

ASSEMBLY BILL NO. 466—COMMITTEE  
ON GROWTH AND INFRASTRUCTURE

MARCH 25, 2019

Referred to Committee on Taxation

**SUMMARY**—Requires the creation of a pilot program to facilitate certain financial transactions relating to marijuana. (BDR 18-870)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State: Yes.

~

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

AN ACT relating to financial transactions; requiring the State Treasurer to create a pilot program for the establishment of one or more closed-loop payment processing systems to facilitate certain financial transactions relating to marijuana; setting forth certain requirements for a closed-loop payment processing system; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

This bill requires the State Treasurer to create a pilot program for the establishment of one or more closed-loop payment processing systems that enable certain persons to engage in financial transactions relating to marijuana in a safe and efficient manner. The pilot program is authorized to operate in this State from October 1, 2019, through June 30, 2023. This bill requires a closed-loop payment processing system established under the pilot program to be designed to achieve certain purposes, including, without limitation, to provide marijuana establishments and medical marijuana establishments a safe, secure and convenient method of paying state and local taxes. This bill also requires a closed-loop payment processing system to allow certain persons to utilize accounts created by the State and to include certain technological features. Finally, this bill requires the State Treasurer to submit to the Legislature a report concerning the pilot program on or before February 1, 2021, and every 6 months thereafter.



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

**Section 1.** Chapter 226 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. The State Treasurer shall create a pilot program for the establishment of one or more closed-loop payment processing systems that enable marijuana establishments, medical marijuana establishments, consumers and holders of registry identification cards or letters of approval to engage in financial transactions in a safe and efficient manner.*

*2. A closed-loop payment processing system established under the pilot program must be designed to achieve the following purposes:*

*(a) Reducing the risk to the safety and welfare of the public posed by the holding, distribution and transportation of large sums of cash;*

*(b) Providing marijuana establishments and medical marijuana establishments with a safe, secure and convenient method of paying state and local taxes;*

*(c) Providing the State and local governments with a safe, secure and convenient method of collecting taxes imposed on marijuana establishments and medical marijuana establishments;*

*(d) Providing transparency into financial transactions related to marijuana establishments and medical marijuana establishments;*

*(e) Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and drug cartels;*

*(f) Preventing marijuana from being diverted across state lines;*

*(g) Preventing the distribution of marijuana to minors; and*

*(h) Preventing lawful financial transactions relating to marijuana from being used as a cover or pretext for the trafficking of controlled substances or other unlawful activities.*

*3. A closed-loop payment processing system established under the pilot program must allow a marijuana establishment, medical marijuana establishment, consumer or holder of a registry identification card or a letter of approval to utilize accounts created by the State and must include, without limitation, the following capabilities:*

*(a) The keeping of records in real time;*

*(b) A business-to-business payment system;*

*(c) A method in which to authenticate the identities of consumers and holders of a registry identification card or letter of approval;*



(d) A method in which to initiate transactions by means of a secure mobile application or a physical card; and

(e) A method which allows the State or a local government to collect taxes in real time.

4. The State Treasurer shall adopt regulations necessary to carry out the pilot program. Such regulations must not require a marijuana establishment, medical marijuana establishment, consumer or holder of a registry identification card or letter of approval to participate in the pilot program.

5. The State Treasurer may adopt regulations establishing a schedule of fees for participation in the pilot program. The fees must be sufficient to cover the costs of administering the pilot program.

6. On or before February 1, 2021, and every 6 months thereafter, the State Treasurer shall submit to the Director of the Legislative Counsel Bureau for transmittal to the Legislature, if the Legislature is in session, or to the Legislative Commission, if the Legislature is not in session, a report concerning the pilot program. The report must include, without limitation, a description of the status and results of the pilot program and recommendations for legislation to facilitate the improvement or expansion of the pilot program.

7. At least one closed-loop payment processing system established under the pilot program must begin operating not later than July 1, 2020.

8. As used in this section:

(a) "Closed-loop payment processing system" means a cashless system established by the State Treasurer pursuant to this section to monitor and facilitate the financial transactions of marijuana establishments, medical marijuana establishments, consumers and holders of registry identification cards.

(b) "Consumer" has the meaning ascribed to it in NRS 453D.030.

(c) "Letter of approval" has the meaning ascribed to it in NRS 453A.109.

(d) "Marijuana establishment" has the meaning ascribed to it in NRS 453D.030.

(e) "Medical marijuana establishment" has the meaning ascribed to it in NRS 453A.116.

(f) "Registry identification card" has the meaning ascribed to it in NRS 453A.140.

**Sec. 2.** The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.



- 1     **Sec. 3.** 1. This act becomes effective upon passage and  
2 approval for the purposes of adopting regulations and performing  
3 any other administrative tasks that are necessary to carry out the  
4 provisions of this act, and on October 1, 2019, for all other  
5 purposes.  
6     2. This act expires by limitation on June 30, 2023.

