

Amendment No. 469

Senate Amendment to Senate Bill No. 238	(BDR 32-133)
<b>Proposed by:</b> Senate Committee on Revenue and Economic Development	
<b>Amends:</b> Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.





## SENATE BILL NO. 238—SENATOR CANCELA

FEBRUARY 27, 2019

Referred to Committee on Revenue and  
Economic Development

SUMMARY—Revises provisions relating to marijuana. (BDR 32-133)

FISCAL NOTE: Effect on Local Government: No.  
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 marijuana; ~~[requiring a member of the Nevada Tax Commission to have certain experience relating to legalized marijuana; creating the Responsible Use of Marijuana Public Education Committee within the Department of Taxation; establishing the powers and duties of the Committee; requiring the establishment of a statewide hotline to report suspected unlicensed sales of marijuana;]~~ authorizing the transfer of a medical marijuana establishment registration certificate and a license to operate a marijuana establishment in certain circumstances; revising provisions relating to inventory control systems; prohibiting the use of a third party by a medical marijuana dispensary or retail marijuana store to sell marijuana and related products; establishing requirements relating to the delivery of marijuana and related products to a consumer; **requiring the Attorney General to perform a study relating to the unlicensed sale of marijuana and related products in this State;** and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

~~[—Existing law creates the Nevada Tax Commission and requires a majority of the commissioners to have experience in certain fields. (NRS 360.010, 360.020) Section 1 of this bill requires one of the commissioners to have at least 5 years' experience in the field of legalized marijuana.~~

~~—Existing law generally exempts a person who holds a valid medical marijuana establishment registration certificate or license to operate a marijuana establishment from state prosecution for possession, delivery and production of marijuana and provides for the licensing and regulation of such establishments. (NRS 453A.320-453A.370, 453D.420, 453D.200) Sections 4-8 of this bill create the Responsible Use of Marijuana Public Education Committee and establish its powers and duties. Specifically, section 5 of this bill creates the Committee and establishes its membership. Section 6 of this bill establishes provisions relating to the operation of the Committee. Section 7 of this bill requires the Committee to develop and carry out, in collaboration with a marketing or advertising agency, a public information campaign relating to the responsible use of marijuana. Section 8 of this bill authorizes the Department of Taxation to fund the activities of the Committee from the~~

proceeds of the excise tax on wholesale sales of marijuana by cultivation facilities. Section 2 of this bill makes a conforming change.

~~Sections 9 and 16 of this bill require the Bureau of Consumer Protection in the Office of the Attorney General to establish a statewide hotline and Internet website by which a person may file a complaint relating to a suspect sale of marijuana or related products without the appropriate certificate or license.~~

Existing law requires the Department to transfer a medical marijuana establishment registration certificate to a party acquiring ownership of a medical marijuana establishment and requires the Department to provide by regulation for the transfer of a license to operate a marijuana establishment. (NRS 453A.334, 453D.200) **Sections 10 and 15** of this bill provide for the transfer of a medical marijuana establishment registration certificate and a license to operate a marijuana establishment in certain additional circumstances.

Existing law requires a medical marijuana establishment to maintain an inventory control system and requires a marijuana establishment to package and label marijuana products in a manner that allows tracking by way of an inventory control system. (NRS 453A.356, 453D.310) **Sections 11 and 17** of this bill allow a dual licensee to combine the inventory of its medical marijuana establishments and marijuana establishments for the purpose of maintaining its inventory control system and **require a dual licensee to** designate a sale to be pursuant to either existing law relating to medical marijuana or existing law relating to adult-use marijuana at the point of sale.

Existing law establishes certain requirements for the operation of a medical marijuana dispensary or a retail marijuana store. (NRS 453A.358, 453D.310) **Sections 12 and 17** of this bill prohibit a medical marijuana dispensary or retail marijuana store from selling marijuana or related products through, or accepting a sale from, any business that does not hold a medical marijuana establishment registration certificate or license to operate a marijuana establishment. **Sections 12 and 17** also ~~prohibit~~ **authorize** a medical marijuana dispensary or retail marijuana store ~~from contracting~~ **to contract** with a third party ~~to advertise~~ **for delivery to consumers** ~~in certain circumstances. Sections 12 and 17 prohibit any person who does not hold a medical marijuana establishment registration certificate or a license to operate a marijuana establishment from: (1) advertising the sale of marijuana or related products by the person; (2) selling, offering to sell or appearing to sell marijuana or related products; or (3) allowing the submission of an order for marijuana or related products.~~

Existing law authorizes a medical marijuana establishment to transport medical marijuana in certain circumstances. (NRS 453A.362) **Section 13** of this bill prohibits a medical marijuana dispensary from transporting marijuana and related products to a person unless: (1) the person holds a valid registry identification card or letter of approval; (2) the transportation is performed by a person who holds a valid medical marijuana establishment agent registration card and is employed by the medical marijuana dispensary or an independent contractor who contracted with the medical marijuana dispensary; and (3) the name of the medical marijuana dispensary and each independent contractor who transports marijuana and related products for the medical marijuana dispensary are published on the Internet website maintained by the Department. **Section 17** prohibits a retail marijuana store from delivering marijuana and related products to a consumer using an independent contractor unless the name of the retail marijuana store and each independent contractor who transports marijuana and related products for the retail marijuana store are published on the Internet website maintained by the Department.

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

**Section 1.** ~~[NRS 360.020 is hereby amended to read as follows:~~

~~360.020 1. Five of the commissioners must have at least 10 years' experience, respectively, in the following fields:~~

- ~~(a) Real property;~~
- ~~(b) Utility business.~~

~~(c) Agriculture and livestock business.~~  
~~(d) Finance.~~  
~~(e) Mining.~~  
~~2. One of the commissioners must have at least 5 years' experience in the field of legalized marijuana.~~  
~~3. The remaining commissioners must be versed in other areas of property taxation and must be sufficiently experienced in business generally to be able to bring knowledge and sound judgment to the deliberations of the Nevada Tax Commission. (Deleted by amendment.)~~

**Sec. 2.** NRS 372A.290 is hereby amended to read as follows:

372A.290 1. An excise tax is hereby imposed on each wholesale sale in this State of marijuana by a cultivation facility to another medical marijuana establishment at the rate of 15 percent of the fair market value at wholesale of the marijuana. The excise tax imposed pursuant to this subsection is the obligation of the cultivation facility.

2. An excise tax is hereby imposed on each retail sale in this State of marijuana or marijuana products by a retail marijuana store at the rate of 10 percent of the sales price of the marijuana or marijuana products. The excise tax imposed pursuant to this subsection:

(a) Is the obligation of the retail marijuana store.

(b) Is separate from and in addition to any general state and local sales and use taxes that apply to retail sales of tangible personal property.

3. The revenues collected from the excise tax imposed pursuant to subsection 1 must be distributed:

(a) To the Department and to local governments in an amount determined to be necessary by the Department to pay the costs of the Department ~~[the Responsible Use of Marijuana Public Education Committee]~~ and local governments in carrying out the provisions of chapter 453A of NRS; and

(b) If any money remains after the revenues are distributed pursuant to paragraph (a), to the State Treasurer to be deposited to the credit of the State Distributive School Account in the State General Fund.

4. For the purpose of subsection 3 and NRS 453D.510, a total amount of \$5,000,000 of the revenues collected from the excise tax imposed pursuant to subsection 1 and the excise tax imposed pursuant to NRS 453D.500 in each fiscal year shall be deemed sufficient to pay the costs of all local governments to carry out the provisions of chapters 453A and 453D of NRS. The Department shall, by regulation, determine the manner in which local governments may be reimbursed for the costs of carrying out the provisions of chapters 453A and 453D of NRS.

5. The revenues collected from the excise tax imposed pursuant to subsection 2 must be paid over as collected to the State Treasurer to be deposited to the credit of the Account to Stabilize the Operation of the State Government created in the State General Fund pursuant to NRS 353.288.

6. As used in this section:

(a) "Local government" has the meaning ascribed to it in NRS 360.640.

(b) "Marijuana products" ~~has the meaning ascribed to it in NRS 453D.030.~~  
*means any product sold by a retail marijuana store which contains marijuana or an extract thereof.*

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

1        **Sec. 3.** ~~[Chapter 452A of NRS is hereby amended by adding thereto the~~  
2 ~~provisions set forth as sections 4 to 9, inclusive, of this act.] (Deleted by~~  
3 ~~amendment.)~~

4        **Sec. 4.** ~~[As used in sections 4 to 9, inclusive, of this act, unless the context~~  
5 ~~otherwise requires, "Committee" means the Responsible Use of Marijuana Public~~  
6 ~~Education Committee created by section 5 of this act.] (Deleted by amendment.)~~

7        **Sec. 5.** ~~[1. The Responsible Use of Marijuana Public Education~~  
8 ~~Committee is hereby created within the Department. The Committee consists of~~  
9 ~~the following seven members:~~

10 ~~— (a) The Executive Director of the Department or his or her designee;~~  
11 ~~— (b) The Chief Medical Officer or his or her designee; and~~  
12 ~~— (c) The following members appointed by the Executive Director of the~~  
13 ~~Department:~~

14 ~~— (1) One resident of this State who is a physician licensed under chapter~~  
15 ~~630 or 633 of NRS;~~

16 ~~— (2) One resident of this State who has at least 5 years' experience in the~~  
17 ~~field of public health;~~

18 ~~— (3) One resident of this State who represents medical marijuana~~  
19 ~~establishments or marijuana establishments, as defined in NRS 453D.030;~~

20 ~~— (4) One resident of this State who is not an employee of the Department~~  
21 ~~and who has a background in media or marketing sufficient to advise the~~  
22 ~~Committee in carrying out its duties pursuant to section 7 of this act; and~~

23 ~~— (5) One resident of this State who holds a valid registry identification~~  
24 ~~card.~~

25 ~~— 2. The Executive Director of the Department shall, to the extent practicable,~~  
26 ~~ensure that the membership of the Committee represents all geographic areas of~~  
27 ~~this State.~~

28 ~~— 3. After the initial terms, each member of the Committee appointed~~  
29 ~~pursuant to paragraph (c) of subsection 1 serves a term of 4 years.~~

30 ~~— 4. A vacancy in the membership of the Committee must be filled in the same~~  
31 ~~manner as the original appointment for the remainder of the unexpired term.~~

32 ~~— 5. A member of the Committee may be reappointed, but must not serve more~~  
33 ~~than two full terms.~~

34 ~~— 6. Each member of the Committee:~~

35 ~~— (a) Serves without compensation; and~~

36 ~~— (b) While engaged in the business of the Committee, is entitled to receive the~~  
37 ~~per diem allowance and travel expenses provided for state officers and employees~~  
38 ~~generally.~~

39 ~~— 7. The Executive Director of the Department may remove any member of~~  
40 ~~the Committee for just cause.~~

41 ~~— 8. The Executive Director of the Department shall select from among the~~  
42 ~~members of the Committee a Chair of the Committee.] (Deleted by amendment.)~~

43        **Sec. 6.** ~~[1. At the first meeting of the Committee, the Committee shall~~  
44 ~~adopt any rules and policies that are necessary to assist the Committee in~~  
45 ~~carrying out its duties.~~

46 ~~— 2. The Committee shall meet at least once each calendar quarter and at~~  
47 ~~other times upon the call of the Chair or a majority of its members.~~

48 ~~— 3. A majority of the members of the Committee constitutes a quorum for the~~  
49 ~~transaction of business, and a quorum may exercise any power or authority~~  
50 ~~conferred on the Committee.~~

51 ~~— 4. Meetings of the Committee must be conducted in accordance with~~  
52 ~~chapter 241 of NRS.~~

~~5. Except as otherwise provided by a specific statute, the documents and other information compiled by the Committee in the course of its business are public records.~~

~~6. The Department shall provide the Committee with administrative support to comply with the provisions of chapter 241 of NRS.] (Deleted by amendment.)~~

**Sec. 7.** ~~1. The Committee shall, in cooperation with the Department and to the extent that money is available:~~

~~(a) Develop and carry out, in collaboration with a marketing or advertising agency, an effective and comprehensive media-based public information program to educate, promote and engage the residents of this State concerning the responsible use of marijuana, including, without limitation:~~

~~(1) That marijuana and all products containing marijuana should be kept away from children;~~

~~(2) That an edible marijuana product may have a delayed effect and a person consuming such a product should consume a small dose and wait several hours to determine its effect before consuming more; and~~

~~(3) That marijuana and products containing marijuana should only be bought from a legal source;~~

~~(b) Not later than 120 days after the Committee's first meeting of each year, prepare an operational plan with strategic goals and milestones in furtherance of the duties of the Committee;~~

~~(c) Prepare a request for proposals for the purpose of selecting a marketing or advertising agency;~~

~~(d) Establish criteria for grading and selecting a marketing or advertising agency based on the submission of proposals;~~

~~(e) Conduct surveys for the purpose of developing a marketing campaign and determining the effectiveness of a campaign;~~

~~2. The Committee shall prepare, review and approve each annual budget for the Committee and review any periodic financial reports provided by the Department that are related to the activities of the Committee.~~

~~3. The Committee shall, on or before January 31 of each even numbered year, prepare and submit a report to the Executive Director of the Department and the Nevada Tax Commission setting forth:~~

~~(a) The operational plan prepared pursuant to paragraph (b) of subsection 1 and each public information program developed and carried out pursuant to that subsection;~~

~~(b) A financial accounting of the money provided to fund the activities of the Committee pursuant to section 8 of this act; and~~

~~(c) Any recommendations concerning the Committee.] (Deleted by amendment.)~~

**Sec. 8.** ~~1. The Department shall determine whether any money distributed to the Department pursuant to paragraph (a) of subsection 3 of NRS 372A.290 is necessary to fund the activities of the Committee. Such money, in addition to any money received pursuant to subsection 2, must be accounted for separately in the State General Fund and used to fund the activities of the Committee pursuant to this section. The Department shall administer that money.~~

~~2. The Department or the Committee may apply for and accept any available grants and may accept any bequests, devises, donations or gifts from any public or private source to fund the activities of the Committee.~~

~~3. Any money that is accounted for separately pursuant to subsection 1 is hereby authorized for expenditure as a continuing appropriation for the purpose of funding the activities of the Committee. Except as otherwise provided by law or by the terms of any grant, bequest, devise, donation or gift, any money that is~~

~~accounted for separately pursuant to subsection 1 and is remaining at the end of a fiscal year does not revert and must be carried over to the next fiscal year.~~

~~4. The Committee shall approve expenditures of the money that is accounted for separately pursuant to subsection 1.~~

~~(a) To support the public information program developed pursuant to section 7 of this act and to pay any costs incurred by the Department in administering the provisions of sections 4 to 8, inclusive, of this act, but such costs must not exceed 20 percent of the annual expenditures of the money that is accounted for separately pursuant to subsection 1 and~~

~~(b) In accordance with the operational plan prepared pursuant to section 7 of this act and within the scope of any activities and amounts of funding authorized pursuant to the operational plan.] (Deleted by amendment.)~~

~~Sec. 9. [The Bureau of Consumer Protection in the Office of the Attorney General shall establish a toll-free statewide hotline and an Internet website by which a person may file a complaint relating to a suspected sale of marijuana, edible marijuana products or marijuana-infused products by a person who does not hold a medical marijuana establishment registration certificate or a license issued pursuant to NRS 453D.210.] (Deleted by amendment.)~~

Sec. 10. NRS 453A.334 is hereby amended to read as follows:

453A.334 1. ~~[Except as otherwise provided in subsection 2, the following are nontransferable:~~

~~—(a)] A medical marijuana establishment agent registration card [.~~

~~—(b) A medical marijuana establishment registration certificate.] is nontransferable.~~

2. ~~[A]~~ Except as otherwise provided in subsection 3, a medical marijuana establishment may, upon submission of a statement signed by a person authorized to submit such a statement by the governing documents of the medical marijuana establishment, transfer its medical marijuana establishment registration certificate or all or any portion of its ownership to another party, and the Department shall transfer the medical marijuana establishment registration certificate issued to the establishment to the party acquiring the medical marijuana establishment registration certificate or ownership, if the party who will acquire the medical marijuana establishment registration certificate or ownership of the medical marijuana establishment submits:

(a) If the party will acquire the entirety of the ownership interest in the medical marijuana establishment, evidence satisfactory to the Department that the party has complied with the provisions of sub-subparagraph (III) of subparagraph (2) of paragraph (a) of subsection 3 of NRS 453A.322 for the purpose of operating the medical marijuana establishment.

(b) For the party and each person who is proposed to be an owner, officer or board member of the proposed medical marijuana establishment, the name, address and date of birth of the person, a complete set of the person's fingerprints and written permission of the person authorizing the Department to forward the fingerprints to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report.

(c) Proof satisfactory to the Department that, as a result of the transfer of the medical marijuana establishment registration certificate or ownership, no person, group of persons or entity will, in a county whose population is 100,000 or more, hold more than one medical marijuana establishment registration certificate or more than 10 percent of the medical marijuana establishment registration certificates allocated to the county, whichever is greater.

3. A medical marijuana establishment that transfers its medical marijuana registration certificate to another party without transferring any portion of its



ownership shall comply with all laws or regulations of this State relating to the sale of a license, registration or other permit to conduct business. Any transfer of a medical marijuana registration certificate in violation of this subsection is void.

**Sec. 11.** NRS 453A.356 is hereby amended to read as follows:

453A.356 1. Each medical marijuana establishment, in consultation with the Department, shall maintain an inventory control system.

2. The inventory control system required pursuant to subsection 1 must be able to monitor and report information, including, without limitation:

(a) Insofar as is practicable, the chain of custody and current whereabouts, in real time, of medical marijuana from the point that it is harvested at a cultivation facility until it is sold at a medical marijuana dispensary and, if applicable, if it is processed at a facility for the production of edible marijuana products or marijuana-infused products;

(b) The name of each person or other medical marijuana establishment, or both, to which the establishment sold marijuana;

(c) In the case of a medical marijuana dispensary, the date on which it sold marijuana to a person who holds a registry identification card and, if any, the quantity of edible marijuana products or marijuana-infused products sold, measured both by weight and potency; and

(d) Such other information as the Department may require.

3. Nothing in this section prohibits more than one medical marijuana establishment from co-owning an inventory control system in cooperation with other medical marijuana establishments, or sharing the information obtained therefrom.

4. A medical marijuana establishment must exercise reasonable care to ensure that the personal identifying information of persons who hold registry identification cards which is contained in an inventory control system is encrypted, protected and not divulged for any purpose not specifically authorized by law.

5. If a medical marijuana establishment is operated by a dual licensee, the medical marijuana establishment may:

(a) For the purpose of tracking medical marijuana, ~~combine the~~ maintain a combined inventory ~~for the medical marijuana establishment~~ with ~~the inventory of any other medical marijuana establishment or~~ a marijuana establishment operated by the dual licensee; and

(b) For the purpose of reporting on the inventory of the medical marijuana establishment, ~~combine the~~ maintain a combined inventory ~~for the medical marijuana establishment~~ with ~~the inventory of any other medical marijuana establishment or~~ a marijuana establishment operated by the dual licensee and report ~~all such~~ the combined inventory under a single ~~entity~~; and

~~(c) medical marijuana establishment registration certificate or license to operate a marijuana establishment.~~

6. If a medical marijuana establishment is operated by a dual licensee, the medical marijuana establishment shall:

(a) For the purpose of reporting on the sales of any medical marijuana establishment or marijuana establishment operated by the dual licensee, designate each sale as a sale pursuant to the provisions of this chapter or chapter 453D of NRS in its inventory control system at the point of sale ~~for~~

~~6.1~~ ; and

(b) Verify that each person who purchases marijuana, edible marijuana products or marijuana-infused products in a sale designated as a sale pursuant to the provisions of this chapter holds a valid registry identification card.

7. As used in this section:

(a) "Dual licensee" has the meaning ascribed to it in NRS 453D.030.

1 *(b) "Marijuana establishment" has the meaning ascribed to it in NRS*  
2 *453D.030.*

3 **Sec. 12.** NRS 453A.358 is hereby amended to read as follows:

4 453A.358 1. Each medical marijuana dispensary shall ensure all of the  
5 following:

6 (a) The weight, concentration and content of THC in all marijuana, edible  
7 marijuana products and marijuana-infused products that the dispensary sells is  
8 clearly and accurately stated on the product sold.

9 (b) That the dispensary does not sell to a person, in any one transaction, more  
10 than 1 ounce of marijuana.

11 (c) That, posted clearly and conspicuously within the dispensary, are the legal  
12 limits on the possession of marijuana for medical purposes, as set forth in NRS  
13 453A.200.

14 (d) That, posted clearly and conspicuously within the dispensary, is a sign  
15 stating unambiguously the legal limits on the possession of marijuana for medical  
16 purposes, as set forth in NRS 453A.200.

17 (e) That only persons who are at least 21 years of age or hold a registry  
18 identification card or letter of approval are allowed to enter the premises of the  
19 medical marijuana dispensary.

20 2. A medical marijuana dispensary may, but is not required to, track the  
21 purchases of marijuana for medical purposes by any person to ensure that the  
22 person does not exceed the legal limits on the possession of marijuana for medical  
23 purposes, as set forth in NRS 453A.200. The Department shall not adopt a  
24 regulation or in any other way require a medical marijuana dispensary to track the  
25 purchases of a person or determine whether the person has exceeded the legal limits  
26 on the possession of marijuana for medical purposes, as set forth in NRS 453A.200.

27 3. A medical marijuana dispensary which is a dual licensee, as defined in  
28 NRS 453D.030, may, to the extent authorized by the regulations adopted by the  
29 Department pursuant to paragraph (k) of subsection 1 of NRS 453D.200, allow any  
30 person who is at least 21 years of age to enter the premises of the medical  
31 marijuana dispensary, regardless of whether such a person holds a valid registry  
32 identification card or letter of approval.

33 *4. A medical marijuana dispensary shall not sell marijuana, edible*  
34 *marijuana products or marijuana-infused products to a consumer through the*  
35 *use of, or accept a sale of marijuana, edible marijuana products or marijuana-*  
36 *infused products from, a third party, intermediary business, broker or any other*  
37 *business that does not hold a medical marijuana establishment registration*  
38 *certificate for a medical marijuana dispensary.*

39 *5. A medical marijuana dispensary ~~(shall not)~~ may contract with a third*  
40 *party or intermediary business to ~~(advertise/deliver)~~ deliver marijuana, edible*  
41 *marijuana products or marijuana-infused products to consumers ~~(f)~~ only if:*

42 *(a) Every sale of marijuana, edible marijuana products or marijuana-infused*  
43 *products which is delivered by the third party or intermediary business is made*  
44 *directly from the medical marijuana dispensary or an Internet website, digital*  
45 *network or software application service of the medical marijuana dispensary; and*

46 *(b) The third party or intermediary business does not advertise that it sells,*  
47 *offers to sell or appears to sell marijuana, edible marijuana products or*  
48 *marijuana-infused products or allows the submission of an order for marijuana,*  
49 *edible marijuana products or marijuana-infused products.*

50 *6. Except as otherwise provided in chapter 453D of NRS, a person shall*  
51 *not:*

52 *(a) Advertise the sale of marijuana, edible marijuana products or marijuana-*  
53 *infused products by the person; or*

(b) Sell, offer to sell or appear to sell marijuana, edible marijuana products or marijuana-infused products or allow the submission of an order for marijuana, edible marijuana products or marijuana-infused products, unless the person holds a medical marijuana establishment registration certificate.

**Sec. 13.** NRS 453A.362 is hereby amended to read as follows:

453A.362 1. At each medical marijuana establishment, medical marijuana must be stored only in an enclosed, locked facility.

2. Except as otherwise provided in subsection 3, at each medical marijuana dispensary, medical marijuana must be stored in a secure, locked device, display case, cabinet or room within the enclosed, locked facility. The secure, locked device, display case, cabinet or room must be protected by a lock or locking mechanism that meets at least the security rating established by Underwriters Laboratories for key locks.

3. At a medical marijuana dispensary, medical marijuana may be removed from the secure setting described in subsection 2:

(a) Only for the purpose of dispensing the marijuana;

(b) Only immediately before the marijuana is dispensed; and

(c) Only by a medical marijuana establishment agent who is employed by or volunteers at the dispensary.

4. A medical marijuana establishment may:

(a) Transport medical marijuana to another medical marijuana establishment or between the buildings of the medical marijuana establishment; ~~and~~

(b) Enter into a contract with a third party to transport medical marijuana to another medical marijuana establishment or between the buildings of the medical marijuana establishment ~~and~~; *and*

*(c) If the medical marijuana establishment is a medical marijuana dispensary and except as otherwise provided in subsection 5, transport, or enter into a contract with an independent contractor to transport, medical marijuana to a person who holds a valid registry identification card or letter of approval.*

*5. A medical marijuana dispensary shall not transport marijuana, edible marijuana products or marijuana-infused products to a person unless:*

*(a) The person holds a valid registry identification card or letter of approval;*

*(b) The transportation is performed by a medical marijuana establishment agent who holds a valid medical marijuana establishment agent registration card and is employed by the medical marijuana dispensary or the independent contractor with which the medical marijuana dispensary entered into a contract; and*

*(c) The name of the medical marijuana dispensary and the name of each independent contractor with which the medical marijuana dispensary has entered into a contract to transport marijuana, edible marijuana products or marijuana-infused products to persons who hold a valid registry identification card or letter of approval has been published on the Internet website of the Department.*

**Sec. 14.** Chapter 453D of NRS is hereby amended by adding thereto the provisions set forth as sections 15 and 16 of this act.

**Sec. 15.** ~~1.~~

*1. Except as otherwise provided in subsection 2, a marijuana establishment may, upon submission of a statement signed by a person authorized to submit such a statement by the governing documents of the marijuana establishment, transfer its license or all or any portion of its ownership to another party, and the Department shall transfer the license issued to the establishment to the party acquiring the license or ownership, if the party who will acquire the license or ownership of the marijuana establishment submits, for the party and each person*

1 *who is proposed to be an owner, officer or board member of the proposed*  
2 *marijuana establishment, the name, address and date of birth of the person, a*  
3 *complete set of the person's fingerprints and written permission of the person*  
4 *authorizing the Department to forward the fingerprints to the Central Repository*  
5 *for Nevada Records of Criminal History for submission to the Federal Bureau of*  
6 *Investigation for its report.*

7 2. A marijuana establishment that transfers its license to another party  
8 without transferring any portion of its ownership shall comply with all laws or  
9 regulations of this State relating to the sale of a license, registration or other  
10 permit to conduct business. Any transfer of a license in violation of this  
11 subsection is void.

12 ~~Sec. 16. [The Bureau of Consumer Protection in the Office of the Attorney~~  
13 ~~General shall establish a toll-free statewide hotline and an Internet website by~~  
14 ~~which a person may file a complaint relating to a suspected sale of marijuana or~~  
15 ~~marijuana products by a person who does not hold a medical marijuana~~  
16 ~~establishment registration certificate issued pursuant to NRS 453A.322 or a~~  
17 ~~license.] (Deleted by amendment.)~~

18 **Sec. 17.** NRS 453D.310 is hereby amended to read as follows:

19 453D.310 1. Each retail marijuana store and marijuana product  
20 manufacturing facility shall, in consultation with the Department, cooperate to  
21 ensure that all marijuana products offered for sale:

22 (a) Are labeled clearly and unambiguously:

23 (1) As marijuana with the words "THIS IS A MARIJUANA PRODUCT"  
24 in bold type; and

25 (2) As required by this chapter and any regulations adopted pursuant  
26 thereto.

27 (b) Are not presented in packaging that contains an image of a cartoon  
28 character, mascot, action figure, balloon or toy, except that such an item may  
29 appear in the logo of the marijuana product manufacturing facility which produced  
30 the product.

31 (c) Are regulated and sold on the basis of the concentration of THC in the  
32 products and not by weight.

33 (d) Are packaged and labeled in such a manner as to allow tracking by way of  
34 an inventory control system.

35 (e) Are not packaged and labeled in a manner which is modeled after a brand  
36 of products primarily consumed by or marketed to children.

37 (f) Are labeled in a manner which indicates the number of servings of THC in  
38 the product, measured in servings of a maximum of 10 milligrams per serving, and  
39 includes a statement that the product contains marijuana and its potency was tested  
40 with an allowable variance of the amount determined by the Department by  
41 regulation.

42 (g) Are not labeled or marketed as candy.

43 2. A marijuana product must be sold in a single package. A single package  
44 must not contain:

45 (a) For a marijuana product sold as a capsule, more than 100 milligrams of  
46 THC per capsule or more than 800 milligrams of THC per package.

47 (b) For a marijuana product sold as a tincture, more than 800 milligrams of  
48 THC.

49 (c) For a marijuana product sold as a food product, more than 100 milligrams  
50 of THC.

51 (d) For a marijuana product sold as a topical product, a concentration of more  
52 than 6 percent THC or more than 800 milligrams of THC per package.

1 (e) For a marijuana product sold as a suppository or transdermal patch, more  
2 than 100 milligrams of THC per suppository or transdermal patch or more than 800  
3 milligrams of THC per package.

4 (f) For any other marijuana product, more than 800 milligrams of THC.

5 3. A marijuana product manufacturing facility shall not produce marijuana  
6 products in any form that:

7 (a) Is or appears to be a lollipop or ice cream.

8 (b) Bears the likeness or contains characteristics of a real or fictional person,  
9 animal or fruit, including, without limitation, a caricature, cartoon or artistic  
10 rendering.

11 (c) Is modeled after a brand of products primarily consumed by or marketed to  
12 children.

13 (d) Is made by applying concentrated marijuana to a commercially available  
14 candy or snack food item other than dried fruit, nuts or granola.

15 4. A marijuana product manufacturing facility shall:

16 (a) Seal any marijuana product that consists of cookies or brownies in a bag or  
17 other container which is not transparent.

18 (b) Affix a label to each marijuana product intended for human consumption  
19 by oral ingestion which includes, without limitation, in a manner which must not  
20 mislead consumers, the following information:

21 (1) The words "Keep out of reach of children";

22 (2) A list of all ingredients used in the marijuana product;

23 (3) A list of all allergens in the marijuana product; and

24 (4) The total weight of marijuana contained in the marijuana product or an  
25 equivalent measure of THC concentration.

26 (c) Maintain a washing area with hot water, soap and a hand dryer or  
27 disposable towels which is located away from any area in which marijuana products  
28 intended for human consumption by oral ingestion are cooked or otherwise  
29 prepared.

30 (d) Require each person who handles marijuana products intended for human  
31 consumption by oral ingestion to wear a hair net and clean clothing and keep his or  
32 her fingernails neatly trimmed.

33 (e) Package all marijuana products produced by the marijuana product  
34 manufacturing facility on the premises of the marijuana product manufacturing  
35 facility.

36 5. A retail marijuana store or marijuana product manufacturing facility shall  
37 not engage in advertising that in any way makes marijuana or marijuana products  
38 appeal to children, including, without limitation, advertising which uses an image  
39 of a cartoon character, mascot, action figure, balloon, fruit or toy.

40 6. Each retail marijuana store shall offer for sale containers for the storage of  
41 marijuana and marijuana products which lock and are designed to prohibit children  
42 from unlocking and opening the container.

43 7. A retail marijuana store shall:

44 (a) Include a written notification with each sale of marijuana or marijuana  
45 products which advises the purchaser:

46 (1) To keep marijuana and marijuana products out of the reach of children;

47 (2) That marijuana and marijuana products can cause severe illness in  
48 children;

49 (3) That allowing children to ingest marijuana or marijuana products, or  
50 storing marijuana or marijuana products in a location which is accessible to  
51 children may result in an investigation by an agency which provides child welfare  
52 services or criminal prosecution for child abuse or neglect;

(4) That the intoxicating effects of marijuana products may be delayed by 2 hours or more and users of marijuana products should initially ingest a small amount of the product, then wait at least 120 minutes before ingesting any additional amount of the product;

(5) That pregnant women should consult with a physician before ingesting marijuana or marijuana products;

(6) That ingesting marijuana or marijuana products with alcohol or other drugs, including prescription medication, may result in unpredictable levels of impairment and that a person should consult with a physician before doing so;

(7) That marijuana or marijuana products can impair concentration, coordination and judgment and a person should not operate a motor vehicle while under the influence of marijuana or marijuana products; and

(8) That ingestion of any amount of marijuana or marijuana products before driving may result in criminal prosecution for driving under the influence.

(b) Enclose all marijuana and marijuana products in opaque, child-resistant packaging upon sale.

8. If the health authority, as defined in NRS 446.050, where a marijuana product manufacturing facility or retail marijuana store which sells marijuana products intended for human consumption by oral ingestion is located requires persons who handle food at a food establishment to obtain certification, the marijuana product manufacturing facility or retail marijuana store shall ensure that at least one employee maintains such certification.

9. A marijuana establishment:

(a) Shall not engage in advertising which contains any statement or illustration that:

(1) Is false or misleading;

(2) Promotes overconsumption of marijuana or marijuana products;

(3) Depicts the actual consumption of marijuana or marijuana products; or

(4) Depicts a child or other person who is less than 21 years of age consuming marijuana or marijuana products or objects suggesting the presence of a child, including, without limitation, toys, characters or cartoons, or contains any other depiction which is designed in any manner to be appealing to or encourage consumption of marijuana or marijuana products by a person who is less than 21 years of age.

(b) Shall not advertise in any publication or on radio, television or any other medium if 30 percent or more of the audience of that medium is reasonably expected to be persons who are less than 21 years of age.

(c) Shall not place an advertisement:

(1) Within 1,000 feet of a public or private school, playground, public park or library, but may maintain such an advertisement if it was initially placed before the school, playground, public park or library was located within 1,000 feet of the location of the advertisement;

(2) On or inside of a motor vehicle used for public transportation or any shelter for public transportation; or

(3) At a sports or entertainment event to which persons who are less than 21 years of age are allowed entry.

(d) Shall not advertise or offer any marijuana or marijuana product as “free” or “donated” without a purchase.

(e) Shall ensure that all advertising by the marijuana establishment contains such warnings as may be prescribed by the Department, which must include, without limitation, the following words:

(1) “Keep out of reach of children”; and

(2) “For use only by adults 21 years of age and older.”

10. Nothing in subsection 9 shall be construed to prohibit a local government, pursuant to chapter 244, 268 or 278 of NRS, from adopting an ordinance for the regulation of advertising relating to marijuana which is more restrictive than the provisions of subsection 9 relating to:

(a) The number, location and size of signs, including, without limitation, any signs carried or displayed by a natural person;

(b) Handbills, pamphlets, cards or other types of advertisements that are distributed, excluding an advertisement placed in a newspaper of general circulation, trade publication or other form of print media; and

(c) Any stationary or moving display that is located on or near the premises of a marijuana establishment.

*11. If a marijuana establishment is operated by a dual licensee, the marijuana establishment may:*

*(a) For the purpose of tracking marijuana, combine the inventory of the marijuana establishment with the inventory of any other medical marijuana establishment or marijuana establishment operated by the dual licensee;*

*(b) For the purpose of reporting on the inventory of the marijuana establishment, combine the inventory of the marijuana establishment with the inventory of any other medical marijuana establishment or marijuana establishment operated by the dual licensee and report all such inventory under a single entity; and*

*(c) For the purpose of reporting on the sales of any medical marijuana establishment or marijuana establishment operated by the dual licensee, designate each sale as a sale pursuant to the provisions of this chapter or chapter 453A of NRS in its inventory control system at the point of sale.*

*12. A retail marijuana store shall not sell marijuana or marijuana products to a consumer through the use of, or accept a sale of marijuana or marijuana products from, a third party, intermediary business, broker or any other business that does not hold a license for a retail marijuana store.*

*13. A retail marijuana store ~~shall not~~ may contract with a third party or intermediary business to ~~advertise delivery~~ deliver marijuana or marijuana products to consumers ~~;~~*

~~14. A retail marijuana store shall not deliver marijuana or marijuana products to a consumer using an independent contractor unless, in,~~ *only if:*

*(a) Every sale of marijuana or marijuana products which is delivered by the third party or intermediary business is made directly from the retail marijuana store or an Internet website, digital network or software application service of the retail marijuana store;*

*(b) The third party or intermediary business does not advertise that it sells, offers to sell or appears to sell marijuana or marijuana products or allows the submission of an order for marijuana or marijuana products; and*

*(c) In addition to any other requirements imposed by the Department by regulation, the name of the retail marijuana store and all independent contractors who perform deliveries on behalf of the retail marijuana store has been published on the Internet website of the Department.*

*14. Except as otherwise provided in chapter 453A of NRS, a person shall not:*

*(a) Advertise the sale of marijuana or marijuana products by the person; or*

*(b) Sell, offer to sell or appear to sell marijuana or marijuana products or allow the submission of an order for marijuana or marijuana products,*

*↪ unless the person holds a license to operate a marijuana establishment.*

*15. As used in this section, "medical marijuana establishment" has the meaning ascribed to it in NRS 453A.116.*

1        Sec. 17.5. 1. The Attorney General shall conduct a study regarding the  
2 unlicensed sale of marijuana and products containing marijuana. As part of  
3 the study, the Attorney General shall:

4        (a) Review the legal authority of state agencies and local governments to  
5 curtail the unlicensed sale of marijuana and products containing marijuana,  
6 including, without limitation, by use of websites, sales centers or other  
7 buildings to evade the laws of this State relating to the registration of medical  
8 marijuana establishments and the licensing of marijuana establishments.

9        (b) Review the resources available to state agencies and local governments  
10 to prevent the unlicensed sale of marijuana and products containing  
11 marijuana.

12        (c) Examine gaps in the enforcement of the laws of this State, including,  
13 without limitation, the importation of marijuana and products containing  
14 marijuana from other states.

15        (d) Identify the extent of the unlicensed sale of marijuana and products  
16 containing marijuana in this State, including, without limitation, the number  
17 of operations engaging in the unlicensed sale of marijuana and products  
18 containing marijuana and the most common methods used to engage in such  
19 sales.

20        (e) Examine any other issues relating to the unlicensed sale of marijuana  
21 that the Attorney General determines to be appropriate.

22        2. On or before February 1, 2021, the Attorney General shall report his  
23 or her findings, including, without limitation, any recommendations for  
24 legislation, to the Governor and the Director of the Legislative Counsel Bureau  
25 for transmission to the 81st Session of the Nevada Legislature. The report shall  
26 include, without limitation:

27        (a) Recommendations for efficiently and effectively closing any gaps in  
28 legal authority or enforcement identified by the Attorney General; and

29        (b) Identification of any money that may be necessary to carry out the  
30 recommendations of the Attorney General.

31        Sec. 18. 1. This section becomes effective upon passage and approval.

32        2. Section 17.5 of this act becomes effective on July 1, 2019.

33        3. Sections 2 to 17, inclusive, of this act ~~becomes~~ become effective upon  
34 passage and approval for the purpose of adopting any regulations and performing  
35 any other preparatory administrative tasks that are necessary to carry out the  
36 provisions of this act and on January 2, 2020, for all other purposes.