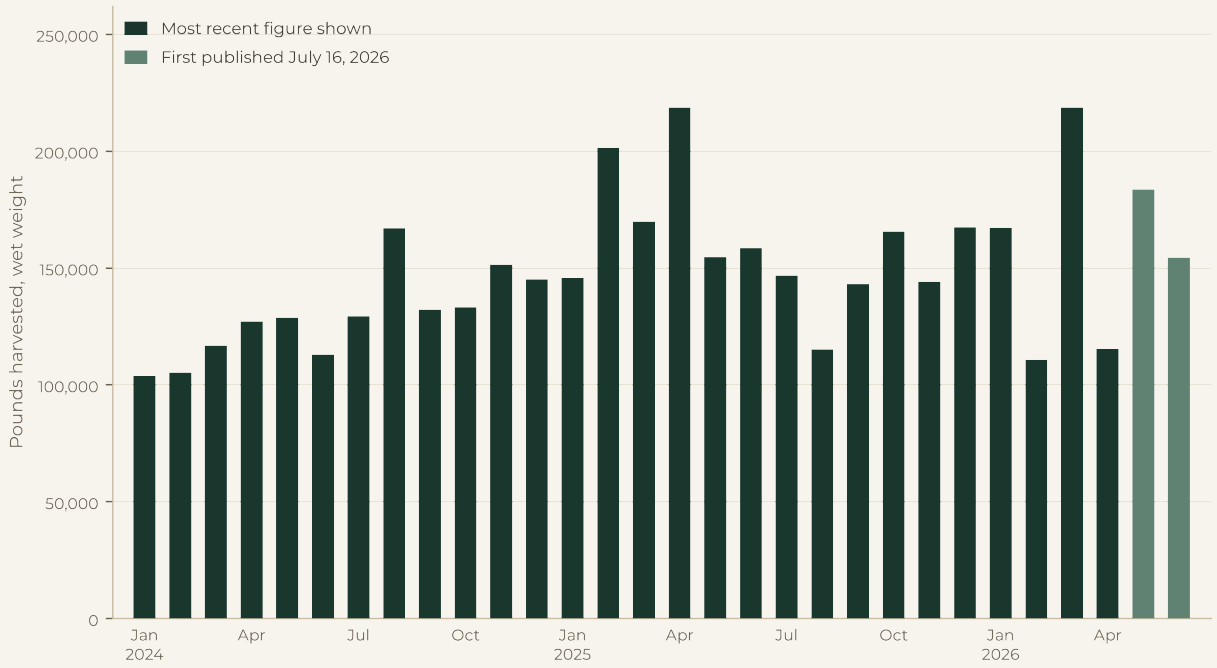


FIG. 9

Thirty months of New Jersey harvest reporting.

Monthly pounds harvested, wet weight, from CRC board meeting slides.
Source: CRC public meeting slides, harvest reporting series. Most recent data: June 2026.

municipality's transfer tax and the state's Social Equity Excise Fee are both charged on transfer — on the product going out the door, not on the money coming back. "It's not on what you sell, it's what you transfer," he said. Ship product to a dispensary that never pays, and the cultivator still owes the percentage on the full value of the shipment. The SEEF works the same way. The cultivator is taxed on revenue he has not received, chases the dispensary for months, and nobody — not the municipality, not the state — ever asks whether he got paid.

Another operator put the cost plainly, and qualified it himself: "The idea of net 30 in this industry is a fallacy… By and large, we've only had a couple dispensaries go out on us, but we've had where it's taken probably nine, ten months to get payment." He is not describing a market where nobody pays. He is describing one where the money arrives three quarters late, which for a business running a ninety-day crop cycle is the same problem wearing better manners. And he supplied the fix in the same breath — the actionable one, the one that uses a lever the state already holds. "If you want license renewal, you need to be able to cover your bills. You're getting product — you need to be able to cover your bills, because it's a trickle-down effect." The Commission renews every license in the state, and CREAMMA empowers it, at N.J.S.A. 24:6I-34(b)(2), "to grant, refuse, suspend, revoke, cancel, or take actions otherwise limiting licenses or conditional licenses …" It could condition renewal on payment compliance tomorrow. (§12 returns to how.)

> **“The first question you get is, what are your terms? Oh, we’re COD. Oh well, we don’t do COD.”**
>
> — A grower who needs to be paid on delivery

Until it does, the independents are left to build their own defenses. One micro-cultivator described what that defense costs. He runs cash on delivery — “because we’re small and we need to get paid so we can all pay for what we need and stay afloat.” The COD itself is the first lockout: “The first question you get is, what are your terms? Oh, we’re COD. Oh well, we don’t do COD.” Dispensaries want terms. They want to hold the grower’s money. “Buyers don’t want guys that are COD. They want terms, and they want to beat them guys down.” His alternative is a third-party payment guarantor that pays the cultivator on delivery and collects from the dispensary, for a five-percent fee off the top. That five percent is the price the small operator pays for the state’s failure to enforce terms. The MSO floats ninety days because it can afford to. The micro loses five cents on every dollar to a private company doing what the Commission will not.

The operator who called net thirty a fallacy built a different defense. He is now sharing services with another small grower — pooling pre-roll production, procurement, whatever the two of them can combine — for a plain reason: “I’d rather work with another quote unquote local … local state person than … deal with the MSOs.” He put the scare quotes around “local” himself. He knows what the word has come to be worth. His advice to anyone entering now is the verdict of a market that selects for scale: “I’d rather own a small piece of a successful business than a large piece of a failed business.”

Except that “independent” and “New Jersey” turn out to be two different questions, and the market only looks deconcentrated if you ask the first one.

Split the same revenue by where the brand comes from rather than by who owns the company, and the picture shifts again. Under the mapping rule used here — where a brand grown by an MSO counts as MSO revenue — 67.7% of New Jersey flower revenue in the fourth quarter of 2025 carried a brand identity that originated outside New Jersey or was grown by an MSO.[64] All ten multistate parents in this data are headquartered somewhere else, so every brand they sell here is an import by definition. The out-of-state brands add another 18.5%. New Jersey-native independent brands hold 32.4%.

The gap between those numbers is the finding. The market deconcentrated on the ownership axis — 96% to 49% is real. But a third of it is New Jersey-grown, New Jersey-owned flower.

64 CWG analysis, Headset NJ POS, all-flower base, Q4 2025; canonical brand-to-parent mapping

The independent cultivation capacity this state built — the capacity that cost the operators in these pages their savings, their houses, and in several cases four years of their lives — is real, it is producing, and a meaningful and growing share of it is being rented to brand equity built somewhere else. You can win the ownership fight and still be a contract farm.

And there is a wall behind the shelf that almost nobody outside this industry knows exists.

When I asked a licensed, operational micro-cultivator to name the single hardest barrier of his four years — an open question, off a list that offered property, capital, municipal, CRC, contractors, or something else — he answered in one word, and the word was not on the list.

"Advertising."

He had built the building himself. "I literally built my building. I pounded nails and put up sheetrock and I hung the lights. I built my building and I built it out. And when I was done and I finally got that first harvest and it was a decent harvest. It was good enough to sell. So I was like, 'All right, let's sell this.'"

Then the part nobody plans for.

"And I'm like, 'Who do I sell it to? Why isn't anybody calling me for my weed?'" Nothing in the system had told a single buyer he existed. "So, I was like field of dreaming it — like, grow it and they'll smoke it. But that didn't work like that. No one knew I had a room full of weed for sale."

The state does hand you a list. "So, you got a list of dispensaries from the CRC. Great. It does not have their email address on it. And even if you do find an email address for them, it's probably not for the person who's in charge of ordering. And then getting people's AR information is another department." And he cannot advertise his way around it: "I'm a grower, not necessarily a business owner, although I have owned businesses before. But this was different. And I can't advertise. There's no media out there. Maybe LinkedIn."

His question is the whole problem: "how do I tell these 300 dispensaries, 'Hey, I have weed for sale.'"

Now hear the same rule from the other side of the counter. A retailer in the cohort cannot receive a sample, which means he cannot taste what he is being asked to stock. "Like your budtender. Like, they should give you sample. Like, how are you going to sell their product if you can't smoke it? That's a huge one. How are you going to back it?" And then flatly: "But New Jersey, you're not allowed to get samples. Can't sample."

> **"How do I tell these 300 dispensaries, 'Hey, I have weed for sale.'"**
>
> — A micro-cultivator after his first harvest

One rule, two operators who have never met, hit from opposite ends of the same transaction. The grower cannot tell anyone he has product. The buyer cannot try it. Neither of them is describing a preference.

A third operator supplies the mechanism that closes it. Dispensaries will not buy a single item — they want three or four things arriving together — so the buyer's minimum assortment silently determines what a cultivator plants, a year before he learns it. His first harvest was one strain, his second three-quarters that same strain, his third half. "So we had a hurdle to get through all that [strain] to start with." Nobody told him before he planted.

This is not a burden that grinds. It is a wall that stops revenue dead, and it belongs in this section rather than among the daily frictions, because it does the same thing to an independent that a net-90 term does: it decides whether the harvest converts to money. The multistate operator with its own dispensaries never meets it. It has a shelf.

And it is the cheapest fix on any list in §12. The state publishes a dispensary directory on the CRC website. It publishes it without a route to the buyer — no ordering contact, no accounts-payable path, and no lawful channel for a licensed operator to announce that he has product. A regulator that issues a license and a customer list, and then makes it functionally impossible to use the second, has built a market its own licensees cannot enter. §12 returns to it.

One more correction to how this market gets counted, and it is the one that matters most to anyone trying to read it from outside.

Brands are not producers, and New Jersey's data is published by brand. One Oregon company's New Jersey cultivation site sells under four separate brand names. Ranked as a brand it is eleventh in the market. Ranked as a producer it is third. Nine facilities in this state carry twenty-five brand rows between them, worth $60.6 million of H2 2025 whole-flower revenue — a third of that panel.[65] Anyone counting brands is counting storefronts on a street where nine landlords own twenty-five of them.

The single largest flower grower in the state produced $23.7 million of H2 2025 whole-flower revenue — 13.2% of the panel — under four brand names. The parent brand ranks first in the market. A second brand, from the same grower, ranks seventh.[66] A reader looking at the brand rankings would never know they are the same producer.

Two limits ride with these numbers. House Brand flower — store-branded product with no identifiable producer — represents 1.6% of the panel and is excluded from the origin analysis; it cannot be mapped to a producer and is never redistributed. And brands are not producers, as the passage above shows.

That is the shape of concentration in New Jersey. The deconcentration is real — 96% to 49% is a collapse by any measure. But the MSOs still hold the largest single share, the independents split the rest among themselves, and the structure underneath the numbers has not changed: the operators who can wait, amortize, and control their own shelves survive the price war, and the operators who cannot are paid late, squeezed off shelves, and consolidated by whoever has the capital to wait them out.

65 CWG analysis, Headset NJ POS joined to New Jersey production records
66 CWG analysis, Headset NJ POS whole-flower, H2 2025; canonical brand-to-parent mapping

The cultivator who cleared every wall still sells into that structure, and still gets treated like a bank.

These are the burdens that decide who survives. The next section is about the ones that simply make survival harder every day.

PART THREE · THE OPERATOR

9 After the Lights Come On

Every stage in this report so far ends at the same place: the lights come on. It is where the state's own count stops — seventy-one licensed to operate, and the number does its work as though operating were the finish line.

It isn't. There is one more stage, nobody maps it, and the operators who have been through it describe it as the part that surprised them.

Start with the clock, because it is the number the next cohort most needs and the one nobody budgets.

One micro-cultivator put clones in his building and then counted. Three months to first harvest. Six more weeks before the first delivery went out the door — packaging, testing, finding the buyer, getting the order. Roughly four and a half months of full operating burn after the lights came on and before a single dollar arrived. Rent, power, labor, nutrients, insurance, all running, against nothing.

And he is the favorable case. He is a legacy grower who dialed his rooms in fast, family-funded, no investors waiting on a distribution. Three months from clone to harvest is quick. Anyone slower, or running a longer-flowering cut, or fighting a lab queue, waits longer. That four and a half months is a floor, not an average, and it lands on an operator who has just spent everything he has getting to the ribbon.

Another micro-cultivator put a number on what that burn looks like once the lights are on: "A little over 100,000 a month just to break even — and that's just float. Insurance, payroll, the normal monthly bills." Power alone runs $20,000 a month. And the revenue, when it finally starts, does not fix the math. "We've had months that are $40,000 that we did total sales," he said. A hundred thousand a month going out. Forty thousand coming in. The burn does not end when the first sale lands. It changes shape.

Now the money that is owed to him.

§8 covered what the shelf does to an independent. What it did not say is that the same behavior runs the other direction down the build stack. One operator who general-contracted his own build watched an electrical contractor — engaged by his

landlord — collapse mid-project, and the reason the electricians came over to work for him directly was that the contractor had not been paying them. “They were not getting paid on time. There. That’s a whole other ballpark of issues.”

That reframes the receivables finding, and it should be read as a correction to the easy version. Late payment is not a dispensary behavior. It is what a cash-starved, unbanked industry does at every link in its own chain — the store to the grower, the grower to the contractor, the contractor to the electrician. Everybody is somebody’s bank.

“It’s tough finding contractors that aren’t going to give you the green tax,” one grower said. “You call an architect and you say you’re designing a grow and… in those first three years, I think it’s eased up now,” he added — but the number moves. Every operator in this cohort who built anything describes some version of it. The premium is not necessarily based on the difficulty of the work. It is on the assumption that a cannabis license means money, applied by every trade that touches the building.

The green tax is the markup. What it buys is worse.

One operator described what his general contractor delivered on a project that was supposed to cost four and a half million dollars and came in at nearly double. The day after he signed the guaranteed-maximum-price contract, the electrician handed him a change order for $800,000 — grow lights the contractor had told him not to worry about. “Complete fraud,” he said.

But the fraud was not even the most expensive part. The engineering was. His HVAC ducts were sized at 40% of what they should have been, and he did not find out until the compressors started blowing. “The law of 10s applies,” he said. “Once you design it, it costs you ten bucks to fix it. Once you build it, a hundred bucks. And in construction, after the fact — thousands.” The ducting was fabricated, installed, sealed above the grow rooms. “How do you get to it?”

His diagnosis was structural: “They’re used to government work, university work, where people aren’t watching the numbers.” Cannabis builds are neither. His recommendation was one sentence: “Have an owner’s rep on the project every single day.”

And the accumulated small stuff, which is not a wall but is the register of the thing. One of the calmest operators in the cohort — a man who says his own view of the tracking system has mellowed, “I’ve gotten pretty used to it” — still could not let go of one detail: he orders package tags and plant tags, is charged shipping on both orders, and they arrive in one box. It is a trivial sum. He brought it up unprompted four years in.

Two more, each with the size of its evidence attached.

Utilities — one operator’s experience, and one account is not a pattern. His is severe: power outages, climate systems down, product lost in the vault, and a utility that denied the claims. What makes it worth a paragraph rather than a footnote is the structure it exposes. A grow room is a machine that fails in hours without power, the loss is inventory rather than equipment, and no part of it is insured in a way that paid.

One operator found that out. Others have dealt with outages — any grower has — but none described losses at this scale.

Genetics, where the missing thing is an entire layer of the industry. New Jersey has no nursery tier — no licensed business whose job is to supply clean, verified starting material to cultivators. So every operator sources his own, carries the risk himself, and has no recourse when it goes wrong. One grower's commercial library is his own thirteen years of phenotype hunting, which he counts as an advantage: what he grows is not what everyone else grows. He is also describing a supply chain that exists only because he personally built it over more than a decade, which is not a thing a new licensee can go buy.

Another operator is paying the price for the gap. His head of operations provides all the genetics and wrote all the standard operating procedures — "it's all his SOPs," the owner said. "I'm at a point where as a business owner, I want to find someone else, but I can't. I don't have genetics." The price tag on that dependency: $150,000 a year for the man he cannot replace, plus $12,000 to purchase the genetic library itself — "buying his genetics so that if he leaves they're ours." The $150,000 salary is not really for the man. It is for the genetics the man carries — because in a market with no nursery tier, there is no catalog to replace him.

Put the stage together and the shape is familiar. The town, the building, and the land decided who got to start. This decides who gets to continue — and it selects on the same axis every other stage in this report selects on. Four and a half months of burn after the ribbon is survivable if you have cash. Nine-month receivables are survivable if you have cash. The green tax is survivable if you have cash. A lost harvest to an outage is survivable if you have cash.

The gauntlet does not end when the lights come on. It just stops being about permission and starts being about float.

PART THREE · THE OPERATOR

10 The Weight of Compliance

The operator from §6 who built his whole model on a $1,200 floor once checked the wrong box.

It was a single field on a test record in Metrc, the state's seed-to-sale tracking system. He fixes most of his own Metrc errors; three at once took him ten minutes. This one he could not fix himself, so he asked Metrc support to change it. "Six days," he said. "Six days for them to take a product that was ready to go to market, for them to fix in Metrc so I could put a sticker on it." Finished product, paid for, sitting in a vault — held off the shelf for the better part of a week because a contractor's support desk needed six days to uncheck a box.

That is the register of this section. The walls in §3 kept people out of the market. The burdens here do not. They land on the operators who already made it in, and they grind. None of them, by themselves, ends a business. Together they are the daily weather of running a licensed grow in New Jersey.

They also do not all point at the same place. The individual staff at the Commission are often capable, and operators across this cohort said so without being asked. The vendor-built software is clunky in ways the agency did not design. The labs, in the operators' telling, answer to incentives the Commission has not policed. Some of what follows is the regulator's to fix. Some of it is not.

> **"I'm over there having panic attacks in my office because I'm worried I might not have a couple clones counted exactly right."**
>
> — A grower reading the news of a raid

Start with the tracking system, because every operator lives inside it. Metrc is a vendor's product the state requires everyone to use, and the friction is mostly the vendor's: the lag that turns a transfer of 120 plants into a ten-minute wait, the

support desk that needs six days for a checkbox. Even the operator who thinks the system basically works said the vendor “probably could have a better user interface for all the money they make.” But the stakes stacked on top of that clunky tool are the state’s, and they are heavy enough to keep operators up at night. One micro-cultivator, who carries his facility’s entire compliance load himself, put it this way: “We could get fired because of Metrc. However, we could get robbed and it doesn’t help us.” When the news broke of a raid on an illicit grow, he said, “I’m over there having panic attacks in my office because I’m worried I might not have a couple clones counted exactly right.” A clone-count discrepancy is not diversion. But the system that polices it cannot tell the difference, and the operator knows it.

Where the Commission itself genuinely fell short, the same operator named it without exaggeration: he would copy a CRC rule into an email and ask what it meant, “and they would respond to me with the same exact rule and no explanation.” “That’s exactly why I’m asking the question.” A regulator answering a question by reciting the thing the question was about is a real shortcoming, and it belongs on the record. It is also a different order of problem than a town that votes the market in and then refuses to let anyone build it.

Who fills that gap when the regulator cannot? In one micro-cultivator’s case, a laboratory representative did — volunteering her time to walk him through his first lab transfer, his first package tags, the mechanical steps no handbook covered. “Thank goodness we worked with her,” he said, “because I would have had no idea, man.” A larger company pays a compliance officer to learn the system. He does not have one. “It’s me,” he said. “It’s me and our team — we’re trying to make sure that we do everything right.” The technical-compliance vacuum for micro operators is being filled, where it is filled at all, by vendors who care enough to volunteer. That is not a system. It is a favor.

Then there is testing — the burden operators raised most heatedly, and the one that has to be handled most carefully.

So the standard goes first, before any of the quotes. What follows is what operators told me they believe about New Jersey’s testing laboratories. It is reported here as evidence of what this market believes, because what the market believes changes what growers do with their money. It is not a finding of laboratory misconduct. I audited no laboratory, no laboratory is named, and nothing below should be read as an accusation against any identifiable company or person. Where the cohort’s own account cuts against itself, that is printed too.

With that said. The clearest statement of the problem came from a micro-grower running nearly alone, describing what lab people say to him when he presses them on method: “A lot of them just tell me, ‘We’ll get you the numbers you need.‘“ The numbers are THC percentages, and inflated ones sell, because consumers buy the highest number on the shelf. So, in the operators’ telling, the lab willing to post the friendlier number wins the business, and the lab that reports conservatively loses it.

That is not a hypothetical, in the operators’ accounts. One cultivator built his brand on a single laboratory and refuses to shop the result: “we’re a single source tester…

we don't use anybody else. If it comes out, it comes out." He said the lab paid for the honesty — his rep told him she had "lost 70% of her business to … some of these labs," the ones he believed were producing friendlier results. That is her account of her own business, relayed by him. Nobody has audited it.

He is also the rare operator who got burned in the other direction. When his own flower came back at over 35% THC, he was alarmed it was too high. "I was pretty upset about that. I delayed the launch… because I was going to have it retested… to see if there was a mistake." An operator afraid his own number was inflated is the exception that measures the rule.

Another operator put it bluntly in his own terms: as he sees them, "half the results" on certificates of analysis are "inflated," with mold counts "decreased to non-detectable because we're not being honest." He pointed to independent testing he had seen in which most of the pre-rolls sampled failed for mold, chromium, or other contaminants, and said it confirmed what operators already believed. "It's the worst-kept secret in the state, but nothing gets acted on."

Now the half that cuts the other way, and it comes from inside the same cohort. The micro-grower who reported the "numbers you need" offer also uses a second laboratory he rates highly — thirty-plus years of cross-industry testing, trained technicians, plating for microbials — "so I get really accurate results from them." And when he took the inflation story to his own lab technician, he got a partial debunk. Yes, the technician told him, a lot of them are inflated. But a high number is not by itself evidence of anything: total THC is measured after the moisture is stripped out, so a grower drying his flower harder to lift his number has misunderstood the test. "That's not how it works."

Hold both halves at once. A lab technician conceding that a lot of results are inflated is the strongest evidence in this passage. The same technician supplying the innocent methodological reason a thirty-nine percent number is not proof of fraud is the strongest check on it. Across the cohort the account is consistent: a testing market in which, as growers describe it, the friendlier number wins the shelf while labs that report straight lose business — and the enforcement that would reset that incentive is missing. That last part is squarely the Commission's, and §12 returns to it.

> **"You've handcuffed an entire operation by not allowing us to get somebody on board in five to six weeks."**
>
> — A cultivator on a hiring clock he could not control

Workforce is its own quiet tax. New Jersey's badging process — the state clearance every employee needs before touching the plant — was, by one cultivator's account, long enough in an entry-level job to lose the hire before the badge cleared. He built his crew around an internal feeder position and described the result flatly: "You've

handcuffed an entire operation by not allowing us to get somebody on board in five to six weeks" — in roles already carrying turnover near 50%, where the badge delay prevents backfilling fast enough to keep the crew whole. Then there is the talent that turns out to be fraudulent. One micro-cultivator hired a cultivation consultant from out of state, trusted him enough to let him stay in the family home — and learned too late the man could not do the job. He "didn't know what he was doing with drying," the operator said; the crop came out crispy, the rooms came up with bugs and mold. "Complete fraud… we had to fire him and send [him] back." None of that is the state's fault. All of it is what a thinly capitalized grower absorbs while trying to stay open. And in one corner of the state, the labor market itself is the wall: an operator there found he was competing with the casinos for the same people — anyone who could pass a background check was already working in one — and that growing, in his words, "It really is hard work… people don't realize how challenging it is to really work in a grow."

One more burden belongs here only as a marker, because its real home is the recommendations. The Commission publishes numbers, but not in a form an operator can act on — no current wholesale price, no license-activation rate, no regional dispensary counts a grower could plan a buildout against. A regulator that will not show its own market clearly leaves the people inside it to fly blind on the one number that decides their survival. As recently as January 2026, the CRC published dispensary counts by county on its Dispensary Roll-up page. That chart has since been removed, and no county-level breakdown exists on any current CRC page.[67] The county-level view — the one thing that matters for evaluating access equity — is gone. That is a transparency gap with a constructive answer, and §12 takes it up.

Stack these against the structural walls and they are smaller. A grower can survive a six-day checkbox, a lab he cannot trust, a slow badge. What he cannot survive is all of it at once, on top of a town that nearly kept him out, capital that nearly ran dry, a price war the geography manufactured, and buyers who write a 90-day term and stretch it past 120. The burdens in this section are the texture of survival inside the structure the rest of these pages describe.

And here is the thing the report has been building toward. None of this is unique to New Jersey. The opt-out that strangles the market, the capital gauntlet that selects for wealth, the price war the green zones manufacture, the concentration that follows — every state that has legalized, and every state about to, builds some version of the same machine. New Jersey is now far along enough to show the rest of them what it produces.

That is the next section.

67 Wayback Machine capture of the CRC Dispensary Roll-up page, January 17, 2026. Current CRC dispensary page accessed August 21, 2026 — county breakdown no longer present. ↗

PART FOUR · THE WAY OUT

11 This Isn't Just New Jersey

New Jersey is young. A market that opened in April 2022 has had four years to put stores on the ground and growers in buildings, and every mature market sold less, consumed less, and priced higher when it was this age too. So before a single cross-state comparison can mean anything, it has to clear the strongest objection available: maybe New Jersey is not constrained. Maybe it is just new.

There is a clean way to test that. Stop comparing New Jersey to markets five and ten years older, and compare every market to itself at New Jersey's age — the same number of quarters since its own first legal sale. Line the markets up by age instead of by calendar, and New Jersey stops reading as an outlier and starts reading as a particular kind of market.

Quarters since first legal sale	New Jersey	Illinois	Michigan	Arizona	Massachusetts
8	1.0	—	—	4.0	—
10	1.2	1.2	4.0	4.9	—
13	1.6	1.5	7.6	5.0	—
15	1.9	1.7	10.4	4.6	1.97

Flower consumed per resident, in grams per quarter, each market observed at the same age.[68] Where a state dispenses medical and adult-use through the same counters, both are included; per-capita figures are not adjusted for residents who buy across state lines. Panel coverage verified against regulator-reported sales at each market's matched quarter — Michigan 100.0%, New Jersey 98.4%, Arizona 95.6%; Illinois 88.1% in four-quarter blocks; Massachusetts cannot be verified at its own quarter fifteen and is shown for shape only. Full method and limits in Appendix C.

The numbers say one thing first. At every age we can line up, New Jersey sits almost exactly on top of Illinois and far below Michigan and Arizona. Massachusetts, which the data only catches at its latest matched quarters, lands in the same low place —

68 CWG analysis of the Headset POS panel, 2022–2026, independently re-derived; adult-use launch dates from state regulators

1.97 grams at quarter fifteen, a hair above New Jersey's 1.94, on the one peer whose coverage cannot be verified at that age[69]. And New Jersey is not stuck inside that floor: it grew about 92% over the seven quarters we can observe, a healthy young-market slope, running almost parallel to Illinois's.

What New Jersey is not doing is climbing toward Michigan or Arizona. Those two markets were already moving four to ten grams per resident at the same ages New Jersey is sitting under two. Two states exactly as young as New Jersey consume four and five times as much. Whatever is holding New Jersey down, it is not youth, because youth did not hold them down.

The market New Jersey does track — Illinois — is also a supply-constrained market, one where a large share of the licenses the state issued have never opened as operating businesses. That is a plausible shared reason two states would settle in the same low place, but the order matters: the resemblance is in the numbers first, and the explanation comes after.

That resemblance also carries the last version of the objection. Illinois reached this floor with a different mix doing the work — state license caps and slow license activation — and every market in this table, Illinois included, permits municipal prohibition in some form[70], so the table cannot isolate opt-out and is not asked to. What it establishes is that youth does not explain New Jersey. What separates the explanations is not across state lines — it is inside New Jersey. Ten operators in this cohort, including several who defend the regulator, named municipal local control as the wall that nearly ended them before I had raised it in the interview, answering an open question about what had been hardest — and all but two of the rest confirmed the experience when the question came up. A pure supply-and-activation story does not produce that testimony unprompted, in that proportion, from operators who share nothing else. Illinois reaching the same floor by another route shows there is more than one way to build a market that stays small. The claim is not that opt-out is the only thing that can hold a market down. It is that opt-out is the structural failure holding New Jersey's down — the one the operators put first.

Illinois is the part worth sitting with, because Illinois is older. Now in its sixth year, Illinois has settled at roughly 2.3 grams per resident — it never climbed to the five and six grams the mature western markets reached[71]. New Jersey's curve is consistent with heading toward that same low plateau rather than the western ceiling. We cannot yet watch New Jersey at Illinois's age, so that is an inference, not a measurement — but it is the inference the data points at. A market built to stay small.

One correction on price, against this report's own earlier sections, which called New Jersey's flower among the most expensive in the country. Age-matched, the superlative softens: at the same age, both Illinois and Massachusetts ran higher than

69 CWG analysis, Headset panel, age-matched
70 410 ILCS 705/55-25(5)
71 CWG analysis, Headset panel, Illinois at approximately quarter 24
72 CWG analysis, Headset effective $/g, age-matched

New Jersey[72]. New Jersey is firmly in the high-price young-market group. It is not alone at the top of it.

Quarters since first legal sale	New Jersey	Illinois	Michigan	Arizona	Massachusetts
8	$11.17	—	—	$5.10	—
10	$10.17	$11.58	$5.89	$4.53	—
13	$8.14	$9.41	$3.86	$3.96	—
15	$7.24	$8.62	$3.34	$3.53	$10.76

Effective flower price per gram, each market observed at the same age. The category is the panel's flower category — shake, trim, ground and infused alongside whole bud — applied identically to all five markets; it is wider than the whole-flower filter behind the New Jersey wholesale series and runs five to ten percent below the CRC's published Bud/Flower price at every quarter shown. Read it as a comparison between markets, not as New Jersey's retail price. Coverage and peer-set limits as in the table above; full method in Appendix C.

Source: CWG analysis of the Headset POS panel, 2022–2026; adult-use launch dates from state regulators.

So the age-matched snapshot does not rescue New Jersey to "normal." It does something narrower and harder to wave off: it removes the youth excuse. New Jersey sits at the bottom of the markets its own age, on a path that resembles the most constrained one among them. That is consistent with the access-and-price spine documented above. It is not, by itself, proof of the cause — and where the cause has been measured directly, the measurement is somewhere else.

California has spent seven years and a great deal of money learning what New Jersey is starting to. Researchers at Cal Poly mapped the state county by county and found a correlation of 0.75 between low access to a licensed store and the share of the market that stayed unlicensed — "The correlation between the unlicensed market share and limited or low access is 0.75, implying a positive relationship between illicit cannabis consumption and local prohibitions on licensed retail cannabis."[73] Nearly one in five Californians — about 7.8 million people — lives in a tract with low access to a legal storefront[74]. And seven years after legalization, with more than $170 million a year going to enforcement, roughly 60% of what Californians consume still moves through the unlicensed market[75]. That is the lesson §4 drew from inside New Jersey, written larger. You do not arrest your way out of an access deficit. You open legal doors, or the unlicensed ones stay open for you.

California is one state, with its own confounders. Canada removed them. When Canada legalized in 2018, all ten provinces did it under the same federal law, on the same day, with the same product set — dried and fresh flower, oil, plants, and seeds; edibles and extracts were still a year away — and then opened stores at wildly

73 Cal Poly 2025 (McCullough, Scheitrum & Hamilton), p.48, verified against primary PDF
74 Cal Poly 2025, Table 7, p.46
75 CA Dept. of Cannabis Control Market Outlook 2024 (ERA Economics); CA Legislative Analyst's Office, FY2024-25

different rates. One year in, the legal market's share of consumption ran from 13% in the province with the fewest stores per user to 70% in the one with the most, and the researcher found that store density and price explained much of the spread[76]. Same law, same date, same product set — a five-fold gap in how much of the market the legal channel captured. It is the cleanest evidence in the literature that access, alongside price, is a major determinant of which channel wins the market.

Five years later, the follow-up confirms what the first study measured at year one. Hammond et al. (2025) — the same journal, co-authored with Beau Kilmer at RAND — found that Canada's legal market captured 78% of national cannabis expenditures by the twelve months ending September 2022, up from Armstrong's provincial spread of 13%–70% in year one. The transition has not plateaued: "legal retail sales have increased in a linear fashion, with no indication of a 'plateau' up to five years after legalization." The drivers are the same two Armstrong identified — store density and price. Canada built 3,332 licensed stores, up from 182 at legalization, and legal dried-flower prices fell as low as $3 CAD per gram, about a quarter of what they had been. The mechanism Armstrong found in a one-year snapshot held across five years at the national level: more stores, closer to consumers, at competitive prices, and the legal channel kept gaining.[77]

New Jersey's municipal opt-out is an access-suppression machine. The cross-state record says access suppression produces an unlicensed market — in a California county, in a Canadian province, on a New Jersey tourist strip. The mechanism is not local. New Jersey just happens to be running the experiment on itself.

Panel data and provincial studies measure the pattern at scale. One operator in this cohort has measured it himself.

One operator built facilities in two states with the same team and the same capital, and can compare them without the noise that confounds a cross-state table. In the other state, his team took a ground-up build from breaking ground to state inspection in five months and three weeks. In New Jersey, a retrofit of an existing building took longer. "Believe it or not," he said, "we got open much quicker with a ground-up build than we got open here."

The difference was not the construction. It was the environment around it. In the other state, the regulators "facilitated — they didn't get in the way." The inspectors came from a department that already regulated health-care facilities, knew what they were looking at, and conducted their walk-throughs accordingly — "the only thing they cared about was our trash can didn't have a lid on it in the break room. Well, they inspect hospitals … at least they knew." In New Jersey: "They don't know right here. They don't care." The contractors tracked the same split: in a state with a hard cap on cultivation permits, the builders treated each project as a showcase and

76 Armstrong 2021, "Legal cannabis market shares during Canada's first year of recreational legalisation," International Journal of Drug Policy 88:103028, verified against primary PDF

77 Hammond et al. 2025, "Transitions to legal cannabis markets: Legal market capture of cannabis expenditures in Canada following federal cannabis legalization," International Journal of Drug Policy 142:104828, verified against primary PDF

did not want to risk losing the next one. In New Jersey, hundreds of projects, and the money came up front.

"It is so night and day," he said. "Everybody pays first, pays first, pays first, and then it's incumbent on the investors and us to try to make it work."

Same team. Same capital. Same philosophy. A different regulatory environment, and a different result. And the operator who lived both offered, without prompting, the posture this report takes in its final section: "Their education is not something to be ashamed of. Learning is a good thing."

One operator in this cohort saw the alternative without leaving the region. The farmer from Section 3 — the operator zoned off the preserved farmland she was under contract to buy — pointed across the river to a state that wrote the rule differently. "In New York," she said, "that township can't opt out of cultivation." Her case is not a simple one, and the precision matters. She was not denied by a town. She won her municipal vote, she won the county, she won the State Board of Agriculture — and her license still expired without a plant in the ground, because the zoning rule underneath all those approvals gave a single neighbor something to sue about, and the litigation outlasted her purchase contract. New York removes the question at the state line, so no farmer has to win it three times and then lose it anyway.

And now she can point south. Virginia legalized retail cannabis sales this year, with New Jersey's results already on the table, and its drafters did not hand the decision to the towns. The framework enacted in June 2026 opens retail sales on July 1, 2027, under a cap of 350 store licenses[78]. And the law Virginia enacted does not let a town ban a cannabis business at all.[79] Localities keep ordinary zoning and land use, the hours a store may sell, and the power to loosen the state's buffer distances. What they do not get is the one power New Jersey handed all 564 of its towns: the veto.

New Jersey treated municipal opt-out as the natural order, the thing a cannabis law obviously contains. Virginia, drafting years later with New Jersey's results in front of it, treated it as a mistake to design out, and enacted the fix.

That is the whole argument of this report, turned over. The wall that runs through every story in these pages — the town that says no, and the market that collapses behind it — is not a feature of legalizing cannabis. It is a decision New Jersey made, and a different state, watching, chose not to repeat. Which means it is a decision New Jersey can revisit.

What that would take is the last section.

78 Marijuana Moment, June 29, 2026; Virginia HB30 budget, enacted Item 4-14 #4c (Conference Report), verified 2026-07-02 ↗

79 "No county, city, or town shall, except as provided in § 4.1-630, adopt any ordinance or resolution that regulates or prohibits the cultivation, processing, possession, sale, distribution, handling, transportation, consumption, use, advertising, or dispensing of marijuana or marijuana products in the Commonwealth." — § 4.1-629(A), Code of Virginia, enacted in the HB30 budget (Item 4-14 #4c, Conference Report) adopted June 29, 2026, verified 2026-07-02 ↗ ↗

PART FOUR · THE WAY OUT

12 What Has to Change

Every wall in this report was built by a decision. That is the one piece of good news in it, because a decision can be remade. But not by everyone, and not all at once. The way to waste this report is to read two dozen operators describing the same trap and conclude that everyone is at fault and therefore no one can fix anything. Each wall has an owner. Here is who holds which one, and what the operators who hit it are asking for.

> **“Treat us like we’re a normal business, like everybody else. That’s all I think any of us would like.”**
>
> — An operator reducing the whole ask to one sentence

One operator reduced the whole ask to a sentence. “Make it even playing field, period,” he said. “What they can do, we should be able to do what the liquor stores can do.” And then, plainer: “Treat us like we’re a normal business, like everybody else. That’s all I think any of us would like.” Every recommendation that follows is a specific version of that.

One clarification before the list, because it is the honest ordering. Read the interviews cold and the barrier operators name most often is not the town. It is capital — the banking wall, the absence of lending, the terms available to a first-time cannabis borrower. That wall belongs to Washington, and no bill in Trenton touches it — though the SAFE Banking Act and its successor the SAFER Banking Act have been introduced, passed one chamber, and failed to become law multiple times. Municipal control is the second wall. It is the one New Jersey built, and it is the one New Jersey can take down. That is why the report starts here: opt-out is the one wall in these pages New Jersey can tear down on its own, without waiting on Washington, a court, or anybody else.

WHO OWNS WHICH FIX

1. **Legislature.** Repeal opt-out — the root fix. The road: fee caps, shot clocks, referendum requirements, wholesale prompt-pay, agricultural zoning.
2. **Court.** Codify the statement-of-reasons rule already imposed. The court that imposed it did not order the license — it vacated the order that had required one, and remanded to the same council. Add the three things a court cannot give: a fee cap, a shot clock, a remedy that does not require a lawyer.
3. **State.** A coordinated review track so environmental and land agencies stop running separate clocks inside the licensing clock.
4. **Congress.** Banking access. The wall New Jersey did not build and cannot tear down.
5. **Commission.** Four gaps: payment enforcement, testing enforcement, a usable buyer contact path, data transparency.

The legislature: the honest horizon, and the road to it

The root fix matches the root cause. New Jersey wrote municipal opt-out into its 2021 law; the legislature can write it back out. That is the position.

It is also not happening this session, and pretending otherwise would waste the ask. Home rule was the price of the votes that legalized cannabis in New Jersey. Municipalities were promised the last word, and the legislators who traded for that promise are still in the building. Anyone who walks into Trenton and opens with repeal has ended the conversation in a sentence. So repeal is the horizon. Here is the road. And the door is not sealed. In May 2026 the legislature amended the opt-out provision itself — N.J.S.A. 24:6I-45 — to exempt existing medical cannabis operators from municipal review when co-locating an adult-use retail license[80]. It is the first statutory exception to municipal prohibition power since CREAMMA was enacted. The power exists and was exercised four months ago, in the very statute this section asks to amend.

Split the question first. Retail opt-out and cultivation opt-out are the same statutory power doing two very different things, and the evidence separates them. A town that bans a dispensary is deciding what its own residents can buy within its borders — a decision with a genuinely local character, whatever you make of it. A town that bans cultivation is not sparing its residents anything they will ever see. It is refusing to host a farm.

Then the package that can move now. Every item traces to a finding in this report:

- A cap on local application and host-community fees. Two towns charged one applicant ten thousand dollars each, non-refundable, simply to be considered (§3).
- Codify the statement-of-reasons requirement a court has already imposed — see below.
- A referendum requirement for prohibition, on the Massachusetts model: G.L. c. 94G § 3(a)(2) requires a municipal referendum before any city or town may ban cannabis businesses, and has since January 1, 2020. It is precisely the check New

80 N.J.S.A. 24:6I-45(b), as amended by A5051 / P.L. 2026, c. 13

Jersey omitted — 383 of the 386 towns that do not permit cultivation had voters who approved legalization (§2).

- An approval shot clock, so a town that means no has to say so. The social-equity grower turned away at roughly fifty locations was rarely told no. He was told later (§3).
- Municipal cannabis education. The operator with the strongest municipal relationships in the cohort — local, on a first-name basis with his town — named this as his single magic-wand answer: "there should be real clear conversations" between operators and municipalities, because "the industry is not going to advance again until we have more municipalities on board. And I don't think the municipalities want to come because they're not seeing it yet." A second grower, turned away by three of his own towns, arrived at the same answer independently: the officials "are uneducated on cannabis. They really don't know." Two operators with no contact, converging on a fixable gap.
- Wholesale prompt-pay, on the model the state's own alcohol regulator already runs (§8).[81]
- Agricultural zoning for cannabis. The cheapest item on this list, and it closes the farmer exclusion in §3 by itself. One operator proposed the specific mechanism: a co-op on state-owned preserved agricultural land, where micro-cultivators share the security, fencing, cameras, and ADA compliance infrastructure that no individual farmer can absorb. The greenhouses exist. The growing infrastructure exists. What does not exist is a regulatory pathway that lets a farmer use it.
- Electronic permitting enforcement. One operator lost two months of construction timeline because his township would not accept electronic plan submissions — his engineer was out of state, and every revision required printing, signing, sealing, and physical delivery. The township told him on the way out that New Jersey had passed the law requiring electronic submissions. It would be implemented "sometime in 2026." The fix arrived after the damage was done.
- Hemp product-standard parity, before November 13 (§4).

And one argument aimed at the councils rather than the legislature. New Jersey lets a host municipality collect a local transfer tax on cannabis — up to 2% on cultivation, manufacturing and retail, and up to 1% on wholesale. Two-thirds of the state's towns collect nothing on a market their own voters approved by decisive margins — and the towns that closed their doors cast 57% of the Yes votes in that election (§2).

81 N.J.A.C. 13:2-24.4(a) to (h), "Regulation of wholesaler credit" — one section of the twelve in subchapter 24, "Trade Member Discrimination, Marketing, and Advertising." (a): "The maximum period for which credit may be extended in sales made to retailers is 30 days from the date of delivery in the case of all sales of any type of alcoholic beverage." On default the wholesaler serves a "Notice of Obligation" within three business days (b); on the third business day thereafter a "Notice of Delinquency" is transmitted "to all wholesalers of alcoholic beverages who sell to retailers in this State," and any wholesaler receiving one "shall not sell alcoholic beverages to that account on credit terms until it has received a 'Notice of Satisfaction' thereof" (c), which follows within three business days of payment (d). A retailer who gives immediate written notice that the claim is disputed halts the Notice of Delinquency (c) and initiates a review by the Division (b), (f). Operated in practice through the industry's credit clearing corporation. Nothing in 13:2-24.4 conditions a license renewal on payment; the renewal precedent in New Jersey alcohol law is the tax clearance certificate required by N.J.S.A. 33:1-17.1 and withheld under N.J.S.A. 54:50-28(c). New Jersey Division of Alcoholic Beverage Control. ↗

What the court already did — and the three things it could not do

In March 2026 the Appellate Division held, in a published opinion, that a New Jersey municipality retains "wide discretion under its general police powers to deny the issuance of an ROS," but "has to provide a discernible reason for its determination" — because the state's regulation "offers no exemption for municipalities from providing in an adopted resolution the basis for denying local support."[82]

The scope is narrower than the headline. The case is about an applicant's resolution of local support. It does not reach opt-out ordinances at all. A town that has closed its borders blocks everyone, owes no one a reason, and is untouched by this ruling. The court also declined to order the town to approve — it vacated the trial court's order requiring the resolution of local support and remanded to the council for a new resolution stating a basis, expressly declining to "express [an] opinion on the outcome." What the case establishes is transparency, not a right to a license.

And the record shows what winning that case actually bought. Higher Breed applied in December 2023. The council never granted local support of its own accord: on August 14, 2025 a judge denied the council's motion for a stay and ordered it to issue the resolution, and the council issued it on August 25. The following March the Appellate Division vacated the order that had compelled it and sent the applicant back to the same council — with still no indication in the record that a license had issued. That is the applicant who won — with counsel, through a published appeal, against a municipality — and on the record before the court, no license had issued. It was chasing a retail license, not a cultivation one. The resolution of local support is the same gate either way.

Now read it against §3. The council that took a compliant applicant's fee, denied him, and entered nothing in the record was producing precisely the defect the Appellate Division has since ruled on. That grower's own denial has never been litigated, nothing here suggests his town broke a law, and his denial predates the ruling by two years. His experience is simply the fact pattern the courts have had to correct since.

Which changes the shape of the ask. It is no longer "enact this." It is: codify what the court already required, and add the three things a court cannot give.

A fee cap — a court can strike an unreasonable fee case by case, at the cost of a lawsuit and on a clock most operators cannot afford. What no court can do is set a number for the state.

82 Higher Breed NJ LLC v. City of Burlington Common Council, No. A-3414-24 (App. Div. Mar. 3, 2026) (approved for publication), verified 2026-08-02. Disposition, slip op. at 2: "we affirm in part, vacate in part, and remand the matter to the City Council for further proceedings consistent with this opinion." Post-judgment posture, slip op. at 11: "On August 25, 2025, the City Council issued Higher Breed the ROS. There is no indication in the record that the CRC issued Higher Breed the CRL." The deferential baseline the panel worked against is Big Smoke LLC v. Township of West Milford, 478 N.J. Super. 203 (App. Div. 2024), which the Higher Breed panel cites at slip op. 11 — "see also Big Smoke LLC, 478 N.J. Super. at 217" — and which the Burlington council invoked in the record below for the proposition that "municipalities have wide discretion in deciding to grant, deny[,] or reconsider requests for [an ROS] for cannabis businesses" (slip op. at 9). Higher Breed narrows that discretion by requiring a discernible basis on the record; it does not disturb it. ↗

A shot clock — a reason requirement does nothing to a town that never votes at all.

And a remedy that does not require a lawyer inside six weeks. New Jersey's prerogative-writs rule gives an aggrieved applicant forty-five days to file. Set that against the operators above: the ones who could not afford the application, could not afford counsel, could not afford the municipal fee. A judicial remedy available only to someone who can retain a lawyer within forty-five days of a denial is not a remedy for the people this report is about. It is a remedy for the people who were going to be fine.

The state: stop running two clocks the grower can't sync

Even after a town says yes, the land has its own governments, and they do not answer to the agency that issued the license. The fix is not the Commission's to make alone — it cannot order another agency to move. It belongs to the state: a coordinated, cannabis-aware review track so the environmental and land regimes do not run a separate multi-year clock inside the licensing clock.

The need is documented: the twelve-month environmental approval that took thirty-six — a state agency running its own clock inside the state's licensing clock, untouched by any municipal reform (§1); the eleven-month Pinelands certificate of filing, returned inconsistent, inside a twelve-month approval window that ran the whole time (§3); the six figures sunk into a Pinelands site in a town that wanted the grow (§3); the buried-tank remediation paid to satisfy agencies that have nothing to do with cannabis (§3). The Governor's office, the Department of Environmental Protection, and the Pinelands Commission can sequence their reviews with the CRC's so a grower runs one clock, not three that refuse to acknowledge each other.

FOUR GAPS THAT ARE SQUARELY THE COMMISSION'S

1. **Payment-agreement enforcement.** Adapt the alcohol regulator's credit mechanism: a thirty-day payment cap, a notice of default, and a statewide notice of delinquency that puts the non-paying retailer on cash-on-delivery — six business days from missed invoice to cutoff, no license at stake. One step further, and a deliberate departure: condition license renewal on payment compliance, so the non-payer carries license exposure the alcohol rule does not impose.
2. **Testing enforcement.** Shelf audits, round-robin proficiency testing, QR-linked certificates of analysis.
3. **A usable buyer contact path.** Add ordering contacts to the dispensary list the state already publishes.
4. **Data transparency.** An operator-actionable market dashboard built from data the state already holds.

Congress: the banking wall is yours

The landlord, the bank, and the insurer make up the one wall here that New Jersey did not build and cannot tear down. A landlord loses his federally backed mortgage and his insurance for housing a cannabis tenant because cannabis is illegal under federal law. That is Washington's to fix — banking access first, and ultimately descheduling.

The cohort lived it. A landlord of thirty years was refused a loan against his own building "because you're weed," then tried to triple the rent (§3). An operator who reached the far side of the gauntlet described the only debt available to him as "usurious rates... just sitting over us trying to crush us" (§3 and §6). New Jersey's lever here is small — it can encourage state-chartered institutions to serve the industry and little more. The wall comes down in Congress, and the federal failure should not be scored against the state agency.

The Commission: four gaps that are squarely yours to close

Four problems in this report sit inside the Commission's own authority.

> **"If you want license renewal, you need to be able to cover your bills."**
>
> — A cultivator on what the Commission should ask of retailers who do not pay

The first is the payment-agreement enforcement gap. Operators in this cohort say the Commission pulls their wholesale supply agreements during onsite assessments; it enforces no rule about whether the payment terms inside them are honored[83]. One cultivator was handed a 90-day agreement by a buyer big enough to dictate terms — "net 120, 150, whatever it is," as he read it — before that buyer backed off.

New Jersey already runs the fix in another industry, and it is faster than anything a court or a license hearing could deliver. The rule is N.J.A.C. 13:2-24.4(a) to (h), "Regulation of wholesaler credit." It caps the credit a wholesaler may extend a retailer at thirty days from delivery. On default the wholesaler serves a "Notice of Obligation" within three business days; on the third business day after that a "Notice of Delinquency" goes "to all wholesalers of alcoholic beverages who sell to retailers in this State"; and no wholesaler that receives one may sell to that account on credit until a "Notice of Satisfaction" arrives, which follows within three business days of payment. Six business days from a missed invoice to a statewide cash-on-delivery cutoff, with no license at stake.

It is not a blunt instrument, and that is the part a drafter should copy. A retailer who gives immediate written notice that the debt is disputed stops the Notice of Delinquency where it stands and sends the claim to the Division for review. The valve is what makes a self-executing cutoff survivable for the buyer, and it is the answer to the first objection any buyer's lobbyist will raise. Copy the whole of it: a maximum payment period written into the rule, a notice of default, an industry-wide cash-on-delivery cutoff on non-payment, and a written-dispute path that halts the cutoff and goes to the regulator.

And one step past that, which this report proposes on its own account. An operator in this cohort proposed exactly this, and I would go where he went: condition license

83 N.J.A.C. 17:30-9.7(e); 17:30-20.3(d)(2)

renewal on payment compliance. No alcohol rule conditions a renewal on payment of a trade invoice. But New Jersey already conditions a liquor renewal on the licensee being square with the State — under N.J.S.A. 33:1-17.1 a retail license "shall not be issued, renewed or transferred" unless the licensee holds a tax clearance certificate, and that certificate is withheld from a licensee who "has not paid or remitted all tax, penalties, interest or fees due …" (N.J.S.A. 54:50-28(c)). Nor is that all-or-nothing: the director may issue an interim certificate where he is satisfied the licensee "will resolve all such delinquencies and deficiencies." The principle is already New Jersey law. The State refuses to renew a liquor license for a licensee who has not paid what he owes the State; the Commission should refuse to renew a cannabis license for a licensee who has not paid what he owes the grower. It is the heavier of the two instruments, and a regulator will reasonably resist pulling a license over an invoice — so the cash-on-delivery cutoff is the one to build first.

And here is why a court is not the answer for this one. A profitable operator in this cohort actually won a judgment against a buyer who did not pay, took it to his state monitor, and got congratulated. Not helped — congratulated. He asked for the debtor's banking information, which the state holds because every licensee must disclose where it banks, and was told it could not be shared. "I can win the court case," he said, "but if I don't have their banking information, it goes nowhere. I have to pay a marshal $1,600 to find it out and then another $1,600 to serve the papers." A remedy that costs $3,200 to attempt, after you have already won, is not a remedy. The Commission does not need a courthouse to fix this.

The second is testing enforcement (§10). Across the cohort, operators describe laboratories competing on inflated THC numbers and mold counts they say are recorded as "non-detectable," with labs that report straight losing business for it. A micro-grower was told by more than one lab, "We'll get you the numbers you need" (§10). Another operator's tester told him she had lost 70% of her business to friendlier competitors (§10). A third called it "the worst-kept secret in the state, but nothing gets acted on" (§10). But the incentive only resets when the regulator acts. Shelf audits — purchasing product from licensed dispensaries and submitting it for independent testing — would surface the gap between what the label claims and what the jar holds. Round-robin testing, sending identical samples to multiple labs and comparing what comes back, would surface the gap between laboratories. Mandatory QR codes on product labels, linking directly to the certificate of analysis, would let the consumer see the data for himself. These are concrete measures, and the Commission has the authority to impose every one of them.

The testing recommendations above — shelf audits, round-robin proficiency testing, QR-linked certificates of analysis — need an institutional home. A state reference laboratory, or a designated contract lab operating under state oversight, is the anchor that makes the rest of it work. It is where the round-robin samples originate, where a disputed result gets re-tested, and where the data lives.

An operator in this cohort described shipping his own product to a dispensary and buying it back to hand someone a sample. A defined internal sampling pathway — with Metrc chain-of-custody tracking, per-employee quantity caps, and mandatory

destruction logging — would let a cultivator evaluate his own flower before it reaches a shelf. Washington State finalized exactly this framework in April 2025.

The six-month expiration clock that §7 described starts at harvest, but curing eats the first thirty to sixty days. The Commission's own published interpretation — Comment 196, in the New Jersey Register — defines the start date as "post-curing, when the cannabis cultivation is complete and the usable cannabis is in its final form." Aligning the clock with that interpretation — completion of curing, not harvest — adds no new rule. It enforces the one the Commission already wrote.

The badging process that §10 described has a fix modeled on systems Colorado and Oregon have run for a decade: a portable, biennial occupational license held by the worker, not tied to any single employer. One credential, good statewide, renewed every two years. It eliminates the bottleneck without eliminating the background check.

The third is smaller than the others and cheaper than all of them: publish a usable buyer contact path. The Commission already issues every licensee a list of the state's dispensaries. It issues it without ordering contacts, without accounts-payable contacts, and against a backdrop in which a cultivator has almost no lawful way to advertise that he has product at all (§8). The result is a licensed operator with a harvest in a vault and three hundred buyers he cannot reach. Adding a maintained ordering-contact field to a list the state already publishes costs nothing, requires no legislation, and would have saved at least one operator in this report an entire first harvest.

The fourth is data transparency (§10). The Commission publishes, but not in a form an operator can use to make a decision. The fix is an operator-actionable market dashboard — current wholesale prices, license activation, dispensary counts by region — built from data the state already holds. This report's entire diagnosis ran on market data the state collects but does not publish usably; a grower modeling a buildout is flying blind on the one number that decides his survival, the wholesale price.

The application desk and the equity mandate: legislature and Commission together

The entry gauntlet of §5 is the one wall the state built itself, and the cheapest to tear down. The fixes are concrete: application navigators, fee relief and waivers for equity applicants, and state-funded counsel.

And one the state has already half-built. New Jersey runs a training academy for cannabis applicants. It covers real ground, and an operator in this cohort volunteered that the Commission "knocked it out of the park" on it (§1). The program has also continued to evolve — recent CTA events have offered applicants access to free legal counsel and accounting support, a concrete step toward closing the professional-services gap this section describes. But the graduate in this cohort who finished the curriculum still believed the Commission could bar him from ever applying again — a rule that does not exist — and stopped mid-application because of it (§5). A

program that is good and getting better still has to reach the person it was built for, and that person walked away believing he could not try. Fund it, fix the curriculum so it discloses the applicant's actual procedural rights, and market it to the people it was built for. It is the least expensive recommendation in this section by an order of magnitude.

The filter screened out exactly the people the program named: the 750-page application and the $80,000 to file it (§5); the equity applicant paying $5,000 a month for counsel while "Jersey didn't provide anything" (§5); the applicant with a cannabis felony who priced the lawyers, weighed a bar that was never real, and stopped mid-application (§5). One operator described the 51% ownership rule — meant to protect equity founders — as having the opposite effect: a structure that "invites predators" (§6). The mandate should be redesigned to protect the founder it was written for. Equity that is eligible but unaffordable is not equity.

Hemp: the November 13 cliff, and parity for whatever survives it

The intoxicating-hemp channel will not close on its own, whatever the calendar suggests. New Jersey's authorization expires November 13, 2026. The legislature keyed it to the federal total-THC standard (§4), but Congress has since moved that standard: the synthetic and converted products are gone on November 12, while the 0.4-milligram container cap does not land until December 11[84]. The state authorization lapses twenty-eight days before the federal cap closes the rest of the channel, and it lapses with no permanent rule behind it. So the real work lands at the cliff: what replaces the channel, and whether whatever survives it carries the licensed product's obligations. The durable version is a product standard, not a channel: any product delivering an intoxicating THC dose to a New Jersey consumer should meet the same standard as the licensed product beside it — the same contaminant panel, the same labeling, the same age gate, comparable tax — wherever it is sold, whichever plant the molecule came from. That is the principle Congress enacted for November 2026, it is the legislature's cleanest available fix, and it survives the obvious objection. This is not the licensed industry asking that everything be routed through its own stores. A hemp beverage that passes the full panel and cannot be sold to a nineteen-year-old is a product this report has no quarrel with. One that clears a potency check and nothing else is not competing with licensed cannabis on quality or price; it is competing on the cost of compliance, which is a competition the state chose to allow. Virginia's total-THC standard survived a federal appellate challenge as to the total-THC measure, and has since been updated through HB30 (enacted June 29, 2026, new cap effective August 15, 2026). The approach is sitting there to be adapted.

Two things follow. Whatever survives the cliff has to carry the obligations — that is the ask. And the demand the cliff displaces has to be able to reach a licensed store, which loops straight back to the two-thirds of the state that still will not host one. The hemp fight and the opt-out fight end in the same place.

84 Pub. L. 119-103 (H.R. 6500), signed September 2, 2026, §2019; enrolled bill text at, verified 2026-09-10 ↗

One thing operators can do this week

New Jersey's first grant rounds were a sore point across the cohort. An operational micro-cultivator watched the money go to applicants who were not: "there were supposed to be like 40 grants and… none of us got those. People who weren't operational got those grants" (§12). A self-funded operator applied and was passed over (another operator in the cohort).

The state has since moved the other way: the grant open now gates on being operational. That is the fix those two were asking for. It is also, in the cohort's own account, a trade — and the operator who put it most clearly is the one it leaves out. A pre-operational grower, several years into a build, granted the logic and named the cost in the same breath. The state's grants, he said, "are only for operational businesses that have proven cash flow, which also makes sense." And that is "contradictory to what they were actually trying to do in the beginning, because there are good, hard working people who are going to knock this out of the park once they get to market." Gating on operations rewards the growers who survived the gauntlet and shuts the door on the ones still inside it. Both things are true, and a program that means what it said in 2021 has to answer for the second one.

The grant is open now. The NJEDA Cannabis Business Development (CBD) Grant is a one-time reimbursement of up to $75,000 for eligible compliance and operating costs — you document $75,000 in eligible expenses and the state reimburses them; it is not a cash grant. To qualify you need a current annual CRC license — cultivator, manufacturer, retailer, or testing lab — and a New Jersey Certificate of Formation; multistate operators are not eligible. Roughly $5 million remained as of the state's May 26, 2026 notice, awarded first-come — an operator should confirm current availability before relying on it. Apply at njeda.gov/cbd-grant[85].

It is not enough to build a business on — and it is not supposed to be. One operator's flat read on state grant money generally was that it "will be eaten up so fast, probably, in attorney fees," and she was not asking anyone for a larger one. It is a single concrete lever among the structural fixes that matter more. But it is open, it is real, and it is the rare item on this list an operator can act on without waiting for the legislature.

85 NJEDA Cannabis Business Development (CBD) Grant program page, njeda.gov/cbd-grant, and NJEDA release "$5M in Funding Still Available," May 26, 2026

The choice

New Jersey did not intentionally set out to build a market that screens for the deepest pockets, sends the customer back to the unlicensed seller, and pays the surviving grower on terms that stretch past 120 days. It legalized a market and then let two-thirds of its own geography refuse to host it, and everything else ran downhill from there. The operators in this report are not asking for a handout or a guarantee. They are asking the state to stop making the one decision that breaks them before they start.

And the audience for that ask is larger than Trenton. New Jersey is not the cautionary tale because it is the worst. It is the cautionary tale because it is early enough to see the whole machine running, and close enough to the states drafting behind it — Pennsylvania, Virginia, the next ten — that they can still read the result before they pour the same foundation. Virginia chose differently on the way in. New Jersey still gets to choose differently on the way through.

PART FOUR · THE WAY OUT

13 For Those Who Come Next

At the end of every one of these conversations I asked three questions: what would you do differently, what would you tell someone about to start their buildout, and what does it actually take to survive year one. Twenty-two of the twenty-four gave a usable answer to at least one. Nineteen named something they would change. Twenty gave advice to a stranger who has not started yet.

The section is theirs — the people in it have earned the floor, and most of what follows contradicts something I would have guessed.

Start with the one who refused.

> **“I don’t really know if I have any advice. I haven’t achieved anything yet.”**
>
> — A grower years into a build that has not opened

A pre-operational grower, years into a build that has not opened, was asked what he would tell someone in his position. He gave an answer first: know your numbers, stay patient, be efficient. Sound advice from an operator who has been inside the gauntlet long enough to see what it demands. Then he withdrew it. “I don’t really know if I have any advice,” he said. “I haven’t achieved anything yet.” That is the honest floor under this entire section. He gave real advice and then took it back because he felt he had not earned the right to offer it. A large share of this cohort is still building. Their advice is worth having and it is not the same thing as a track record, and the first operator to say so was one of them.

What they would do differently

The most common answer was not a regret. It was a regret that took itself back.

Asked what she would change, an operator who lost a multi-year project without ever growing a plant said: “it’s a that’s an easy hard question because I want to say

yes and no. I would say no because I think I went about everything the right way. I think you know morally I feel good about everything. I think I went in with great intentions. I was prepared." Then the other half. "I would say yes because of the outcome… we sacrificed the time, money, you know, relationships and things like that. Um, but it didn't yield the result that we wanted." And then, plainly: "I would do things differently, but exactly what that would be, I'm not sure. I'm really not sure."

Seven operators gave some version of that shape. One named an equipment decision and withdrew it in the same breath — he would have bought better, except that at the time it was a financial decision and he does not know that he would actually have chosen otherwise. Another would have negotiated his warehouse lease harder, and then: "we could have negotiated that a little harder, I think. Um, and that would have saved us probably money, but we're It worked out."

Sit with that pattern, because it is the most defensible finding in this section. Ask a room of people who have been through a four-year gauntlet what they got wrong, and most of them cannot find a decision that would have changed the outcome. That is not modesty and it is not evasion. It is what it looks like when the binding constraints were never in the operator's hands.

And then the version that lands heaviest. "I guess I'm kind of not kidding," one operator said. "I question if we would have done this again, knowing what I know now." He is not undercapitalized. He is not inexperienced. He cleared every wall in these pages and built the business. If that operator says it, the finding is not about individual preparedness. It is about the market.

The one instruction three of them reached separately

There is exactly one piece of concrete advice that more than two operators arrived at independently, and it is the opposite of what the industry tells you to do.

Build smaller than you can afford to.

"I probably wouldn't have maxed out the square footage of the facility and the money to build," one operator said. "I would have brought it probably on in different stages. A little bit slower… I probably would have brought a room or two on and not have even fitted it out and got my feet wet and figured the market out a little bit more, developed some relationships further with dispensaries and had just less quantity to move at first, have less overhead, have less all that. Less in, less out." "That would be my one thing."

A multi-licensed operator on the far side of the gauntlet said it in four words: "start small, scale up." A third brought his rooms on in stages and is one of the few profitable growers in the cohort.

Three operators, three scales, no contact with each other, same instruction. Against a market where the wholesale price fell thirty percent while these buildings were going up, the operator who commissioned half a facility and waited was making a bet on optionality that the operator who maxed out his square footage could not make.

And then the dissent. One operator said the opposite: he should have built bigger. “The only thing I would do differently is probably find a bigger location.” He settled for a thousand square feet after being turned away from roughly fifty properties across three towns. His reason for the dissent is itself a finding — he did not choose small because the model told him to. He chose small because the land gauntlet in §3 compressed his options below what the market required, and the desperation to lock down any location overrode the judgment to wait for a bigger one. The dissent does not weaken the convergence. It shows what happens when the gauntlet squeezes a grower’s choices past the point where the right answer is still available.

What they would tell you

Here the cohort splits.

The most-repeated advice in these interviews is some version of don’t, unless you love it. One operator’s entire answer to what he would tell a license holder about to build was a single word: “reconsider.” He elaborated afterward — go in eyes wide open, do not go in thinking you will make loads of money, you have to have the passion — but the one word came first and he did not soften it.

> **“Do anything else with your time, your money, your capital.”**
>
> — An operator who gave the polite answer first and then the real one

Another asked permission to give two answers, which is worth watching. “Answer number one would be, do not do this. That’s my answer, unless, unless you really love it, you need to eat, breathe, shit and drink the industry. You need to want to be a part of it.” Then: “my real answer would be, do anything else with your time, your money, your capital.” He gave the qualified version first and then told me the unqualified one was the real one.

A third put it as a filter rather than a warning: “if I would say don’t give up if you’re passionate about this. If you really love this s—, don’t give up. But if you don’t love this s—, give up right now.”

> **“Put your dream aside and focus on the numbers.”**
>
> — An operator correcting the order of operations

Not everyone told you to stay away. One operator told you to change the order. “Go to the money first,” he said. “Forget about the project and the engineering and focus solely on the numbers. I’m a horticulturist, right? And I love plants, but a

horticulturist doesn't run a successful cultivation business. A business person does." His advice crystallized further: "Put your dream aside and focus on the numbers." Not a warning to stay out. A correction about what to do first.

And then the dissent.

> **"Keep going, bro. Don't take no for an answer. Worth it. Anybody can do this."**
>
> — An operator who told you to keep going

One operator — debt-free, self-funded, profitable, the one who built his whole model at $1,200 a pound from the first day — said the opposite of everyone else. "Keep going, bro. Don't take no for an answer. Worth it. Anybody can do this. I mean, honestly, the paperwork, everybody's always so fearful of the paperwork. Like, there's a resource for everything. I mean, you can — There's two choices. You can work your ass off and accomplish it, or you can pay somebody and accomplish it. But there is always a path." He credits a team: "my [farmer] and I, we surrounded ourselves with the right people that accomplished this goal." And then the cost he named in the same breath: "Every day is a struggle. But then give up your life, bro. Because farming ain't easy." That is not contradiction. It is the full picture — the most optimistic voice in the cohort telling you it will consume you.

His optimism is not naïveté, and it should not be read as the one guy who got lucky. He is the operator in §6 who modeled for the market that would exist when he arrived instead of the one that existed when he broke ground. The person in this cohort with the most reason to be encouraging is also the one who modeled the market everyone else missed.

Against the "don't do it" and "do it differently" answers, one operator did something none of the others did: he found a side door. When the direct path to cultivation was blocked by capital, he started a business serving cannabis growers — to build credibility and revenue in the industry while he works toward the license. "Do I want to grow? Absolutely, 100%," he said. "Am I planning on generating enough capital and then going for a license again? For sure I do." He did not give up. He redirected. That is a finding this section should carry.

An operator who cleared the gauntlet — licensed, operational, growing — gave advice that reads like a survival multiplier: "Collect more money than you think you're gonna need," he said. "That's the advice my consultant told me a long time ago, and it stuck with me." And then: "Get a really good pair of walking shoes — not literally, but maybe — it's a marathon, not a sprint. You're gonna have to be patient and willing to put up with a lot of slow progress."

What it costs

Only two operators in twenty-four answered the question of what it takes to get open and survive the first year, and the two answers are five to six times apart.

One, scoped explicitly to his own facility class and no larger, said “you should probably have $6 million” — then revised it to “five to six million.” He listed what it has to cover: buildout overruns, the operating timeline, losses, inventory, employment, health insurance, energy. The other, running a micro, brought his build in for a little over a million.

Do not average those. The gap between them is not noise and it is not a range — it is two different businesses. And both figures conceal a subsidy that does not appear in either number. The larger operator general-contracted his own build, which is unpaid labor a first-timer has to buy. The smaller one had a friend’s construction crew that took deferred payment, which is a line of credit most operators cannot get from a bank at any price.

So the honest version of the answer is that nobody in this cohort can tell you what it costs, and the two who tried were both quietly carrying something they could not have bought. A third operator offered a multiplier instead of a figure: do not start until you have three times what you think you need.

And then the voice this section did not have enough of. An operator with $1.8 million in HVAC sitting in unbuilt space, who is building shared services with a competitor to stay alive, who sees the downturn coming and knows not everyone will survive — and whose answer is still: “I love what we do, don’t get me wrong on that, but the business side of it, man, it’s a rough business.” He is not pretending it will be easy. He is saying there has to be a way through it. “It’s not a straight path at all,” he said, “but there’s got to be a path through it.” That is not naïveté. That is an operational cultivator, eighteen months in, watching his own numbers and refusing to leave.

The last word

The operator who could not name what she would have done differently deserves the end of this section, because her answer is the report’s argument delivered by someone with no reason to make it.

She did everything the process asked. She won a town that had not wanted cannabis. She found a building, brought in her landlord as an investor, put two hundred and fifty thousand dollars of her own money in, and lost the project when the investor walked. She still holds the license. She is still looking for another town.

Near the end I told her what I had come to think, and I will put it here the way I said it to her. Looking at her story, I could not see a single thing she could have done differently.

She said thank you.

I have thought about it since, because it is the sentence I would most like to be wrong about. If she had made a mistake I could name, this report would be shorter

and easier and about her. She didn't. She won a town nobody thought she could win, and lost the building, and the town went with it.

Twenty-three other people in this report tell some version of that. Not the same story — different scales, different regions, different money, some of them profitable and some of them finished — but the same shape: the part that broke was never the part they controlled.

That is the finding. Not that New Jersey's growers were unlucky, or careless, or too many. That a state wrote a rule in 2021, and four years later the people it was written to include are still explaining, one at a time, why they could not get in.

They are still here. Not all of them, but most are still trying. The next twenty-four are already applying.

APPENDIX A

Interview Index

This report rests on twenty-four New Jersey cultivators, interviewed in the first half of 2026. They are listed below by code. Their real names are held in a separate confidential key and are not distributed with this document.

Each entry carries only what shows the breadth of the cohort without identifying the operator: a code, an approximate scale, a generalized region of the state, and the operator's status at the time of the interview. No town, no operator name, and no dollar figure appears in this index. Where the combination of even these generalized attributes risked identifying a specific operator, the entry has been generalized further; that is disclosed below the table rather than row by row, because marking the rows would defeat the purpose.

What the twenty-four share is not a business model, not a region, and not a balance sheet. It is the New Jersey market — the independent side of it. None of them operates in more than one state today; one held a license in a second state and sold that business before we spoke. They span every scale the program licenses except the publicly traded multistate operators — from a micro-grower working a few hundred square feet of canopy to a larger operation running multiple production formats. And they span every stage of survival and failure: operating and profitable, still building years after winning the license, license expired before it could be used, and abandoned before a single plant went in the ground. When a cohort this varied describes the same wall, the breadth is the evidence.

Code	Approximate scale	Region (generalized)	Status at interview
Cultivator-01	Micro	South Jersey	Operating
Cultivator-02	Micro	—	Operating
Cultivator-03	Micro	South Jersey	Still building
Cultivator-04	Larger-scale	North Jersey	Operating
Cultivator-05	Micro	—	Still building
Cultivator-06	Standard cultivation (Class 1)	South Jersey	Still building
Cultivator-07	Standard cultivation	North Jersey	Operating
Cultivator-08	Larger-scale cultivation	North Jersey	Still building
Cultivator-09	Would-be farm cultivation (agricultural)	—	License expired
Cultivator-10	Micro	South Jersey	Still building
Cultivator-11	Micro	South Jersey	Still building
Cultivator-12	Standard cultivation	—	Operating
Cultivator-13	Standard cultivation + manufacturing	South Jersey	Operating

Code	Approximate scale	Region (generalized)	Status at interview
Cultivator-14	Micro cultivation (micro manufacturing license held, not activated)	—	Operating
Cultivator-15	Larger-scale cultivation	—	Operating
Cultivator-16	Micro → standard (expanding)	South Jersey	Operating
Cultivator-17	Cultivation	—	Still building
Cultivator-18	Micro	North Jersey	Operating
Cultivator-19	Micro	North Jersey	Operating
Cultivator-20	Standard cultivation + manufacturing	North Jersey	Stalled (never operational)
Cultivator-21	Standard cultivation + manufacturing	—	Operating
Applicant-01	Pre-license applicant (social equity)	—	Abandoned application
Applicant-02	Micro (social equity)	South Jersey	Abandoned (license surrendered)
Retailer-01	Micro retail + cultivation/manufacturing	South Jersey	Still building

The cohort is twenty-four. "—" marks a region not established from the available records or withheld to protect identity. Several rows are generalized beyond the level shown for other operators, and scale, region, or licensing history has been withheld or broadened where the combination would have identified someone. Status reflects the operator's position when interviewed in the first half of 2026, not necessarily today; some have moved since, and where the report knows an operator's position has changed it says so in the text.

The spread, in one line: twelve operating, eight still building after multiple years — seven cultivators and the one retailer — one license expired before use, and three abandoned or stalled before a single harvest.

APPENDIX B

Methodology

This report is built on operator interviews and checked against the public record. The method follows from that.

How the cohort was assembled

Over the first half of 2026 I sat down with twenty-four New Jersey cultivators. Here is how the twenty-four were chosen.

I got the contact list from CannaSpyglass's database of licensed and applicant operators and cold-emailed everybody on it. The first contact was a research-invitation email — subject line "Research: Why 92% of NJ cultivation licenses aren't operational" — that laid out the project, offered participants early access to the findings and benchmark data, and promised anonymity in writing from the start: operators were "anonymized by default… unless you want to be quoted." A short one-page research summary was attached. A second wave re-engaged operators who had not responded, and individual invitations and introductions filled out the rest. Whoever responded, responded. Both emails are reproduced in Appendix D with the disclosures that attach to them: the subject line stated a conclusion; the first email handed every recruit a price slope and a list of candidate barriers with municipal opt-outs first; the second told non-responders the interviews were converging. Eighteen of the twenty-four interviews had already happened before that second email; six were conducted after its send date, though only two of those six were recruited by it — the rest came through industry connections and never received it. The split is set out in Appendix B. That is the strength of the sourcing and also its obvious risk — a circle reached by cold emails and referrals is not a random sample, and whoever chose not to respond is not in this report.

The selection objection deserves its full statement: a subject line that states a conclusion is an invitation to grievance, and an operator who thinks New Jersey's program is working fine has less reason to spend forty-five minutes answering it. If that filter were driving this cohort, it would over-sample failure.

It does the opposite. Twelve of these twenty-four operators are operating — fifty percent, against a population base rate of roughly sixteen to nineteen percent for Class 1 cultivation licenses that have reached "licensed to operate" (§6, Appendix C). This cohort over-represents working businesses against the licensed population by about three to one. Whatever this sample is, it is not a collection of the aggrieved. It also contains its own dissenters, and any account of it as a grievance panel has to eat them: the debt-free operator running better than fifty percent margins; the

profitable grower who walked his own near-death claim back to “extreme challenging” while I was writing it down; the operator who volunteered “I have nothing bad to say about the CRC”; the founder whose mayor and council backed her to the end and who never named a municipality as a barrier at all; and the grower whose opted-out town rezoned for him in under three weeks.

The second answer is on the price frame specifically. Email 1 handed every recruit a slope — about $3,000 a pound in early 2024 falling to about $2,100. If that number anchored the cohort, the operators would have clustered near it. They landed on $1,200, forty-three percent below the anchor, and one of them had been modeling that figure since 2021. An anchor that everybody walks straight past is not doing the work the objection needs it to do.

What none of that fixes is the operator who never replied. Roughly three hundred non-responding license holders received the second email and two interviews came of it; the ones who deleted it — including anyone who thought the premise was wrong — are not in this report and cannot be. That is the real limit of this method, it is not measurable.

One limit of that span: the cohort is entirely independent operators and applicants. None of the twenty-four operates in more than one state today — though one held a license in a second state and sold that business before we spoke, and another was under a manufacturing contract with a multistate operator. This is the view from the independent side of the market, and where the report describes MSO leverage — the price game, the net-90-stretched-to-150 terms, the shelf control — it is reporting the independents’ account of it. Nobody from a multistate operator was asked for their side, and the report does not pretend otherwise. Nor were municipal officials, CRC staff, or legislators — the report rests on operator testimony and public data. The author welcomes responses on the record from any of those parties, and the cohort remains open.

Twenty-four is where this paper stands. It is not where the listening stops. This is a working paper with an open cohort; I am still sitting down with operators, and nothing in the conversations to date has moved the wall they describe. New operators may be added as they are interviewed and processed.

The interview protocol

Operators were walked through the same short question set, reproduced in Appendix D — twenty-three of the twenty-four off the identical spine, the earliest interview off a near-identical predecessor — which in plain terms always came back to three things: how you got in, what it cost, and what is keeping you up at night. The format was deliberately open, and the workhorse question was neutral on its face — what has been the single hardest barrier so far?

Ten of the twenty-four answered that question, or one like it, by naming the town before I had raised municipalities at any point in the interview. That is the sense in which local control surfaced on its own, and it is the only sense the tapes support: the outreach that recruited these operators had named municipal opt-outs among

the candidate barriers (Appendix D), so no count here claims the topic was novel to them — only that the interview never supplied it. The qualifications: in two interviews I named local opt-out myself while describing the project, before the operator had spoken to it; those two are not counted in the ten. In four more I put the word "municipal" into a closing question about which single barrier the operator would remove, and only mentions made before that question are counted. One operator never raised local control as a barrier at all — she named capital, investor predation, and the federal banking wall, and her own town's mayor and council backed her to the end.

The strict count is ten. But the experience is not confined to ten. Of the fourteen operators who did not name the town unprompted, most confirmed it immediately when asked — one answered "100%" and described rearranging his entire operation around it; others laid out municipal delays, fee structures, and inspection bottlenecks in detail. Only two operators in the cohort described municipalities as never having been a barrier at all. The ten is a floor, measured by the strictest test available. The wall itself is nearly universal.

The second email

Two of the twenty-four operators were recruited by the second outreach email, which told non-responders the interviews were converging (reproduced in Appendix D). Neither of those two named the town unprompted. Both named other barriers — one said financing, the other named capital and investor predation. The remaining twenty-two operators were recruited before that email was sent or through industry connections and personal introductions; they did not receive it and were not exposed to its framing.

Among the twenty operators I neither primed myself nor recruited through the convergence email, ten named the town in answer to a question that named nothing — half the clean group, on the strictest test available. All but two of the remaining ten confirmed the experience when it was raised.

And the finding survives deleting every contestable operator. Discard the two I primed and the two the email recruited, and municipal control stands at ten unprompted namings among the remaining twenty, against capital's six. The comparison does not depend on the contested group in either direction.

The comparator counts

The same strict test behind the ten — raised as a barrier, before any mention of it by me — was run across every other barrier the cohort raised:

Barrier	Named unprompted, of 24
Municipal / local control	10
Capital / financing	6 clean · 9 counting every borderline in its favor
Property / real estate	4

Barrier	Named unprompted, of 24
CRC / regulatory	3
Contractors / buildout	3

Two cautions on that table.

The property number is not a measure of property's importance. The question spine asks every operator, early, how long it took to secure a property. I raised it before most of them had the chance to, so four measures who volunteered it in the first few minutes and nothing more. Property was plainly a barrier for many more than four.

The capital number carries the same problem, worse. The instrument asks everyone how they are financing the build. In three interviews I named capital inside the barrier question itself. Capital had systematically fewer opportunities to arrive unprompted than the town did. §1 states the objection that follows from this and the three things that answer it; the short version is that the instrument cued the town at least as hard, one operator answered "financing" directly into a municipal cue, and four of the six clean capital answers predate the second email entirely.

Interviews were conducted via Google Meet with built-in transcription, backed up by an Otter AI notetaker. A handful of interviews were conducted in person, recorded and transcribed with Otter. One was a phone call. Interviews ran approximately forty-five minutes to one hour each.

Each interview was captured as a transcript and processed in three passes: an extraction of what each operator said, a synthesis across the cohort, and a brief organizing the material for writing. Extractions contain paraphrase, so no quotation was printed from one: every quotation in the report — roughly two hundred — was traced to the speaker's own words in the source transcript before printing. Several read less dramatically for it. Where an operator qualified himself, the qualification is in the quote.

The denominator correction

The cultivation license count used throughout this report — a range of 384 to 439 unique businesses — was derived by CWG from the Commission's own board meeting memoranda because no CRC publication reports a unique-business count. The Commission's published Grand Total of 548 sums three overlapping columns (Approved Conditional, Approved Conversion to Annual, and Approved Annual), counting a business that converted as two board actions. CWG's reconstruction is documented in §6 (body narrative) and Appendix C (full forensics). The correction changes the magnitude of the activation rate — from roughly one in eight to roughly one in five — but not the finding.

The posture

Where the report leans on the operators, it leans on what they lived and said. Where it leans on data, the data is public-record or licensed market data, used to corroborate the testimony rather than to model it. The limits of that record are stated in Appendix C, in detail, for every number that carries weight.

Anonymization

Operators are identified by code — Cultivator, Applicant, or Retailer, numbered — and never by name in the body of the report. Real names are held in a separate confidential key that is not distributed with this document.

De-identification went further than removing names. Towns, officials, and the kind of attribute that fingerprints an operator even without a name — a distinctive dollar figure, a unique facility profile, a specific out-of-state history — were generalized, and in several cases generalized again once the full cohort was assembled, because a detail that is harmless in one section can identify a person when the reader can see all twenty-four operators at once. Where a point could not be carried in an operator's words without re-identifying him, it was rendered as the report's own analysis rather than put in his mouth. The standard throughout was that an informed New Jersey reader should not be able to name an operator from what this report prints about them.

How quotations are rendered

The report owes the reader an explicit convention rather than a promise of raw verbatim it does not keep, so here it is.

Quotations are rendered from the recorded transcripts with verbal disfluencies removed — repeated words, false starts, filler, and profanity — without ellipses, because marking every such cut would make the speech unreadable. Hedges are not disfluencies. Where an operator said "probably," or "I think," or corrected himself in the next breath, that survives into the quote; several of the most-quoted passages in this report are less dramatic for it and more defensible because of it. An ellipsis marks the omission of substantive words within a single continuous turn, and should not span a change of speaker, though the possibility of error in a transcript this long cannot be excluded. Square brackets mark any word supplied for grammar, for anonymization, or to repair an obvious transcription error. Quotations may be single words or clauses lifted from a longer sentence and recapitalized. Nothing has been added, reordered, or joined: where two separate statements by the same operator appear together, they are quoted separately, with the report's own prose between them. Two of the twenty-four interviews were conducted with two participants present — co-founders or partners in the same business, coded as a single operator. Where both speakers contributed to the same point, the report renders it as one operator's account; where a speaker change is visible in the source, it is either disclosed in-text or the passage is paraphrased rather than quoted.

One further measure requires explicit disclosure, and it is the single exception to everything above. Consistent with an approach described in the methodological literature on anonymization, gender and pronoun markers have in some cases been altered across the cohort — including inside direct quotations — to reduce the risk of what that literature calls "jigsaw identification," the re-identification of a person by assembling small details scattered across a document. Saunders, Kitzinger & Kitzinger (2015) contemplate the technique directly: "If we think that disguise may be too transparent, the daughter may become a son, and/or the mother transformed

into a sister, and we would use different pseudonyms for different extracts to minimise the chance of jigsaw identification." They also call the practice what it is — "clearly a compromise in relation to the integrity of the data" — and that caveat is adopted here along with the technique. This is the one place a printed quotation may differ from the tape in a word the speaker actually said. Nothing else about the substance of what an operator said has been changed. It follows that where this report refers to an operator as "he" or "she," that marker may have been reassigned, and should not be read as a reliable indicator of any individual's gender.

Operator codes appear in the interview index (Appendix A) to demonstrate the breadth and composition of the cohort. They do not appear in the body of the report. Consistent with the smoke-screen approach Saunders, Kitzinger & Kitzinger describe — in which "extracts from the same participant [are presented] under multiple pseudonyms" — body-text attributions vary across sections so that no reader can accumulate the full set of quotes and details attributed to a single operator. A complete code-to-identity-to-quote mapping is maintained in a confidential key held by the author.

APPENDIX C

Data Sources & Notes

The report's argument is carried by the operators. The numbers corroborate them. This appendix names every data source the report relies on, explains how each was used, and — for every figure that carries real weight — sets out the method behind it and the limits a careful reader should hold. Where a number is perishable, it is flagged for refresh before publication.

The sources

Source	What it is	How this report uses it	Notes / limits
Headset	Retail point-of-sale panel covering New Jersey and fourteen other legal states. The New Jersey panel begins 2024 Q1; other states run from 2022	Retail prices and tier mix; sale-incidence; gram-weighted whole-flower wholesale trajectory; the cross-state flower volume/price comparison	A panel, not a census — and coverage was measured rather than assumed. For each market the panel's quarterly sales were divided by that state's regulator-reported sales for the same three months. Where the check runs it clears: 100.0% in Michigan across sixteen quarters, 95.6%–100.5% in Arizona, 100.3% in Maryland. New Jersey's panel totals track the Commission's reported statewide totals closely enough that the panel is effectively carrying the state's own figures rather than sampling them — which is a statement about how the panel is constructed, not independent corroboration of it. Coverage could not be measured in every state-quarter, most notably California, so raw cross-state spending is used only where the check runs; the cross-state comparison in this report is built on flower volume and effective price, which are ratios and do not scale with panel size. The panel's final quarter, 2026 Q1, contains one month of data and is not used.
CannaSpyglass	Commercial database of licensed and applicant cannabis operators	Cohort construction: cold-emailing the operator list to recruit interview subjects	Used for recruitment only. No figure in the report is derived from it.

Source	What it is	How this report uses it	Notes / limits
NJ Metrc compliance-testing records	State seed-to-sale export of packages entering mandatory compliance testing, Jan 2023 – Dec 2025, obtained by state data request	Independent corroboration of cultivator activation counts and of production-side concentration	Batch counts measure how many lots were tested, not how much cannabis was grown; the export reports no harvest weight, no license class (micro vs. standard), no location, and no price; facility type (adult-use vs. medical) and MSO parentage are determined by joining facility IDs to the CRC's public licensing records. It cannot see any operator who failed before reaching the testing gate, which is most of the failures the report describes.
NJ 2020 certified county-clerk canvasses (Public Question 1)	Certified municipal-level returns for all 21 counties, reconciled to the state's certified totals	The referendum comparison in §2	Method and limits below.
Canonical brand→parent mapping	Max-verified 136-brand mapping using BudWatcher grower data, August 2026 (46 MSO, 19 OOS, 71 NJ-Independent)	Market concentration: MSO-vs-independent share, brand counts, grower portfolios	Mapping rule: if a brand is grown by an MSO, it counts as MSO revenue regardless of brand origin. Supersedes the earlier 34-brand whitelist.
CWG NJ Canopy Ceiling dataset	License-by-license authorized canopy, built from CRC board meeting memoranda and published fee schedules	§8 canopy chart, structural concentration analysis	Tier from renewal fee instrument; group from CRC expansion memos; micro from conditional award records. 73 active licenses, 2,787,500 sq ft total.
CWG NJ Annual License Timeline	Complete cultivator license history from 40+ CRC board meeting memoranda, January 2022 through July 2026	Denominator correction: unique-business count (384–439 range) replacing the CRC's cumulative Grand Total (548)	3,984 license award rows across all classes; 444 unique cultivation business names through the Q4 2025 cutoff (matching the CRC quarterly report vintage), rising to 456 through the dataset's full window of July 2026.
NJ Cannabis Regulatory Commission (CRC)	The regulator's own records and publications	Municipal opt-out status; license counts and activation; Social Equity Excise Fee receipts; the operational-deadline waiver (Resolution 2024-220); public board-meeting slides	Opt-out count is perishable (see below). License-activation derivation is CWG's (see below).
U.S. Census, 2020 decennial	Population by municipality and county	The denominator for every per-capita and dispensary-density figure	Held constant across all per-capita figures so the numbers are internally consistent.

Source	What it is	How this report uses it	Notes / limits
CWG clustering analysis	Dispensary geolocation plus menu/price collection (LitAlerts / NJ Dispensary Info, April 2026)	The clustering and price-war evidence: competitor density, sale incidence, intra-radius price convergence	Reproducible from the stated inputs. Date-stamped April 2026.
Cannabis Benchmarks	Independent third-party wholesale price index	Cross-check on the Headset wholesale trajectory	Independent instrument; lands within ~10% of Headset, used as corroboration, not as the primary series.
Court & legislative records	Loki Brands LLC v. Platkin (D.N.J.); A5051/S4297 (NJ hemp-beverage law); Virginia HB30 budget (enacted June 29, 2026), new §4.1-629	The hemp-channel mechanism and the Virginia no-opt-out affirmative	Virginia's no-opt-out provision was enacted in the HB30 budget on June 29, 2026, through a Governor-negotiated budget compromise (following her May 2026 veto of the standalone retail bill); primary text at the VA budget portal, Item 4-14 #4c, § 4.1-629, verified 2026-07-02.
Peer-reviewed & agency literature	Cal Poly 2025 (McCullough, Scheitrum & Hamilton); Armstrong 2021 (Int'l Journal of Drug Policy); Hammond et al. 2025 (Int'l Journal of Drug Policy, with Kilmer/RAND); CA DCC / CA LAO	Cross-state support for the access → unlicensed-displacement pattern	Primary-verified against source PDFs; used as directional support, not as NJ-specific proof.

Method notes for the key numbers

Municipal opt-out — 386 of 564 do not permit cultivation (68.4%); 331 of 564 permit no licensed cannabis of any class (58.7%). Drawn from the CRC's own municipal opt-in table (pulled July 3, 2026). For a cultivator report the figure that matters for a cultivator report is the cultivation-specific one: 386 municipalities do not permit Class 1 cultivation, and only 178 do. The wider "any activity" figure — 331 municipalities permit no licensed cannabis business of any class — is what the demand-side reframe rests on. The report's §2 arithmetic (a grower chooses among 178 towns; "not banned" ≠ "open") moves with these figures. Perishable: the 2021 opt-out lock-in window is expiring through 2026 and towns are reconsidering, so both counts are moving targets, date-stamped as of mid-2026. Definitional note: the two figures differ because "permits at least one license class" and "permits cultivation specifically" are different tests — the report uses the cultivation test on the supply side and the any-class test on the demand side, and says which is which. Dispensary deficit — roughly 100 stores. The number of additional dispensaries New Jersey would need to bring every below-benchmark county up to 4.0 dispensaries per 100,000 residents (the Massachusetts benchmark). Method: 322 operational dispensaries from the CRC Atlist dispensary finder (August 21, 2026), corroborated by BudWatcher, placed against 2020 Census population at the county level; the deficit is

the sum of the positive county-level shortfalls at the benchmark. The figure narrowed from 118 (Q4 2025 store base of 294) to approximately 100 (August 2026 store base of 322) as new openings landed in below-benchmark counties. The county-level distribution gap persists: Ocean County (0.78/100K) has not gained a single dispensary in the interval.

Market concentration — taxonomy, bases, and mapping rule. Origin share is computed on a three-way scheme: multistate operator, out-of-state brand, and New Jersey–native independent. “Multistate operator” is membership in a named set of ten parent companies (Ascend, Cannabist, GTI, Curaleaf, TerrAscend, Verano, Justice Cannabis, Canopy USA, iAnthus, Ayr), not a test of whether a licensee holds permits in more than one state. Mapping rule: if a brand is grown by an MSO, it counts as MSO revenue regardless of brand origin. This moved several brands previously classified as out-of-state into MSO. The canonical mapping was built by Max from the 136-brand flower panel using BudWatcher grower data, verified August 2026.

All-flower revenue is $128,085,937 in Q4 2025; whole flower, which excludes infused and popcorn formats, is $91,348,756. Every figure in §8 names its base in the same sentence.

The figures. All-flower, Q4 2025: MSO 49.2%, out-of-state brands 18.5%, New Jersey–native independent 32.4%. Whole-flower, same quarter: 45.8% / 20.5% / 33.7%. The opening position is 96.1% of all-flower revenue to multistate operators in Q1 2024 (94.9% whole-flower).

The lineage axis. Under the grower-determines-classification rule, 67.7% of Q4 2025 all-flower revenue is MSO or out-of-state brand (49.2% + 18.5%). All ten multistate parents are headquartered elsewhere. New Jersey–native independent brands hold 32.4%.

Producer versus brand. New Jersey point-of-sale data is published by brand, and brands do not map one-to-one onto the facilities that grow them. The largest single grower produced $23.7 million of H2 2025 whole-flower revenue (13.2% of the panel) across four brand names. The top eleven growers account for 75.3% of the H2 2025 whole-flower panel.[86]

Canopy ceiling methodology. The canopy chart in §8 is built license-by-license from CRC board meeting memoranda and published fee schedules. Tier assignment follows the CRC’s own fee instrument: the annual license renewal fee determines the tier, and the tier determines the authorized canopy ceiling. Where no renewal fee has been published (mostly 2026 licenses awaiting first renewal), the license is assigned to the Tier I floor (10,000 sq ft). The chart measures authorized ceiling — not planted canopy, which the state does not publish. In three cases where both authorized and planted canopy are visible, utilization ran between 17% and 77%. ATC canopy is classified by CRC expansion memoranda. Microbusiness status is determined from conditional award records, cross-checked against annual memos — at least two instances of CRC mislabeling micro cultivators as “Standard” in annual memos were identified and corrected.

86 CWG analysis, Headset NJ POS whole-flower, H2 2025; canonical brand-to-parent mapping

The Massachusetts comparison. Massachusetts' county figures are taken from the Cannabis Control Commission's Review and Assessment of the Massachusetts Adult- and Medical-use Cannabis Industries (February 2025), Table IV.7, page 24, which reports 356 adult-use Marijuana Retailers that had commenced operations as of April 2024 against 2023 American Community Survey county populations. The Commission computes density as retailers divided by population times 100,000 — the identical operation used for New Jersey here. Both figures therefore count adult-use retail locations that have opened, per 100,000 residents, by county. Three of Massachusetts' fourteen counties fall below 4.0 on that table's own rows — Norfolk (1.37), Middlesex (3.69) and Essex (3.95) — totaling 3,161,514 of 7,001,399 residents, or 45.2 percent. Note that the Commission's published table rounds Essex to 4.0; the figure here is computed from the underlying counts, as New Jersey's is, and the difference is worth 11.6 points of Massachusetts' population. Two vintage differences are not reconciled and are stated rather than hidden: Massachusetts' store base is April 2024 against New Jersey's Q4 2025, and its population denominator is the 2023 ACS against New Jersey's 2020 decennial Census. Both differences favor Massachusetts in the comparison, which is why the comparison survives them. Massachusetts' own county spread, computed the same way, is 13.8 to one against New Jersey's 13.0 — wider — which is why the report treats its own county spread as description rather than as evidence.

The 4.0 benchmark. The access line used throughout is 4.0 licensed dispensaries per 100,000 residents. No Massachusetts authority declares 4.0 an adequacy standard — the Commonwealth's only retail-density provision, G.L. c. 94G § 3(a)(2), is a floor tied to local liquor licenses, not a per-capita target. It is the density Massachusetts reached in the spring of 2023, about four years and four months after its first legal sale on November 20, 2018. Against Massachusetts' 2020 decennial population of 7,029,917, the line corresponds to 281.2 retailers, so the 282nd store is the one that crosses it. The Cannabis Control Commission's own milestone releases bracket the crossing: 265 Marijuana Retailers operating and recording in Metrc on January 12, 2023 (3.77 per 100,000), and 317 retailers with gross sales recorded as of August 31, 2023 (4.51 per 100,000; release of September 6, 2023). Narrowing the date inside that window is CWG's own computation, from a Commission licensee-level export of commence-operations dates acquired in June 2026, not from a published count: on that record the 282nd adult-use retailer commenced operations on March 29, 2023, and net of surrenders and revocations the line was crossed on April 14, 2023. Massachusetts has since passed it — 5.1 per 100,000 on its April 2024 store base, a figure computed against 2023 ACS population rather than the 2020 decennial used for the crossing above.[87]

The referendum comparison (§2). Municipal-level results for Public Question 1 (November 3, 2020) were assembled from the certified county-clerk canvasses of all 21 counties and reconciled to the New Jersey Division of Elections' certified statewide result; every county reconciles exactly. Seven limits govern any use of it. The question asked about legalization, not about siting a facility, and a Yes vote is not

87 State of Cannabis 2025, p.91

demonstrated consent to a cultivator at a specific address. Percentages are shares of votes cast on the question and exclude undervotes, which were material — one borough recorded 4,513 ballots but only 2,812 votes on PQ1. Walpack Township (11 votes cast) and Tavistock Borough (2) are excluded from every median, ranking and average and appear as footnote material only. Unweighted means of municipal percentages are not used; central tendency is vote-weighted or median with micro-electorates excluded. “Does not permit” is not the same as “banned by ordinance” — under CREAMMA a municipality that took no action by August 21, 2021 defaulted to permitted, so the 386 and the 331 are counts of municipalities not listed as permitting on the Commission’s published table, not counts of enacted prohibitions. The opt-in side is a fast-moving series, dated here to the Commission’s July 3, 2026 snapshot. And the municipal frame itself moved underneath the join: New Jersey had 565 municipalities in November 2020, and Pine Valley Borough merged into Pine Hill effective January 1, 2022, so the join was made on the current 564-municipality frame with Pine Valley’s 2020 votes folded into Pine Hill’s row.

Wholesale trajectory — $2,964 → $2,051/lb. New Jersey’s implied wholesale price for whole flower fell from $2,964 to $2,051 a pound between 2024 Q1 and 2025 Q4 — a 30.8% decline across eight quarters. Derived from the Headset point-of-sale panel as the gram-weighted mean of Headset’s modelled wholesale cost per gram, implied from retail transactions, over the Flower category, excluding the Popcorn, Shake, Trim, Ground, Infused, Specialty and CBD segments and one house brand, weighted by implied grams sold and converted at 453.592 grams per pound; 2026 Q1 excluded as a partial quarter. Re-derived 2026-08-02 and reproduced independently from the report’s own New Jersey extract with zero difference in all eight quarters. This is a modelled wholesale cost implied from retail point-of-sale, not a transacted spot price. Cannabis Benchmarks’ volume-weighted New Jersey spot for the week ending September 5, 2025 was $2,391 a pound, 7.3% above the panel’s 2025 Q3 figure of $2,229.

The series is not monotone. It peaks at $3,103 in 2024 Q2, above where it opened, before falling. It is a 30.8% decline across eight quarters, not eight consecutive quarterly declines, and the report does not describe it as a steady slide.

Superseded figure. An earlier CWG publication carried a New Jersey wholesale trajectory of $3,703 to $2,804 a pound. That series is correct for the method its own appendix disclosed — an eighth-only, trimmed, revenue-weighted construction — and it is retired here in favor of the gram-weighted series above, which is the construction that matches a per-pound cultivator claim and from which the published markup and margin figures derive.

Floors. The sub-$1,000 “mature-market floor” is no longer presented as directional only: Michigan, on the identical gram-weighted method, crossed below $1,200 a pound in 2022 and stands at $611 in 2025 Q4. That is a blended whole-flower average across a wide quality range and must not be attached to a claim about A-grade flower, and it is an observation about Michigan, not a forecast for New Jersey. The $1,200/lb survival floor is reported as testimony: two operators named it in answer to questions that supplied no number, one volunteered it, and a fourth agreed with it

after the interviewer had put the figure in front of him. The provenance of each is recorded in the source notes, and the fourth is not counted toward convergence.

Clustering and the price war. From the CWG clustering analysis (LitAlerts / NJ Dispensary Info, April 2026): 84% of New Jersey dispensaries have at least one competitor within three miles; sale incidence rises from 45.4% at an isolated store to 71.7% at a store with three-to-five nearby competitors; clustered stores price flower within about three cents an eighth of one another; the densest, most affluent county is the exception (average eighth ~$39.21). Reproducible from the stated inputs.

Cross-state age-matched snapshot — method and limits. This is the most attackable number in the report, so the method and its limits are set out in full.

- Method. The raw cross-state ranking is contaminated by market age: every mature market consumed less when it was young. To remove that confound, each market is aligned to quarters since its own first adult-use sale and compared at New Jersey's age (quarter 15). Flower consumed per resident per quarter is the metric. Independently re-derived from the Headset master file on 2026-06-24, reproducing every key value to the decimal.
- The peer set is determined by the data window, not chosen. Only states whose quarter 15 falls inside the 2022–2026 panel can be age-matched: Arizona, Illinois, Massachusetts, Michigan (plus New Jersey). Every other market in the panel reaches its own quarter 15 either before the window opens or after it closes. This is a thin, window-determined set of four — stated up front. All four peers permit municipal prohibition in some form, so the table cannot isolate opt-out; Massachusetts alone requires a municipal referendum to enact one — G.L. c. 94G § 3(a)(2), for every city and town since January 1, 2020.
- Coverage was then measured for each peer at its own matched quarter, against that state's regulator-reported sales for the same three months. Michigan, Arizona and New Jersey pass. At quarter fifteen the panel captures 100.0% of Michigan's reported dispensary sales, 95.6% of Arizona's, and 98.4% of New Jersey's; across all sixteen quarters of the window Michigan runs 100.0% and Arizona 95.6%–100.5%. Illinois can only be checked in four-quarter blocks, because Illinois publishes adult-use separately from medical; on that basis the panel captures 88.1% of reported dispensary sales for the fiscal year containing Illinois's quarter fifteen. Massachusetts cannot be checked at its own quarter fifteen at all — that quarter is the second of 2022, and the earliest published Massachusetts total available to us is calendar 2024, where the panel captures 100.5%. Massachusetts is therefore the peer shown for shape only: the instrument is verified there, but not at the age the chart plots it.
- Arizona is held out of the age-matched comparison for a different and stronger reason than coverage. Its January 2021 adult-use launch converted a medical program operating since 2012, and roughly a quarter of its sales at the earliest quarter shown are still medical. Its age index does not measure market age, which is why its consumption line is flat across the window while every genuinely young

market climbs. The age-matched peer set is therefore Illinois, Massachusetts and Michigan, with Arizona reported alongside for context.

- The per-gram price table uses a wider flower category than the wholesale series. The cross-state price table applies the panel's flower category — including shake, trim, ground and infused — identically to all five markets, because a cross-state comparison needs one construction everywhere. That category runs five to ten percent below the Bud/Flower price New Jersey's own regulator publishes, at every matched quarter. The comparison between markets is the object; the New Jersey cell is not the state's retail price. The other four columns have not been re-derived under the narrower whole-flower filter, and moving the table onto that basis would move all five columns and could change the age-matched ordering. That work has not been done and is not claimed.
- What the report claims, and only this. Directional / trajectory form only. New Jersey tracks the floor of the comparable young-market band at every matched age — at or just above Illinois, far below Michigan and Arizona — while growing on a healthy slope (about +92% over the observable quarters 8→15). Two markets exactly as young consume four-to-five times as much, so youth does not explain New Jersey's position. New Jersey most resembles Illinois, a supply-constrained, low-activation market; that resemblance is stated as an observed match first and a candidate shared-mechanism second, never as a circular "New Jersey is like Illinois because both are supply-constrained."
- Hard limits — carried verbatim from the data work. Do not quote the −2% age-matched figure as a point estimate: it is an artifact of a three-state median and swings from +5% to −69% if a single peer is dropped. The raw "−60% below the median of all legal states" is retired — it does not survive age-adjustment and does not appear. Flower-only (categories are not commensurable). Per-capita figures are not netted for interstate flow. The Illinois low plateau (~2.3 g/cap at roughly quarter 24) is observed for Illinois; New Jersey's plateau is an inference by analogy ("consistent with"), not a measurement or a prediction. The price superlative ("among the most expensive in the country") softens under age-matching — Illinois and Massachusetts ran higher at the same age — so the report carries it only in the un-matched frame. The launch dates that anchor the age-match are confirmed to primary or authoritative sources: New Jersey April 2022, Illinois January 2020, Michigan December 1, 2019, Arizona January 2021, Massachusetts November 20, 2018.

License activation — corrected denominator. The CRC's published Grand Total of 548 Class 1 cultivation licenses is a cumulative count of board actions, not unique businesses — a conditional that converted to annual is counted in both the Conditional and Conversion columns, and the Grand Total sums all three. CWG reconstructed the unique-business count from 40+ board meeting memoranda (the NJ Annual License Timeline dataset, August 2026) and from three quarterly snapshots of the awards table demonstrating that the Conditional column never decreases. The corrected denominator is a range: 384 to 439 unique businesses, depending on whether the 55 businesses in the "Approved Annual" column are all

separate direct entrants (ceiling: 384 + 55 = 439) or include some pipeline completions the crosswalk could not match (floor: 384 conditionals alone). Full forensics in §6.

At the Commission's July 2026 count of 71 "Licensed to Operate" adult-use cultivators: 71/384 = 18.5%, 71/439 = 16.2%. On either count, fewer than one in five.

Three precision points. First, the measure is authority, not output. "Licensed to operate" under N.J.A.C. 17:30-7.14 means the business has passed its final on-site assessment and holds an annual license; nothing in the rule requires a harvest or a sale. Second, the "12%" printed beside the 71 on the Commission's July slide is not an activation rate. It is the cultivator share of all 608 operating licenses in the state — a different statistic that looks identical on the page. Third, the denominator vintage does not match the numerator. The 384/439 range is derived from the Q4 2025 quarterly report (data as of November 2025) carrying a July 2026 numerator. This understates the gap.

Independent corroboration, and its limit. The state's seed-to-sale compliance-testing record shows 44 adult-use cultivation facilities moving at least one package through mandatory testing in Q4 2025, against the Commission's 46, and only 49 distinct facilities ever doing so across the three years from January 2023 through December 2025[88]. Against the corrected denominator range: 49/384 = 12.8%, 49/439 = 11.2%. After deduplicating multi-facility operators to unique businesses (~42–44), the unit-matched range is 9.6% to 11.5% — roughly one in ten. That record ends in February 2026 and neither confirms nor contradicts the 61 and 71 figures, which fall outside it. Perishable — denominator range date-stamped to Q4 2025 data, numerator carried through July 2026.

Denominator forensics. The corrected range (384–439) is derived from three sources: (1) the CRC's quarterly awards table, demonstrated to be cumulative by three consecutive snapshots in which the Conditional column only rises; (2) the CWG NJ Annual License Timeline dataset (3,984 award rows across 40+ board meetings, producing 444 unique cultivation business names through the matching November 2025 cutoff, rising to 456 through July 2026); and (3) cross-validation showing the cumulative interpretation produces a 1% gap with the time-matched lifecycle dataset (439 vs. 444) while the additive interpretation produces a 19% gap (548 vs. 444). The full reconstruction — including the conditional-to-annual crosswalk, the monotonic-column test, the microbusiness percentage cross-check, — is set out in §6. The 55 "Approved Annual" cultivators were confirmed as non-ATC, non-overlapping with the 384 conditionals by name matching and statutory basis (N.J.A.C. 17:30-7.1 permits direct annual applications).[89]

What the report deliberately does not claim from the data

For a skeptic's benefit, the reaches that were available and were cut: a demand-elasticity model; the raw "−60% below median" and "second-highest price in the

88 CWG analysis of New Jersey Metrc compliance-testing records, January 2023 – December 2025
89 CWG NJ Annual License Timeline dataset; NJ-CRC Quarterly Data Reports Q4 2024, Q2 2025, Q4 2025; CRC Change of Name page

country” headlines; Missouri as a single benchmark (border-contaminated) and New Mexico (Texas-inflated); a multi-billion-dollar market projection; a counterfactual lost-revenue figure; and any capture-rate claim resting on an unmeasurable illicit-market denominator. The report uses the age-matched, trajectory form of the cross-state comparison and the corroboration-only posture described in Appendix B precisely because those reaches do not survive scrutiny and the case does not require them.

Acknowledgments · Data

A report built on other people’s data owes them a line.

The operator database I used to find the twenty-four people in these pages is CannaSpyglass’s. The retail point-of-sale panel behind the market-share, brand-count and price figures is Headset’s. Dispensary locations came from the Commission’s own dispensary finder, cross-referenced against LitAlerts and NJ Dispensary Info; menu prices from LitAlerts and NJ Dispensary Info are what the clustering work in §4 is built on. BudWatcher was a useful check on the store count and on the brand-to-parent mapping, not the ground either rests on. Cannabis Benchmarks publishes the independent wholesale index the report’s wholesale trajectory is checked against — a second instrument, built by someone else.

Nobody here saw the analysis, the findings, or the argument before publication, and nobody approved anything. Every conclusion in these pages is mine alone, and this report is critical of the market these companies sell into — that criticism is mine too. Where I got something wrong, I got it wrong myself. Access is not agreement, and nobody named above should be read as endorsing a word of this.

Supplementary Figures

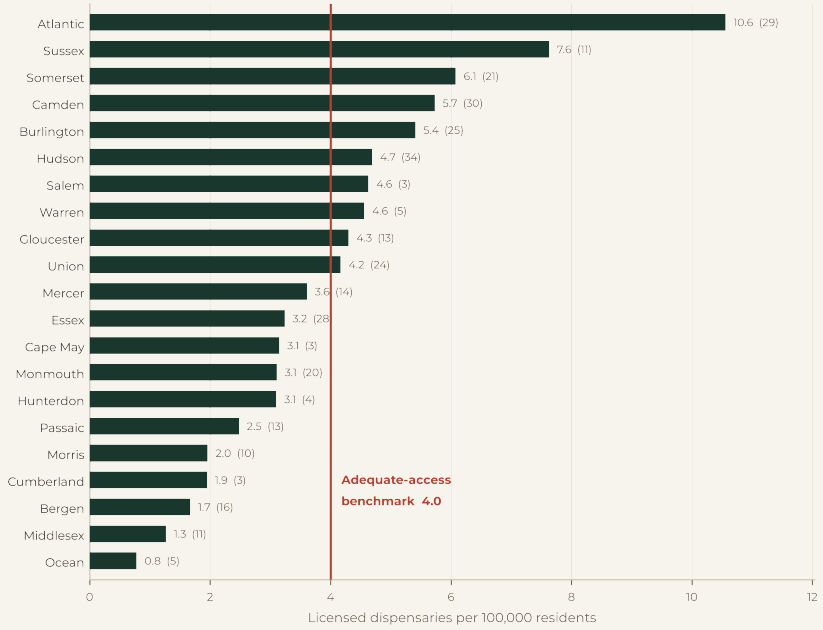


FIG. A-1

Dispensaries per 100,000 residents, by county.

Against the 4.0 adequate-access benchmark. Ten of 21 counties clear the line; 62% of New Jersey's population lives below it.

Source: CWG analysis, CRC Atlist dispensary finder (August 21, 2026), corroborated by BudWatcher, against U.S. Census 2020 decennial populations.

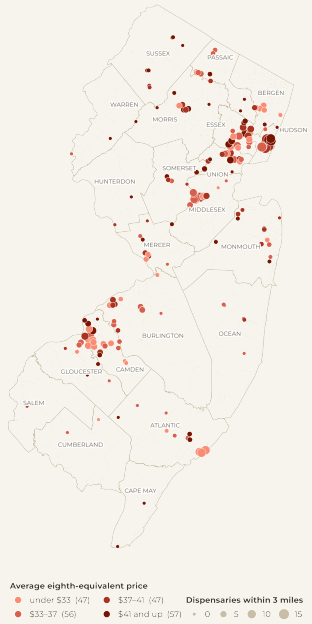


FIG. A-2

Denser is cheaper, up to a point.

Average flower eighth price against competitor count within three miles. 207 of 261 menu dispensaries.

Source: CWG clustering analysis, LitAlerts / NJ Dispensary Info, April 2026.

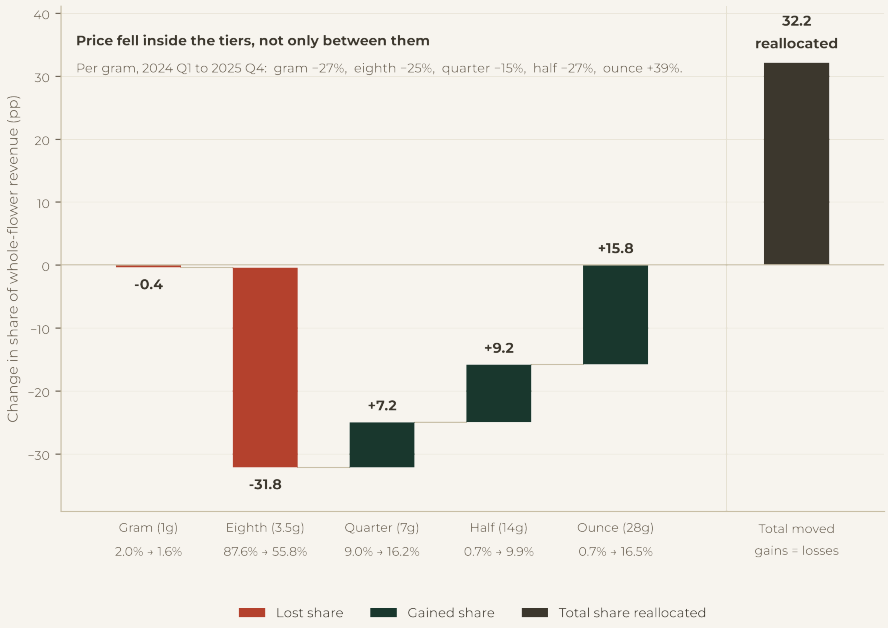


FIG. A-3

The eighth's share, and where it went.

New Jersey whole-flower revenue share by package size, Q1 2024 to Q4 2025.
Source: Headset NJ POS data, whole-flower revenue by package tier.

Web sources by note

The links behind the ↗ marks in the notes, in full, for readers of the printed edition.

22 https://ocponj.gov/toms-river-man-charged-with-maintaining-a-controlled-dangerous-substance-facility-marijuana-distribution-and-financial-facilitation-three-others-charged-with-marijuana-distribution/
23 https://hudsoncountyview.com/jersey-city-pd-recovers-16-pounds-of-weed-400k-thc-doses-in-smoke-shop-crackdown/
30 https://www.law.cornell.edu/uscode/text/7/1639o
31 https://www.congress.gov/crs-product/IF13136
32 https://www.akerman.com/en/perspectives/congress-enacts-sweeping-recriminalization-of-hemp-derived-thc-products-in-federal-spending-bill-ending-government-shutdown.html
33 https://www.congress.gov/bill/119th-congress/house-bill/6500/text
34 https://storage.courtlistener.com/recap/gov.uscourts.njd.554966/gov.uscourts.njd.554966.18.0.pdf
35 https://legiscan.com/NJ/text/A5051/id/3436997
36 https://www.congress.gov/bill/119th-congress/house-bill/6500/text
37 https://www.law.cornell.edu/regulations/new-jersey/N-J-A-C-17-30-11-5
40 https://pmc.ncbi.nlm.nih.gov/articles/PMC11373389/
43 https://www.nj.gov/cannabis/documents/meetings/2024-04-11/CRC%20Resolution%202024-220%20Approval%20of%20Waiver%20of%20Regulation%20to%20Eliminate%20Operational%20Deadline.pdf
44 https://www.nj.gov/cannabis/documents/meetings/2024-04-11/04-11-24%20Public%20Meeting%20Minutes.pdf
50 https://www.law.cornell.edu/regulations/new-jersey/N-J-A-C-17-30-7-14
67 https://web.archive.org/web/20260117020031/https://www.nj.gov/cannabis/dispensaries/roll-up/
78 https://budget.lis.virginia.gov/amendment/2026/2/HB30/Introduced/CR/4-14/4c
79 https://law.lis.virginia.gov/vacode/title4.1/chapter6/section4.1-629/
79 https://budget.lis.virginia.gov/amendment/2026/2/HB30/Introduced/CR/4-14/4c
81 https://www.njccc.com/Retailer.html
82 https://www.njcourts.gov/system/files/court-opinions/2026/a3414-24.pdf
84 https://www.congress.gov/bill/119th-congress/house-bill/6500/text

APPENDIX D

The Interview Questions and the Outreach

Two instruments existed in this project, and only one of them was ever used in an interview. The stage-segmented questions below are the recruitment instrument — the set carried in the outreach email — and they were never asked. Not to anyone, not once, in any surviving recording. The interviews ran off a different, and mostly better, spine. Both are reproduced below, in the order an operator encountered them, because any count in the report depends on which one governed.

1. The recruitment instrument — what went out in the email

If you're Operational: You're one of 46. How did you get through? What barriers almost stopped you? And what's a barrier now that you're open?

If you're Annual (approved but not operational): What is your timeline? What were your main barriers to getting to this point?

If you're Conditional: What's blocking you — financing, property, municipal approval? Are you still moving forward, or are you reassessing whether to stay in the game?

Note the conditional-stage question. It names municipal approval as one candidate barrier. Had it been asked as written, it would have primed the answer the body treats as unprompted. It was not asked. The unprompted count in Appendix B is nonetheless computed conservatively against a stricter test: only mentions made before the interviewer raised municipalities at all, in any form, count toward the ten.

2. The question spine as actually asked

Every interview ran off the same sequence, in roughly this order, with the wording varying by conversation:

"When did you first apply — what month/year?" "When did you get your Annual license — what month/year?" "Are you operational now? If yes, when did you go operational? If no, where are you stuck?" "If not operational yet — how long have you been at this stage?" "What's been the single hardest barrier so far — property, capital, municipal, CRC, contractors, something else?" "Tell me the story — what happened?" "How much did that cost you — in dollars and time?" "Did you overcome it, or are you still stuck?" "What's the second biggest barrier?" "What's your total buildout cost so far — all in, from license to where you are now?" "How are you financing that — self-funded, investors, debt?" "If you built a business plan, what wholesale price were you

modeling? What's the reality now?" "What do you now believe is the floor price you need to be safe modeling at?" "At what wholesale price do you shut down or radically change your model?" "Are you adjusting your model, or pushing through?" "Looking back, what would you do differently?" "If you were advising a conditional license holder today — someone about to start their buildout — what would you tell them?" "Given current market conditions, what's the minimum capital someone needs to get operational AND survive the first year?" "If you could wave a magic wand and remove ONE specific rule, what specific rule would you delete tomorrow?"

The fifth question is the workhorse. It names six candidate barriers — including municipal — and invites the operator to pick one or name his own. It is the question the unprompted count is built on, and it is not neutral: it lists "municipal" as an option. The count in Appendix B applies a strict test: only namings that arrived before this question, in the natural flow of the interview, count toward the ten. In two interviews I named "municipal," "local," or "CRC or municipal" while describing the project before the operator had spoken to it; those two are excluded from the count entirely. The magic-wand question at the end is open-ended and as written names no specific barrier, though in several interviews it was asked with a municipal framing — those instances are disclosed in Appendix B and do not contribute to the count.

3. The outreach, reproduced

Two emails carried the project to operators. Both were mail-merged to named companies; the company names are replaced with a placeholder here.

EMAIL 1

Subject: Research: Why 92% of NJ cultivation licenses aren't operational.

Hey [operator] team,

You're one of 548 cultivation license holders in New Jersey. Only 46 are operational. That's a 92% gap—and it signals a systemic problem in our state's licensing pipeline.

I'm Max Jackson with Cannabis Wise Guys (also Vice Chair of the NJCBA Cultivation Committee). I'm conducting independent research on why this pipeline is failing and interviewing operators at every stage—Conditional, Annual, and Operational.

Here's what changed while most licenses were in limbo:

Average wholesale prices dropped about 30%—from roughly $3,000/lb in early 2024 to $2,100/lb today. If you planned your facility in 2023, your business model may be based on economics that no longer exist.

I want to hear the [operator] story—wherever you are in the process:

[the three stage-segmented questions reproduced in §1 above]

I'm doing 30 interviews in February. Here's what you get:

- Early access to the research before I publish in March
- Benchmark data — What other operators are experiencing (timelines, costs, barriers)
- Anonymized by default — Your story stays confidential unless you want to be quoted

Not a sales pitch. Just research.

The structural barriers—municipal opt-outs, financing gaps, CRC inspection bottlenecks—were already hard. Wholesale price compression makes them existential. I need primary data from operators to understand who's adapting and how.

EMAIL 2 · sent to operators who had not responded.

Subject: The NJ cultivator report is happening, are you in

Hey [operator] team,

A few weeks ago, I reached out about a research project: documenting why 92% of New Jersey's cultivation licenses aren't operational.

Since then, 18 cultivators have sat down with me. Conditional holders still working day jobs. Operational growers who can't get dispensaries to pay on time. License holders who spent four years and seven figures and still haven't harvested a single plant. A legacy grower who looked at the system and walked away.

The report is real. It's substantive. And it's targeting April publication.

18 interviews in, the pattern is consistent: the licensing process is producing license holders, not businesses. The capital requirements, municipal barriers, and regulatory layering are documented now—in operators' own words, with real dollar figures attached. The question is whether your experience is part of that record.

If you're holding a cultivation license in New Jersey—conditional, annual, or operational—your story belongs in this report. The interview takes about 45 minutes. Your identity can remain anonymous if you prefer.

The disclosures about that outreach

The subject line states a conclusion. Every operator who agreed to be interviewed had been told what the project believed before saying a word.

Email 1 put a price frame in front of every recruit. It supplied the direction, the magnitude, and a rough pair of endpoints — about 30%, roughly $3,000 a pound to $2,100 — before any operator had been asked what price he was modeling. That bears directly on §6 and §7 and on the $1,200 floor. Where operators discuss price in these pages, weigh their answers knowing they had been handed a slope.

Email 1 also named the barriers, and named municipal opt-outs first. It listed "municipal opt-outs, financing gaps, CRC inspection bottlenecks" as the structural barriers the project was about. Every operator in this report received that sentence before agreeing to talk. It is the same objection as the price frame and it lands on the same count: the "unprompted" test in Appendix B measures what happened inside the interview, and cannot measure what the outreach planted before it.

Email 2 told license holders who had not answered the first round that the interviews were converging. By the time it went out, eighteen of the twenty-four interviews had already happened. At most six operators sat down with me after it.

What that email did and did not say decides how much weight the objection carries. It said the pipeline was broken — which Email 1's subject line had already told all twenty-four. It said the pattern across eighteen interviews was consistent. And it named three barriers coordinately, in this order: "The capital requirements, municipal barriers, and regulatory layering are documented now." Capital first, no ranking, no causal claim. It does not state the report's thesis — that local control is the root, the decision the other barriers hang off — and that sentence is nowhere in the email.

What the second email added, for at most six people, was the assertion that the interviews agreed with each other. It also broadcast four specific findings — the day jobs, the dispensaries that do not pay, the four years and seven figures without a harvest, the legacy grower who walked away — so any account from a post-email operator that matches one of those four carries the same objection. On the merits the affected finding survives: the dispensary-non-payment material comes from two operators, and both were interviewed before that email existed.

Anyone weighing whether the convergence in this cohort was discovered or manufactured is entitled to all of that. Appendix B carries the count both ways.

Email 1's figures are superseded. 548 license holders, 46 operational, a 92% gap — as stated at recruitment in February 2026, reproduced as historical record and not as current fact. The 548 is a cumulative count of board actions, not unique businesses (§8). The corrected denominator is a range of 384 to 439 unique businesses. The operational count of 46 had risen to 61 by May 2026 and 71 by July 2026.

The two emails also disagree with each other and with the finished report: Email 1 promised 30 interviews and March publication, Email 2 said 18 interviews and April, and the cohort closed at 24. None of those is a defect on its own. Together they are an accurate picture of a working paper that kept moving.

4. Notes

The question spine governed twenty-three of the twenty-four conversations. The exception is the earliest interview, which predated the final wording and covered substantially the same ground. Every number is drawn from what the tape holds, not from what the script asked.

ABOUT THE AUTHOR

Max Jackson

Max Jackson is the founder of Cannabis Wise Guys. He spent 2019 to 2022 at a licensed cannabis cultivation facility in Trinity County, California — part-time for the better part of two years, then a year running the place as general manager: six flowering greenhouses, thirteen thousand plants, and a van parked on the property. He came to cultivation through photography, documenting West Coast facilities. He studied political science and economics at Florida Atlantic University. He now works as an operational translator between cultivators, investors and policymakers, and lives on the road in a converted ambulance with his dog, Durban.

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