

SENATE BILL NO. 305—SENATOR SEGERBLOM

MARCH 16, 2015

Referred to Committee on Natural Resources

SUMMARY—Authorizes industrial cannabis farming in this State under certain circumstances. (BDR 49-656)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to agriculture; authorizing the cultivation, storage and sale of industrial cannabis in this State under certain circumstances; creating the Industrial Cannabis Advisory Board; creating a list of approved seed cultivars for industrial cannabis; providing for the registration and regulation of growers of industrial cannabis and seed breeders; establishing requirements for the cultivation and testing of industrial cannabis; requiring certain reports be made to the Legislature regarding industrial cannabis; excluding industrial cannabis from the definition of marijuana for certain crimes; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law prohibits selling, manufacturing, delivering, bringing into the State or possessing any part of any plant of the genus *Cannabis*, whether growing or not. (NRS 453.339) On February 7, 2014, the President of the United States signed the Agricultural Act of 2014 into law. Section 7606 of the Act authorizes institutions of higher education and state departments of agriculture to cultivate industrial hemp for research purposes under an agricultural pilot program or for other agricultural or academic research. (7 U.S.C. § 5940)

Section 27 of this bill prohibits the cultivation of industrial cannabis except by an established agricultural research institution or a person who is registered as a grower of industrial cannabis or as a seed breeder. **Section 23** of this bill authorizes: (1) the cultivation, storage, purchase and sale of industrial cannabis by a registered grower of industrial cannabis, registered seed breeder or established agricultural research institution; and (2) the purchase and storage of industrial



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cannabis and the manufacturing and sale of products made from industrial cannabis by a registered producer of industrial cannabis products.

Section 16 of this bill establishes provisions relating to the registration of growers of industrial cannabis. **Section 17** of this bill establishes provisions relating to the registration of seed breeders. **Section 18** of this bill establishes provisions relating to the registration of producers of industrial cannabis products. **Section 24** of this bill authorizes the State Board of Agriculture to establish fees for the issuance and renewal of such registrations. **Section 15** of this bill limits the varieties of industrial cannabis that may be cultivated to those appearing on a list of approved seed cultivars maintained by the Director of the State Department of Agriculture or those cultivated by an established agricultural research institution or a seed breeder in the process of developing a new seed cultivar. **Section 25** of this bill establishes requirements for the cultivation of industrial cannabis. **Section 26** of this bill establishes requirements for the testing of the concentration of THC in industrial cannabis. **Section 19** of this bill: (1) authorizes a person to hold an ownership interest in an entity registered pursuant to this bill and a medical marijuana establishment; and (2) prohibits an entity from being both registered pursuant to this bill and as a medical marijuana establishment.

Section 13 of this bill establishes the Industrial Cannabis Advisory Board and requires the Advisory Board to advise the Director on all matters relating to industrial cannabis. **Section 31** of this bill requires the Advisory Board, on or before January 1, 2021, to report to the Legislature on the economic impact of industrial cannabis on this State and any other states that have authorized its cultivation.

Sections 28 and 29 of this bill exclude industrial cannabis, as defined in **section 7** of this bill, from certain crimes relating to marijuana.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Title 49 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 27, inclusive, of this act.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to 12, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Advisory Board” means the Industrial Cannabis Advisory Board created by section 13 of this act.*

Sec. 4. *“Department” means the State Department of Agriculture.*

Sec. 5. *“Director” means the Director of the Department.*

Sec. 6. *“Established agricultural research institution” means a public or private institution or organization that maintains land for agricultural research, including, without limitation, colleges, universities, agricultural research centers and conservation research centers.*



1 **Sec. 7. 1. “Industrial cannabis” means a crop that is**
2 **limited to nonpsychoactive types of the plant *Cannabis sativa* L.**
3 **and the seed produced therefrom that:**

4 **(a) Except as otherwise provided in subsection 7 of section 26**
5 **of this act, has not more than 0.3 percent THC contained in the**
6 **dried flowering tops; and**

7 **(b) Is cultivated and processed exclusively for the purpose of**
8 **producing the mature stems of the plant, fiber produced from the**
9 **stems, oil or cake made from the seeds of the plant, any other**
10 **compound, manufacture, salt, derivative, mixture or preparation**
11 **of the mature plant, including, without limitation, the resin or**
12 **flowering tops extracted therefrom, fiber, oil or cake, or the**
13 **sterilized seed or any component of the seed of the plant which is**
14 **incapable of germination.**

15 **2. The term includes, without limitation, related products**
16 **imported pursuant to the Harmonized Tariff Schedule of the**
17 **United States published by the United States International Trade**
18 **Commission, including, without limitation, hemp seed, hemp oil,**
19 **hemp powder, oil cake, true hemp, true hemp yarn and woven**
20 **fabrics of true hemp fibers.**

21 **Sec. 8. “Seed breeder” means a person or state or local**
22 **governmental entity that is registered with the Department**
23 **pursuant to section 17 of this act to develop seed cultivars intended**
24 **for sale or research.**

25 **Sec. 9. “Seed certifying agency” has the meaning ascribed to**
26 **“certifying agency” in NRS 587.023.**

27 **Sec. 10. “Seed cultivar” means a variety of industrial**
28 **cannabis.**

29 **Sec. 11. “Seed development plan” means a strategy devised**
30 **by a seed breeder or an applicant for registration as a seed breeder**
31 **that describes his or her planned approach to growing and**
32 **developing a new seed cultivar for industrial cannabis.**

33 **Sec. 12. “THC” has the meaning ascribed to it in**
34 **NRS 453A.155.**

35 **Sec. 13. 1. The Industrial Cannabis Advisory Board,**
36 **consisting of 11 members, is hereby created. The Advisory Board**
37 **consists of:**

38 **(a) Three members who are growers of industrial cannabis**
39 **registered pursuant to the provisions of section 16 of this act or, if**
40 **the Department has not yet implemented registration pursuant to**
41 **section 16 of this act, who intend to become registered and who**
42 **represent at least one of the following functions:**

43 **(1) Marketing;**

44 **(2) Seed conditioning;**

45 **(3) Seed production; or**



(4) Seed utilization.

(b) Two members who are members of or affiliated with an established agricultural research institution.

(c) One member who is a representative of the Nevada Sheriffs' and Chiefs' Association.

(d) One member who is a representative of the Department.

(e) One member who is a member of an association which represents the interests of persons actively engaged in the business of industrial cannabis production.

(f) One member who represents the interests of persons actively engaged in the business of processing or manufacturing products made from industrial cannabis.

(g) One member who represents the interests of persons actively engaged in the business of selling products made from industrial cannabis.

(h) One member who is a representative of the general public.

2. The State Board of Agriculture shall appoint the members of the Advisory Board pursuant to subsection 1 and may fill all vacancies which arise on the Advisory Board by appointing a member to serve the unexpired term.

3. After the initial terms, the members of the Advisory Board serve terms of 3 years.

4. The members of the Advisory Board serve without compensation, except that necessary travel and per diem expenses may be reimbursed, not to exceed the amounts provided for state officers and employees generally, to the extent that money is made available for that purpose.

5. The Advisory Board shall:

(a) Elect a Chair and such other officers from its members as it deems advisable.

(b) Meet at least once each year and at the call of the Chair or the request of any four members of the Advisory Board.

(c) Advise the Director and make recommendations on all matters relating to industrial cannabis, including, without limitation, regulation of industrial cannabis and industrial cannabis seeds, the enforcement of this chapter, the annual budget required to implement the provisions of this chapter and the fees assessed on growers of industrial cannabis and seed breeders.

Sec. 14. The State Board of Agriculture may adopt regulations to carry out the provisions of this chapter.

Sec. 15. 1. In addition to any other requirement of this chapter, industrial cannabis must not be grown in this State unless the seed cultivar:



(a) Is grown by an established agricultural research institution;

(b) Is grown by a seed breeder in the process of developing a new seed cultivar; or

(c) Appears on the list of approved seed cultivars described in subsection 2.

2. Except as otherwise provided in subsection 3, the list of seed cultivars approved for growth in this State includes seed cultivars of industrial cannabis that have been certified:

(a) On or before January 1, 2016, by member agencies of the Association of Official Seed Certifying Agencies, including, without limitation, the Canadian Seed Growers' Association.

(b) On or before January 1, 2016, by the Organisation for Economic Co-operation and Development.

(c) On or before January 1, 2016, by the European Seed Certification Agencies Association or its member agencies.

(d) By the Department pursuant to NRS 587.015 to 587.123, inclusive.

3. The Director may, by regulation, add, amend or remove seed cultivars from the list described in subsection 2 upon the recommendation of the Advisory Board or the Department.

4. The Department shall consult with the Advisory Board to determine the manner in which to give the public notice of the list of seed cultivars approved for growth in this State and any revisions to the list.

Sec. 16. 1. A person who wishes to grow industrial cannabis for commercial purposes in this State must submit to the Department:

(a) An application on a form prescribed by the Department which must include:

(1) The name, physical address and mailing address of the applicant;

(2) The legal description, global positioning system coordinates and a map of each land area on which the applicant wishes to engage in the cultivation or storage of industrial cannabis; and

(3) The seed cultivar to be grown, proof that the seed cultivar appears on the list of approved seed cultivars pursuant to section 15 of this act and the purpose for which the seed cultivar will be grown; and

(b) The fee established pursuant to section 24 of this act.

2. The Department shall issue a registration as a grower of industrial cannabis to an applicant who satisfies the requirements of this chapter.



3. A registration as a grower of industrial cannabis is valid for 2 years and may be renewed upon the submission to the Department of the fee established pursuant to section 24 of this act and an application for renewal on a form prescribed by the Department.

4. A registered grower of industrial cannabis who wishes to change the land area on which the grower cultivates or stores industrial cannabis must submit to the Department an updated legal description, global positioning system coordinates and map specifying the changes before changing the land area. The Department shall review the information submitted by a grower pursuant to this subsection and, upon approval of the change, notify the grower within 30 days after submission of the information required by this subsection that he or she may cultivate or store industrial cannabis on the revised land area.

5. A registered grower of industrial cannabis who wishes to change the seed cultivar that the grower cultivates must submit to the Department the name of the new seed cultivar and proof that the seed cultivar appears on the list of approved seed cultivars pursuant to section 15 of this act before cultivating the new seed cultivar. The Department shall review the information submitted by a grower pursuant to this subsection and, upon approval of the change, notify the grower within 30 days after submission of the information required by this subsection that he or she may cultivate the new seed cultivar.

Sec. 17. 1. A person who wishes to become a seed breeder in this State must submit to the Department:

(a) An application on a form prescribed by the Department which must include:

(1) The name, physical address and mailing address of the applicant;

(2) The legal description, global positioning system coordinates and a map of each land area on which the applicant wishes to engage in the cultivation or storage of industrial cannabis;

(3) The seed cultivar to be grown, proof that the seed cultivar appears on the list of approved seed cultivars pursuant to section 15 of this act and the purpose for which the seed cultivar will be grown; and

(4) If the applicant intends to develop a new seed cultivar in this State to be certified by a seed certifying agency:

(I) The name of the seed certifying agency that will be conducting the certification;

(II) The varieties of industrial cannabis that will be used to develop the new seed cultivar; and



(III) A seed development plan specifying how the listed varieties of industrial cannabis will be used in the development of the new seed cultivar, measures that will be taken pursuant to this chapter to prevent the unlawful use of industrial cannabis or seed cultivars and a procedure for the maintenance of records documenting the development of the new seed cultivar; and

(b) The fee established pursuant to section 24 of this act.

2. The Department shall issue a registration as a seed breeder to an applicant who satisfies the requirements of this chapter.

3. A registration as a seed breeder is valid for 2 years and may be renewed upon the submission to the Department of the fee established pursuant to section 24 of this act and an application on a form prescribed by the Department.

4. A registered seed breeder who wishes to change the land area on which the seed breeder cultivates or stores industrial cannabis must submit to the Department an updated legal description, global positioning system coordinates and map specifying the changes before changing the land area. The Department shall review the information submitted by a seed breeder pursuant to this subsection and, upon approval of the change, notify the seed breeder within 30 days after submission of the information required by this subsection that he or she may cultivate or store industrial cannabis on the revised land area.

5. A registered seed breeder who wishes to change the seed cultivar that the seed breeder cultivates must submit to the Department the name of the new seed cultivar and proof that the seed cultivar appears on the list of approved seed cultivars pursuant to section 15 of this act before cultivating the new seed cultivar. The Department shall review the information submitted by a seed breeder pursuant to this subsection and, upon approval of the change, notify the seed breeder within 30 days after submission of the information required by this subsection that he or she may cultivate the new seed cultivar.

6. A registered seed breeder developing a new seed cultivar in this State to be certified by a seed certifying agency who wishes to change any provision of the seed development plan must submit to the Department the revised seed development plan. The Department shall review the information submitted by a seed breeder pursuant to this subsection and, upon approval of the change, notify the seed breeder within 30 days after submission of the information required by this subsection that he or she may develop the new seed cultivar pursuant to the revised seed development plan.

7. A seed breeder shall maintain all records pertaining to a seed development plan and make the records available upon



request to the Department, a law enforcement agency or a representative of a seed certifying agency.

Sec. 18. 1. A person who wishes to produce and sell products derived from industrial cannabis in this State must submit to the Department:

(a) An application on a form prescribed by the Department which must include:

(1) The name, physical address and mailing address of the applicant;

(2) The legal description, global positioning system coordinates and a map of each land area on which the applicant wishes to engage in the production, storage or sale of products derived from industrial cannabis; and

(3) A description of each product derived from industrial cannabis that the applicant intends to produce or sell; and

(b) The fee established pursuant to section 24 of this act.

2. The Department shall issue a registration as a producer of industrial cannabis products to an applicant who satisfies the requirements of this chapter.

3. A registration as a producer of industrial cannabis products is valid for 2 years and may be renewed upon the submission to the Department of the fee established pursuant to section 24 of this act and an application for renewal on a form prescribed by the Department.

4. A registered producer of industrial cannabis products who wishes to change the land area on which the producer produces, stores or sells products derived from industrial cannabis must submit to the Department an updated legal description, global positioning system coordinates and map specifying the changes before changing the land area. The Department shall review the information submitted by a producer pursuant to this subsection and, upon approval of the change, notify the producer within 30 days after submission of the information required by this subsection that he or she may produce, store or sell products derived from industrial cannabis on the revised land area.

Sec. 19. 1. A person may apply to the Department for registration as more than one of the types of businesses described in sections 16, 17 and 18 of this act.

2. A person may hold an ownership interest in an entity registered pursuant to this chapter and an entity which holds a medical marijuana establishment registration certificate issued pursuant to NRS 453A.322. An entity registered pursuant to this chapter may not hold a medical marijuana establishment registration certificate issued pursuant to NRS 453A.322 and must be operated separately from such an entity.



Sec. 20. 1. *In addition to any other requirements set forth in this chapter, an applicant for the renewal of a registration must indicate in the application submitted to the Department whether the applicant has a state business license. If the applicant has a state business license, the applicant must include in the application the state business license number assigned by the Secretary of State upon compliance with the provisions of chapter 76 of NRS.*

2. *A registration may not be renewed by the Department if:*

(a) The applicant fails to submit the information required by subsection 1; or

(b) The State Controller has informed the Department pursuant to subsection 5 of NRS 353C.1965 that the applicant owes a debt to an agency that has been assigned to the State Controller for collection and the applicant has not:

(1) Satisfied the debt;

(2) Entered into an agreement for the payment of the debt pursuant to NRS 353C.130; or

(3) Demonstrated that the debt is not valid.

3. *As used in this section:*

(a) "Agency" has the meaning ascribed to it in NRS 353C.020.

(b) "Debt" has the meaning ascribed to it in NRS 353C.040.

Sec. 21. 1. *In addition to any other requirements set forth in this chapter, an applicant for the issuance or renewal of a registration as a grower of industrial cannabis, a producer of industrial cannabis products or a seed breeder shall:*

(a) Include the social security number of the applicant in the application submitted to the Department.

(b) Submit to the Department the statement prescribed by the Division of Welfare and Supportive Services of the Department of Health and Human Services pursuant to NRS 425.520. The statement must be completed and signed by the applicant.

2. *The Department shall include the statement required pursuant to subsection 1 in:*

(a) The application or any other forms that must be submitted for the issuance or renewal of the registration; or

(b) A separate form prescribed by the Department.

3. *A registration may not be issued or renewed by the Department if the applicant:*

(a) Fails to submit the statement required pursuant to subsection 1; or

(b) Indicates on the statement submitted pursuant to subsection 1 that the applicant is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency



enforcing the order for the repayment of the amount owed pursuant to the order.

4. If an applicant indicates on the statement submitted pursuant to subsection 1 that the applicant is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the Department shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.

Sec. 22. 1. If the Department receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a person who is registered as a grower of industrial cannabis, a producer of industrial cannabis products or a seed breeder, the Department shall deem the registration issued to that person to be suspended at the end of the 30th day after the date on which the court order was issued unless the Department receives a letter issued to the holder of the registration by the district attorney or other public agency pursuant to NRS 425.550 stating that the holder of the registration has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.

2. The Department shall reinstate a registration as a grower of industrial cannabis, a producer of industrial cannabis products or a seed breeder that has been suspended by a district court pursuant to NRS 425.540 if the Department receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the person whose registration was suspended stating that the person whose registration was suspended has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.

Sec. 23. 1. A registered grower of industrial cannabis, registered seed breeder or established agricultural research institution may engage in the cultivation, storage, purchase or sale of industrial cannabis.

2. A registered producer of industrial cannabis products may engage in the purchase and storage of industrial cannabis and the manufacturing and sale of products made from industrial cannabis.

Sec. 24. 1. The State Board of Agriculture shall by regulation establish reasonable fees for registration as a grower of industrial cannabis, registration as a producer of industrial cannabis products or registration as a seed breeder and for the



1 *renewal of a registration as a grower of industrial cannabis, a*
2 *producer of industrial cannabis products or a seed breeder. The*
3 *fees must be set in such an amount as to reimburse the*
4 *Department for the cost of carrying out the provisions of this*
5 *chapter.*

6 2. *The Department shall collect the fees required by this*
7 *section and transmit the proceeds to the State Treasurer for credit*
8 *to the Industrial Cannabis Account created by section 30 of this*
9 *act.*

10 **Sec. 25. 1.** *Industrial cannabis which is cultivated by a*
11 *registered grower of industrial cannabis must be densely planted*
12 *in an acreage of not less than 5 acres at a time and any plots*
13 *within the acreage must be not less than 1 contiguous acre.*

14 2. *Industrial cannabis which is cultivated by a registered seed*
15 *breeder for the purpose of seed production must be densely*
16 *planted in an acreage of not less than 2 acres at a time and any*
17 *plots within the acreage must be not less than 1 contiguous acre.*

18 3. *Industrial cannabis which is cultivated by a registered seed*
19 *breeder for the purpose of developing a new seed cultivar must be*
20 *densely planted in a dedicated acreage of not less than 1 acre in*
21 *accordance with the provisions of the seed breeder's seed*
22 *development plan. The entire area of the dedicate acreage is not*
23 *required to be used for the cultivation of the new seed cultivar.*

24 4. *Each plot must contain adequate signage to indicate that*
25 *industrial cannabis is being grown within the plot.*

26 5. *Industrial cannabis must not be culled except:*

27 (a) *When grown by an established agricultural research*
28 *institution;*

29 (b) *As necessary to perform the testing required by section 26*
30 *of this act; or*

31 (c) *For the purposes of seed production and development by a*
32 *registered seed breeder.*

33 **Sec. 26. 1.** *A registered grower of industrial cannabis or a*
34 *registered seed breeder must obtain a laboratory test report from*
35 *an independent testing laboratory certified pursuant to chapter*
36 *453A of NRS indicating that the concentration of THC in a*
37 *random sampling of the dried flowering tops of the industrial*
38 *cannabis being cultivated is 0.3 percent or less before harvesting*
39 *the industrial cannabis.*

40 2. *The registered grower of industrial cannabis or registered*
41 *seed breeder shall take samples from random industrial cannabis*
42 *plants when the concentration of THC in the leaves surrounding*
43 *the seeds of the plants is at its highest level. This subsection is*
44 *deemed to be satisfied if the samples are taken when the first seeds*



1 produced by approximately 50 percent of the industrial cannabis
2 plants being cultivated have become resistant to compression.

3 3. The samples submitted to the independent testing
4 laboratory must consist of the entire fruit-bearing part of the
5 industrial cannabis plant obtained by cutting directly underneath
6 the inflorescence found in the top one-third of the plant.

7 4. In addition to the sample collected pursuant to this section,
8 the registered grower of industrial cannabis or registered seed
9 breeder must submit to the independent testing laboratory:

10 (a) Proof of registration pursuant to this chapter;

11 (b) Documentation concerning the certification of each seed
12 cultivar used; and

13 (c) Previous reports of THC testing for each certified seed
14 cultivar used.

15 5. The laboratory test report issued by an independent testing
16 laboratory pursuant to this section must contain:

17 (a) The concentration of THC contained in the sample;

18 (b) The date the sample was taken;

19 (c) The location from which the sample was taken;

20 (d) The global positioning system coordinates and total
21 acreage of the crop from which the sample was taken;

22 (e) If the concentration of THC in the sample was 0.3 percent
23 or less, the words “PASSED AS NEVADA INDUSTRIAL
24 CANNABIS” at or near the top of the laboratory test report; and

25 (f) If the concentration of THC in the sample was more than
26 0.3 percent, the words “FAILED AS NEVADA INDUSTRIAL
27 CANNABIS” at or near the top of the laboratory test report.

28 6. If the laboratory test report indicates a concentration of
29 THC that:

30 (a) Is 0.3 percent or less, the independent testing laboratory
31 shall provide the registered grower of industrial cannabis or
32 registered seed breeder with 10 or more original copies of the
33 laboratory test report signed by an employee of the independent
34 testing laboratory and shall retain 1 or more original copies of the
35 laboratory test report for at least 2 years after the date the sample
36 was taken.

37 (b) Is more than 0.3 percent but not more than 1 percent, the
38 independent testing laboratory shall notify the registered grower of
39 industrial cannabis or registered seed breeder and the grower of
40 industrial cannabis or seed breeder shall provide additional
41 samples of the industrial cannabis being cultivated for further
42 testing.

43 (c) Is more than 1 percent or, for further testing done pursuant
44 to paragraph (b), is more than 0.3 percent, the registered grower
45 of industrial cannabis or registered seed breeder shall destroy the



crop from which the sample was taken. The crop must be destroyed as soon as practicable but not later than 45 days after receiving the laboratory testing report.

7. A crop with a concentration of THC that is:

(a) More than 0.3 percent but not more than 1 percent which is grown by a registered grower of industrial cannabis or registered seed breeder who intends to cultivate industrial cannabis and complies with the provisions of this section; or

(b) More than 0.3 percent which is grown by an established agricultural research institution to contribute to the development of a type of industrial cannabis with a concentration of THC that is 0.3 percent or less,

↪ shall be deemed to be industrial cannabis.

8. A registered grower of industrial cannabis or registered seed breeder shall retain an original signed copy of a laboratory test report received pursuant to this section for at least 2 years after the date on which the sample was taken and make the original signed copy available to the Department and law enforcement officials at their request. The registered grower of industrial cannabis or registered seed breeder shall provide an original copy of a laboratory test report received pursuant to this section to each person who purchases, transports or otherwise obtains any component of the plant from the registered grower of industrial cannabis or registered seed breeder.

9. As used in this section, "independent testing laboratory" has the meaning ascribed to it in NRS 453A.107.

Sec. 27. A person shall not engage in the cultivation of industrial cannabis in this State unless the person is:

1. Registered as a grower of industrial cannabis or as a seed breeder pursuant to this chapter; or

2. An established agricultural research institution engaging in the cultivation of industrial cannabis pursuant to the provisions of section 23 of this act.

Sec. 28. NRS 453.096 is hereby amended to read as follows:

453.096 1. "Marijuana" means:

(a) All parts of any plant of the genus Cannabis, whether growing or not;

(b) The seeds thereof;

(c) The resin extracted from any part of the plant; and

(d) Every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin.

2. "Marijuana" does not include ~~the~~ :

(a) Industrial cannabis, as defined in section 7 of this act; or

(b) The mature stems of the plant, fiber produced from the stems, oil or cake made from the seeds of the plant, any other



compound, manufacture, salt, derivative, mixture or preparation of the mature stems (except the resin extracted therefrom), fiber, oil or cake, or the sterilized seed of the plant which is incapable of germination.

Sec. 29. NRS 453.339 is hereby amended to read as follows:

453.339 1. Except as otherwise provided in NRS 453.011 to 453.552, inclusive, a person who knowingly or intentionally sells, manufactures, delivers or brings into this State or who is knowingly or intentionally in actual or constructive possession of marijuana shall be punished, if the quantity involved:

(a) Is 100 pounds or more, but less than 2,000 pounds, for a category C felony as provided in NRS 193.130 and by a fine of not more than \$25,000.

(b) Is 2,000 pounds or more, but less than 10,000 pounds, for a category B felony by imprisonment in the state prison for a minimum term of not less than 2 years and a maximum term of not more than 10 years and by a fine of not more than \$50,000.

(c) Is 10,000 pounds or more, for a category A felony by imprisonment in the state prison:

(1) For life with the possibility of parole, with eligibility for parole beginning when a minimum of 5 years has been served; or

(2) For a definite term of 15 years, with eligibility for parole beginning when a minimum of 5 years has been served,

➤ and by a fine of not more than \$200,000.

2. For the purposes of this section:

(a) "Marijuana" means all parts of any plant of the genus Cannabis, whether growing or not ~~H~~, ***except for industrial cannabis, as defined in section 7 of this act.***

(b) The weight of marijuana is its weight when seized or as soon as practicable thereafter.

Sec. 30. Chapter 561 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Industrial Cannabis Account is hereby created in the State General Fund. The proceeds of the fees assessed pursuant to section 24 of this act must be credited to the Account.

2. Expenditures from the Account may be made only for the purpose of carrying out the provisions of sections 2 to 27, inclusive, of this act.

Sec. 31. On or before January 1, 2021, the Industrial Cannabis Advisory Board created by section 13 of this act shall solicit input from an association which represents the interests of persons actively engaged in the business of industrial cannabis production and submit a report to the Director of the Legislative Counsel Bureau for transmission to the next regular session of the Legislature which describes:



1 1. The economic impact of the cultivation and processing of
2 and the manufacturing of products based on industrial cannabis on
3 this State; and

4 2. The economic impact of the cultivation and processing of
5 and the manufacturing of products based on industrial cannabis in
6 other states that have authorized the cultivation of industrial
7 cannabis.

8 **Sec. 32.** As soon as practicable after the effective date of this
9 act, the State Board of Agriculture shall appoint to the Industrial
10 Cannabis Advisory Board created by section 13 of this act:

11 1. Six members to terms that expire on December 31, 2017.

12 2. Five members to terms that expire on December 31, 2018.

13 **Sec. 33.** 1. This act becomes effective:

14 (a) Upon passage and approval for the purpose of adopting any
15 regulations and performing any other preparatory administrative
16 tasks necessary to carry out the provisions of this act; and

17 (b) On January 1, 2016, for all other purposes.

18 2. Sections 21 and 22 of this act expire by limitation on the
19 date on which the provisions of 42 U.S.C. § 666 requiring each state
20 to establish procedures under which the state has authority to
21 withhold or suspend, or to restrict the use of professional,
22 occupational and recreational licenses of persons who:

23 (a) Have failed to comply with a subpoena or warrant relating to
24 a proceeding to determine the paternity of a child or to establish or
25 enforce an obligation for the support of a child; or

26 (b) Are in arrears in the payment for the support of one or more
27 children,

28 ➔ are repealed by the Congress of the United States.

