

Amendment No. 389

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|--|--------------|
| Senate Amendment to Senate Bill No. 235  | (BDR 56-136) |
| <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 |              |

Adoption of this amendment will MAINTAIN the 2/3s majority vote requirement for final passage of S.B. 235 (§ 2.9).

| 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. 235—SENATOR D. HARRIS

MARCH 15, 2021

Referred to Committee on Revenue and  
Economic Development

SUMMARY—Revises provisions relating to cannabis. (BDR 56-136)

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 cannabis; revising provisions relating to ~~limits on the number of~~ the acceptance of applications for and the issuance of adult-use cannabis establishment licenses ~~[and medical cannabis establishment licenses that are authorized to be issued by]~~ ; prohibiting the Cannabis Compliance Board ~~[within a county, authorizing an adult-use cannabis retail store to acquire and sell cannabis for the]~~ from issuing or renewing a medical ~~use of~~ cannabis ~~[and medical cannabis products under certain circumstances; revising provisions relating to the excise tax on cannabis; establishing a process to allow certain holders of medical]~~ establishment license on or after January 1, 2022; increasing certain fees for the issuance and renewal of an adult-use cannabis establishment ~~[licenses for medical cannabis dispensaries to convert the]~~ license ~~[to an]~~ ; deeming each adult-use cannabis establishment ~~[license for an adult-use cannabis retail store under certain circumstances; providing for a fee for such a conversion;]~~ to be a dual licensee; revising provisions relating to the excise tax on cannabis; establishing a process to allow certain holders of a medical cannabis establishment license to be issued an adult-use cannabis establishment license; requiring the Board to submit a report to the Legislature containing certain recommendations; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law establishes different requirements for the ~~[sales]~~ cultivation, production and sale of cannabis and cannabis products depending upon whether the ~~[seller]~~ establishment engaged in such activities is an adult-use cannabis ~~[retail-store]~~ establishment or a medical cannabis ~~[dispensary]~~ establishment (Chapters 678C and 678D of NRS) ~~[For adult-use cannabis retail stores, existing law: (1) sets limits on the maximum THC level of adult-use cannabis products that are authorized to be sold in a single package; and (2) imposes an excise tax on each retail sale of cannabis or cannabis products by an adult-use cannabis retail store at the rate of 10 percent of the sales price of the cannabis or cannabis products. (NRS 372A.290, 678D.420) Medical cannabis products sold by a medical cannabis~~

dispensary are not subject to the limits on the maximum THC levels for a single package applicable to adult-use cannabis products and sales of cannabis and cannabis products by a medical cannabis dispensary are not subject to the excise tax imposed on sales of an adult-use cannabis retail store. However, under existing law, medical cannabis dispensaries are generally prohibited from conducting sales of cannabis or cannabis products to a person who does not hold a registry identification card or a letter of approval. (NRS 678C.410)

— Under existing law, a person who holds both an adult-use cannabis establishment license and a medical cannabis establishment license of the same type is a “dual licensee” and is generally authorized to combine the operations of the adult-use cannabis establishment and the medical cannabis establishment, subject to various requirements. (NRS 678A.145, 678C.410, 678C.430, 678D.430) **Section 3.5** of this bill ~~requires an adult-use cannabis retail store that is not a dual licensee that wishes to acquire and sell cannabis for the medical use of cannabis and medical cannabis products to submit a request to the Cannabis Compliance Board. If the Board approves the request, section 3~~ **deems the each** adult-use cannabis ~~retail store~~ **establishment** to be: (1) a dual licensee and authorizes the ~~retail store~~ **establishment** to engage in ~~the acquisition and sale of cannabis for~~ **activities relating to** the medical use of cannabis ~~and medical cannabis products~~ to the same extent as if the ~~retail store~~ **adult-use cannabis establishment** held a medical cannabis establishment license ~~for a medical cannabis dispensary~~ **of the same type**; and (2) subject to the same requirements imposed on a dual licensee. **Section 4** of this bill exempts from the excise tax imposed on retail sales of cannabis or cannabis products by an adult-use cannabis retail store any sale of cannabis for the medical use of cannabis or a medical cannabis product to the holder of a registry identification card or letter of approval by an adult-use cannabis retail store deemed to be a dual licensee pursuant to ~~section 3.5. Section 1.5 of this bill authorizes a local government to adopt an ordinance imposing restrictions on the activities of an adult-use cannabis establishment located within the jurisdiction of the local government that is a dual licensee which limit such activities to those relating to the medical use of cannabis.~~

Existing law provides for the issuance of adult-use cannabis establishment licenses and medical cannabis establishment licenses by the Board. (Chapter 678B of NRS) **Section 1.8** of this bill ~~authorizes a person who holds a~~ **prohibits the Board from issuing or renewing a** medical cannabis establishment license ~~for a medical cannabis dispensary~~ **on or after January 1, 2022 .** ~~to, on or before June 1, 2022, submit an application to the Board to convert the license to an adult-use cannabis establishment license for an adult-use cannabis retail store. Section 5 requires the Board to adopt regulations governing such a conversion, including, without limitation, the establishment of a fee for conversion. If the Board approves an application under section 5, the person is required to surrender the~~ **Section 4.3 of this bill authorizes, with certain exceptions, a person who, on January 1, 2022, holds a medical cannabis establishment license** ~~for a medical cannabis dispensary and is issued an adult-use cannabis establishment license for an adult-use cannabis retail store.~~

— Existing law imposes limits on the number of ~~to submit an application to the Board upon the expiration of the medical cannabis establishment~~ **licenses** ~~license~~ for ~~medical cannabis dispensaries that the Board is authorized to issue within a county. (NRS 678B.220) Section 1 of this bill provides that~~ **the issuance of** an adult-use cannabis establishment license ~~for an adult-use cannabis retail store issued pursuant to section 5 is deemed to be a~~ **of the same type. If the Board determines that the person would have been eligible to renew his or her** medical cannabis establishment license ~~for a medical cannabis dispensary for the purposes of those provisions. Similarly, section 2 of this bill provides that the provisions of existing law imposing a limit on the number of~~ **section 4.3 requires the Board to issue to the person an** adult-use cannabis establishment ~~licenses for adult-use cannabis retail stores that may be issued by the Board within a county do not apply to an adult-use cannabis establishment~~ **license** ~~for an adult-use cannabis retail store issued pursuant to section 5. (NRS 678B.260)~~ **of the same type. Because section 3.5 deems each adult-use cannabis establishment to be a dual licensee, the person would be authorized to carry on the same activities relating to the medical use of cannabis to the same extent as under the person's previous medical cannabis establishment license.**

**Sections 1.2-1.4 set forth certain requirements governing the acceptance of applications for and the issuance of adult-use cannabis establishment licenses. Section 1.3 of this bill requires the Board to conduct a study every 2 years of the market for cannabis and cannabis products in this State to determine whether the demands of the**

market necessitate the issuance of additional adult-use cannabis establishment licenses and, if additional licenses are necessary, how many additional licenses should be issued to satisfy such demands. If, based on the results of the study, the Board determines that additional licenses are necessary, section 1.3 requires the Board to accept applications for and issue such licenses in an amount the Board determines necessary to satisfy the demands of the market based on the results of the study. Section 4.6 of this bill requires the first such study to be completed not later than February 1, 2023, and also requires the Board to begin accepting applications not later than July 1, 2023, if necessary.

Existing law prohibits, with certain exceptions, the Board from accepting applications to operate a cannabis establishment for more than 10 business days in any 1 calendar year. (NRS 678B.300) Section 2.6 of this bill revises these provisions to prohibit the Board from accepting such applications for more than a total of 10 business days in the 2 calendar years following the completion of a study conducted pursuant to section 1.3 of this act.

Existing law sets forth a limit on the number of the adult-use cannabis establishment licenses for adult-use cannabis retail stores that the Board is authorized to issue in a county depending on the population of the county. (NRS 678B.260) Section 2 of this bill authorizes the Board to issue licenses in amounts that exceed those limits if the Board determines such action to be necessary based on the results of the study conducted pursuant to section 1.3.

Existing law requires the Board, in determining whether to issue an adult-use cannabis establishment license, to consider certain criteria of merit established by regulation of the Board. (NRS 678B.280) Section 2.3 of this bill requires such criteria of merit to include a consideration of whether the applicant is a "social equity applicant," which section 1.2 defines generally to mean an applicant that has been adversely affected by previous laws that criminalized activity relating to cannabis. Section 2.3 further requires the Board, in determining the relative weight of each criteria of merit, to give additional positive weight for an applicant who is a social equity applicant. Section 1.4 of this bill requires the Board to adopt regulations establishing criteria to determine whether an applicant qualifies as a social equity applicant.

Existing law prohibits the Board, in a county whose population is 100,000 or more (currently Clark and Washoe Counties), from issuing more than a certain number of adult-use cannabis establishment licenses to any one person, group of persons or entity. (NRS 678B.270) Section 1.4 of this bill requires the Board to adopt regulations establishing additional limitations on the number of adult-use cannabis establishment licenses that may be issued to or held by any one person, group of persons or entity.

Existing law prohibits the Board from issuing an adult-use cannabis establishment license or medical cannabis establishment license if any of the proposed owners, officers or board members of the proposed cannabis establishment have been convicted of an excluded felony offense. (NRS 678B.210, 678B.250) Section 1.7 of this bill revises the definition of "excluded felony offense" to exclude from the definition certain felony offenses involving cannabis but not involving violence. (NRS 678B.050)

Section 2.9 of this bill increases fees for the issuance or renewal of an adult-use cannabis establishment to an amount that is equal to the amount set forth for such fees under existing law plus the amount for the issuance or renewal, as applicable, for a medical cannabis establishment license of the same type.

Section 4.9 of this bill requires the Board, on or before January 1, 2023, to submit a report to the Legislature with recommendations for legislation to consolidate the provisions of existing law governing the adult-use and the medical use of cannabis.

Section 1.6 of this bill makes a conforming change to properly place the new language added by section 1.2 in the Nevada Revised Statutes. Section 1.9 of this bill makes a conforming change to reflect the requirements and limitations on the issuance of adult-use cannabis establishment licenses added by the provisions of sections 1.3 and 1.4 of this bill.

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

**Section 1.** ~~NRS 678B.220 is hereby amended to read as follows:~~

~~678B.220 1. Except as otherwise provided in this section and NRS 678B.230, the Board shall issue medical cannabis establishment licenses for medical cannabis dispensaries in the following quantities for applicants who qualify pursuant to NRS 678B.210:~~

~~(a) In a county whose population is 700,000 or more, 40 licenses;~~

~~(b) In a county whose population is 100,000 or more but less than 700,000, 10 licenses;~~

~~(c) In a county whose population is 55,000 or more but less than 100,000, two licenses;~~

~~(d) In each other county, one license; and~~

~~(e) For each incorporated city in a county whose population is less than 100,000, one license.~~

~~2. The Board:~~

~~(a) Shall not issue medical cannabis establishment licenses for medical cannabis dispensaries in such a quantity as to cause the existence within the applicable county of more than one medical cannabis dispensary for every 10 pharmacies that have been licensed in the county pursuant to chapter 629 of NRS. The Board may issue medical cannabis establishment licenses for medical cannabis dispensaries in excess of the ratio otherwise allowed pursuant to this paragraph if doing so is necessary to ensure that the Board issues at least one medical cannabis establishment license in each county of this State and, pursuant to paragraph (e) of subsection 1, each incorporated city of this State in which the Board has approved an application for such an establishment to operate.~~

~~(b) Shall, for any county for which no applicants qualify pursuant to NRS 678B.210, within 2 months after the end of the period during which the Board accepts applications pursuant to NRS 678B.300, reallocate the licenses provided for that county pursuant to subsection 1 to the other counties specified in subsection 1 in the same proportion as provided in subsection 1.~~

~~3. With respect to medical cannabis establishments that are not medical cannabis dispensaries, the Board shall:~~

~~(a) Issue a medical cannabis establishment license to at least one medical cannabis cultivation facility and at least one medical cannabis production facility in each county; and~~

~~(b) Determine the appropriate number of additional such establishments in each county as are necessary to serve and supply the medical cannabis dispensaries to which the Board has granted medical cannabis establishment licenses and issue such a number of medical cannabis establishment licenses for such establishments in each county.~~

~~4. An adult-use cannabis establishment license for an adult-use cannabis retail store issued by the Board pursuant to section 5 of this act shall be deemed to be a medical cannabis establishment license for a medical cannabis dispensary for the purposes of this section. } (Deleted by amendment.)~~

Sec. 1.1. Chapter 678B of NRS is hereby amended by adding thereto the provisions set forth as sections 1.2 to 1.5, inclusive, of this act.

Sec. 1.2. "Social equity applicant" means an applicant for the issuance of an adult-use cannabis establishment license who has been adversely affected by provisions of previous laws which criminalized activities relating to cannabis, including, without limitation, adverse effects on an owner, officer or board

member of the applicant or on the geographic location in which the applicant will operate.

Sec. 1.3. 1. The Board shall not accept applications for the issuance of an adult-use cannabis establishment license or issue such a license except in accordance with the provisions of this section.

2. Every 2 years, the Board shall conduct a study of the market for cannabis and cannabis products in this State to determine whether the demands of the market necessitate the issuance of additional adult-use cannabis establishment licenses and, if additional licenses are necessary, how many additional licenses for each type of establishment should be issued to satisfy such demands. The study must be completed not later than February 1 of each odd-numbered year.

3. If, based on the results of the study conducted pursuant to subsection 2, the Board determines that the demands of the market for cannabis and cannabis products in this State necessitate the issuance of additional adult-use cannabis establishment licenses, the Board shall, for a period of time following the conclusion of the study prescribed by the Board in accordance with the requirements of NRS 678B.300, accept applications for the issuance of an adult-use cannabis establishment license.

4. The Board shall issue only as many adult-use cannabis establishment licenses for each type of establishment as the Board determines is necessary to satisfy the demands of the market for cannabis and cannabis products in this State based on the results of the study conducted pursuant to subsection 2. Such licenses must be issued in accordance with NRS 678B.250.

Sec. 1.4. The Board shall adopt regulations setting forth procedures and requirements for the acceptance of applications for and the issuance of an adult-use cannabis establishment license. Such regulations are in addition to any requirements set forth in statute and must, without limitation:

1. Establish criteria to be used by Board for determining whether an applicant for the issuance of an adult-use cannabis establishment license qualifies as a social equity applicant;

2. Set forth procedures and requirements to ensure that all applicants for an adult-use cannabis establishment license have equal access to information relevant to the process of accepting applications for and issuing such licenses;

3. Establish a limit, in addition to the limits set forth in NRS 678B.270, on the number of adult-use cannabis establishment licenses that may be issued or held by any one person, group of persons or entity; and

4. Establish any other procedures and requirements that the Board determines are necessary to ensure that the process of accepting applications for and issuing an adult-use cannabis establishment license is fair, transparent and complies with all applicable laws.

Sec. 1.5. A local government may, pursuant to chapter 244, 268 or 278, adopt an ordinance imposing restrictions on the activities of an adult-use cannabis establishment located within the jurisdiction of the local government that is a dual licensee which limit such activities to those relating to the medical use of cannabis.

Sec. 1.6. NRS 678B.020 is hereby amended to read as follows:

678B.020 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 678B.030 to 678B.070, inclusive, and section 1.2 of this act have the meanings ascribed to them in those sections.

Sec. 1.7. NRS 678B.050 is hereby amended to read as follows:

678B.050 1. "Excluded felony offense" means a conviction of an offense that would constitute a category A felony if committed in this State or convictions for two or more offenses that would constitute felonies if committed in this State.

2. The term does not include:

(a) A criminal offense for which the sentence, including any term of probation, incarceration or supervised release, was completed more than 10 years ago; ~~for~~

(b) An offense involving conduct that would be immune from arrest, prosecution, or penalty pursuant to this title, except that the conduct occurred before October 1, 2001, or was prosecuted by an authority other than the State of Nevada ~~for~~; or

(c) An offense involving conduct relating to cannabis but not involving the use or threatened use of force or violence against another person.

**Sec. 1.8. NRS 678B.210 is hereby amended to read as follows:**

678B.210 1. A person shall not engage in the business of a medical cannabis establishment unless the person holds a medical cannabis establishment license issued by the Board pursuant to this section.

2. A person who wishes to engage in the business of a medical cannabis establishment must submit to the Board an application on a form prescribed by the Board.

3. Except as otherwise provided in NRS 678B.220, 678B.230 and 678B.240, not later than 90 days after receiving an application to engage in the business of a medical cannabis establishment, the Board shall register the medical cannabis establishment and issue a medical cannabis establishment license and a random 20-digit alphanumeric identification number if:

(a) The person who wishes to operate the proposed medical cannabis establishment has submitted to the Board all of the following:

(1) The application fee, as set forth in NRS 678B.390;

(2) An application, which must include:

(I) The legal name of the proposed medical cannabis establishment;

(II) The physical address where the proposed medical cannabis establishment will be located and the physical address of any co-owned additional or otherwise associated medical cannabis establishments, the locations of which may not be within 1,000 feet of a public or private school that provides formal education traditionally associated with preschool or kindergarten through grade 12 and that existed on the date on which the application for the proposed medical cannabis establishment was submitted to the Board, within 300 feet of a community facility that existed on the date on which the application for the proposed medical cannabis establishment was submitted to the Board or, if the proposed medical cannabis establishment will be located in a county whose population is 100,000 or more, within 1,500 feet of an establishment that holds a nonrestricted gaming license described in subsection 1 or 2 of NRS 463.0177 and that existed on the date on which the application for the proposed medical cannabis establishment was submitted to the Board;

(III) Evidence that the applicant controls not less than \$250,000 in liquid assets to cover the initial expenses of opening the proposed medical cannabis establishment and complying with the provisions of this title;

(IV) Evidence that the applicant owns the property on which the proposed medical cannabis establishment will be located or has the written permission of the property owner to operate the proposed medical cannabis establishment on that property;

(V) For the applicant and each person who is proposed to be an owner, officer or board member of the proposed medical cannabis establishment, a complete set of the person's fingerprints and written permission of the person authorizing the Board 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; and



(VI) The name, address and date of birth of each person who is proposed to be an owner, officer or board member of the proposed medical cannabis establishment;

(3) Operating procedures consistent with rules of the Board for oversight of the proposed medical cannabis establishment, including, without limitation:

(I) Procedures to ensure the use of adequate security measures; and

(II) The use of an electronic verification system and an inventory control system pursuant to NRS 678C.420 and 678C.430;

(4) If the proposed medical cannabis establishment will sell or deliver medical cannabis products, proposed operating procedures for handling such products which must be preapproved by the Board;

(5) If the city or county in which the proposed medical cannabis establishment will be located has enacted zoning restrictions, proof that the proposed location is in compliance with those restrictions and satisfies all applicable building requirements; and

(6) Such other information as the Board may require by regulation;

(b) None of the persons who are proposed to be owners, officers or board members of the proposed medical cannabis establishment have been convicted of an excluded felony offense;

(c) None of the persons who are proposed to be owners, officers or board members of the proposed medical cannabis establishment have:

(1) Served as an owner, officer or board member for a cannabis establishment that has had its medical cannabis establishment license or adult-use cannabis establishment license revoked;

(2) Previously had a cannabis establishment agent registration card revoked; or

(3) Previously had a cannabis establishment agent registration card for a cannabis executive revoked; and

(d) None of the persons who are proposed to be owners, officers or board members of the proposed medical cannabis establishment are under 21 years of age.

4. For each person who submits an application pursuant to this section, and each person who is proposed to be an owner, officer or board member of a proposed medical cannabis establishment, the Board shall submit the fingerprints of the person to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation to determine the criminal history of that person.

5. Except as otherwise provided in ~~subsection~~ subsections 6 and 7, if an application for registration as a medical cannabis establishment satisfies the requirements of this section, is qualified in the determination of the Board pursuant to NRS 678B.200 and the establishment is not disqualified from being registered as a medical cannabis establishment pursuant to this section or other applicable law, the Board shall issue to the establishment a medical cannabis establishment license. A medical cannabis establishment license expires 1 year after the date of issuance and may be renewed upon:

(a) Submission of the information required by the Board by regulation; and

(b) Payment of the renewal fee set forth in NRS 678B.390.

6. In determining whether to issue a medical cannabis establishment license pursuant to this section, the Board shall consider the criteria of merit set forth in NRS 678B.240.

7. The Board shall not, on or after January 1, 2022, issue any additional medical cannabis establishment licenses or renew a medical cannabis establishment license pursuant to this section.

1 8. For the purposes of sub-subparagraph (II) of subparagraph (2) of paragraph  
2 (a) of subsection 3, the distance must be measured from the front door of the  
3 proposed medical cannabis establishment to the closest point of the property line of  
4 a school, community facility or gaming establishment.

5 ~~8.~~ 9. As used in this section, “community facility” means:

- 6 (a) A facility that provides day care to children.
- 7 (b) A public park.
- 8 (c) A playground.
- 9 (d) A public swimming pool.
- 10 (e) A center or facility, the primary purpose of which is to provide recreational  
11 opportunities or services to children or adolescents.
- 12 (f) A church, synagogue or other building, structure or place used for religious  
13 worship or other religious purpose.

14 **Sec. 1.9. NRS 678B.250 is hereby amended to read as follows:**

15 678B.250 1. A person shall not engage in the business of an adult-use  
16 cannabis establishment unless the person holds an adult-use cannabis establishment  
17 license issued pursuant to this section.

18 2. A person who wishes to engage in the business of an adult-use cannabis  
19 establishment must submit to the Board an application on a form prescribed by the  
20 Board.

21 3. Except as otherwise provided in NRS 678B.260, 678B.270 and 678B.280,  
22 **and section 1.3 of this act and the regulations adopted pursuant to section 1.4 of**  
23 **this act,** the Board shall issue an adult-use cannabis establishment license to an  
24 applicant if:

25 (a) The person who wishes to operate the proposed adult-use cannabis  
26 establishment has submitted to the Board all of the following:

- 27 (1) The application fee, as set forth in NRS 678B.390;
- 28 (2) An application, which must include:

29 (I) The legal name of the proposed adult-use cannabis establishment;

30 (II) The physical address where the proposed adult-use cannabis  
31 establishment will be located and the physical address of any co-owned additional  
32 or otherwise associated adult-use cannabis establishments, the locations of which  
33 may not be within 1,000 feet of a public or private school that provides formal  
34 education traditionally associated with preschool or kindergarten through grade 12  
35 and that existed on the date on which the application for the proposed adult-use  
36 cannabis establishment was submitted to the Board, within 300 feet of a community  
37 facility that existed on the date on which the application for the proposed adult-use  
38 cannabis establishment was submitted to the Board or, if the proposed adult-use  
39 cannabis establishment will be located in a county whose population is 100,000 or  
40 more, within 1,500 feet of an establishment that holds a nonrestricted gaming  
41 license described in subsection 1 or 2 of NRS 463.0177 and that existed on the date  
42 on which the application for the proposed adult-use cannabis establishment was  
43 submitted to the Board;

44 (III) Evidence that the applicant controls liquid assets in an amount  
45 determined by the Board to be sufficient to cover the initial expenses of opening the  
46 proposed adult-use cannabis establishment and complying with the provisions of  
47 this title;

48 (IV) Evidence that the applicant owns the property on which the  
49 proposed adult-use cannabis establishment will be located or has the written  
50 permission of the property owner to operate the proposed adult-use cannabis  
51 establishment on that property;

52 (V) For the applicant and each person who is proposed to be an owner,  
53 officer or board member of the proposed adult-use cannabis establishment, a

complete set of the person's fingerprints and written permission of the person authorizing the Board 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; and

(VI) The name, address and date of birth of each person who is proposed to be an owner, officer or board member of the proposed adult-use cannabis establishment;

(3) Operating procedures consistent with rules of the Board for oversight of the proposed adult-use cannabis establishment, including, without limitation:

(I) Procedures to ensure the use of adequate security measures; and

(II) The use of an inventory control system;

(4) If the proposed adult-use cannabis establishment will sell or deliver adult-use cannabis products, proposed operating procedures for handling such products which must be preapproved by the Board; and

(5) Such other information as the Board may require by regulation;

(b) None of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment have been convicted of an excluded felony offense;

(c) None of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment have:

(1) Served as an owner, officer or board member for a cannabis establishment that has had its adult-use cannabis establishment license or medical cannabis establishment license revoked;

(2) Previously had a cannabis establishment agent registration card revoked; or

(3) Previously had a cannabis establishment agent registration card for a cannabis executive revoked; and

(d) None of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment are under 21 years of age.

4. For each person who submits an application pursuant to this section, and each person who is proposed to be an owner, officer or board member of a proposed adult-use cannabis establishment, the Board shall submit the fingerprints of the person to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation to determine the criminal history of that person.

5. Except as otherwise provided in subsection 6, if an applicant for licensure to operate an adult-use cannabis establishment satisfies the requirements of this section, is qualified in the determination of the Board pursuant to NRS 678B.200 and is not disqualified from being licensed pursuant to this section or other applicable law, the Board shall issue to the applicant an adult-use cannabis establishment license. An adult-use cannabis establishment license expires 1 year after the date of issuance and may be renewed upon:

(a) Submission of the information required by the Board by regulation; and

(b) Payment of the renewal fee set forth in NRS 678B.390.

6. In determining whether to issue an adult-use cannabis license pursuant to this section, the Board shall consider the criteria of merit set forth in NRS 678B.280.

7. For the purposes of sub-subparagraph (II) of subparagraph (2) of paragraph (a) of subsection 3, the distance must be measured from the front door of the proposed adult-use cannabis establishment to the closest point of the property line of a school, community facility or gaming establishment.

8. As used in this section, "community facility" means:

- (a) A facility that provides day care to children.
- (b) A public park.
- (c) A playground.
- (d) A public swimming pool.
- (e) A center or facility, the primary purpose of which is to provide recreational opportunities or services to children or adolescents.
- (f) A church, synagogue or other building, structure or place used for religious worship or other religious purpose.

**Sec. 2.** NRS 678B.260 is hereby amended to read as follows:

678B.260 1. Except as otherwise provided in this section and NRS 678B.270, the Board shall issue adult-use cannabis establishment licenses for the operation of adult-use cannabis retail stores in the following quantities for applicants who qualify pursuant to NRS 678B.250:

- (a) In a county whose population is 700,000 or more, 80 licenses;
- (b) In a county whose population is 100,000 or more but less than 700,000, 20 licenses;
- (c) In a county whose population is 55,000 or more but less than 100,000, four licenses; and
- (d) In a county whose population is less than 55,000, two licenses.

2. The Board shall, for any county for which no applicants qualify pursuant to NRS 678B.250, within 2 months after the end of the period during which the Board accepts applications pursuant to NRS 678B.300, reallocate the licenses provided for that county pursuant to subsection 1 to the other counties specified in subsection 1 in the same proportion as provided in subsection 1.

3. ~~The [provisions of this section do not apply to an adult-use cannabis establishment license for the operation of an adult-use cannabis retail store issued by the] Board [pursuant to section 5 of this act.] may, in any county, issue adult-use cannabis establishment licenses for the operation of adult-use cannabis retail stores in amounts that exceed the limits set forth in this section if the Board determines such action to be necessary based on a study conducted pursuant to section 1.3 of this act.~~

**Sec. 2.3.** NRS 678B.280 is hereby amended to read as follows:

678B.280 1. In determining whether to issue an adult-use cannabis establishment license pursuant to NRS 678B.250, the Board shall, in addition to the factors set forth in that section, consider criteria of merit established by regulation of the Board. Such criteria must include, without limitation:

- (a) Whether the applicant controls liquid assets in an amount determined by the Board to be sufficient to cover the initial expenses of opening the proposed adult-use cannabis establishment and complying with the provisions of this title;

- (b) Whether the owners, officers or board members of the proposed adult-use cannabis establishment have direct experience with the operation of a cannabis establishment in this State and have demonstrated a record of operating such an establishment in compliance with the laws and regulations of this State for an adequate period of time to demonstrate success;

- (c) The educational and life experience of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment;

- (d) Whether the applicant has an integrated plan for the care, quality and safekeeping of cannabis from seed to sale;

- (e) The experience of key personnel that the applicant intends to employ in operating the type of adult-use cannabis establishment for which the applicant seeks a license;

(f) The diversity on the basis of race, ethnicity, ~~sex~~ gender or geography of the applicant or the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment, including, without limitation, the inclusion of persons of backgrounds which are disproportionately underrepresented as owners, officers or board members of adult-use cannabis establishments; ~~and~~

(g) Whether the applicant is a social equity applicant; and

(h) Any other criteria of merit that the Board determines to be relevant.

2. The Board shall adopt regulations for determining the relative weight of each criteria of merit established by the Board pursuant to subsection 1. Such regulations must give additional positive weight for an applicant who is a social equity applicant.

**Sec. 2.6. NRS 678B.300 is hereby amended to read as follows:**

678B.300 Except as otherwise provided in this section and subsection 3 of NRS 678B.220, the Board shall not, for more than a total of 10 business days in ~~any~~ the 2 calendar ~~year~~ years following the completion of the study conducted pursuant to section 1.3 of this act, accept applications to operate a cannabis establishment. The Board may by regulation prescribe longer periods in which it will accept applications to operate a cannabis establishment.

**Sec. 2.9. NRS 678B.390 is hereby amended to read as follows:**

678B.390 1. Except as otherwise provided in subsection 2, the Board shall collect not more than the following maximum fees:

|  |                                   |
|--|-----------------------------------|
| For the initial issuance of a medical cannabis establishment license for a medical cannabis dispensary .....                     | \$30,000                          |
| For the renewal of a medical cannabis establishment license for a medical cannabis dispensary .....                              | 5,000                             |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis cultivation facility .....           | 3,000                             |
| For the renewal of a medical cannabis establishment license for a medical cannabis cultivation facility .....                    | 1,000                             |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis production facility .....            | 3,000                             |
| For the renewal of a medical cannabis establishment license for a medical cannabis production facility .....                     | 1,000                             |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis independent testing laboratory ..... | 5,000                             |
| For the renewal of a medical cannabis establishment license for a medical cannabis independent testing laboratory .....          | 3,000                             |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis retail store .....             | <del>[20,000]</del> <u>50,000</u> |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis retail store .....                      | <del>[6,600]</del> <u>11,600</u>  |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis cultivation facility .....     | <del>[30,000]</del> <u>33,000</u> |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis cultivation facility .....              | <del>[10,000]</del> <u>11,000</u> |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis production facility .....      | <del>[10,000]</del> <u>13,000</u> |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis production facility .....               | <del>[3,300]</del> <u>4,300</u>   |
| For the initial issuance of an adult-use cannabis establishment  |                                   |

|    |   |                                   |
|----|---|-----------------------------------|
| 1  | license for an adult-use cannabis independent                   |                                   |
| 2  | testing laboratory .....  | <del>[15,000]</del> <u>20,000</u> |
| 3  | For the renewal of an adult-use cannabis establishment          |                                   |
| 4  | license for an adult-use cannabis independent testing           |                                   |
| 5  | laboratory.....   | <del>[5,000]</del> <u>8,000</u>   |
| 6  | For the initial issuance of an adult-use cannabis establishment |                                   |
| 7  | license for an adult-use cannabis distributor.....              | 15,000                            |
| 8  | For the renewal of an adult-use cannabis establishment          |                                   |
| 9  | license for an adult-use cannabis distributor.....              | 5,000                             |
| 10 | For each person identified in an application for the initial    |                                   |
| 11 | issuance of a cannabis establishment agent registration         |                                   |
| 12 | card .....  | 150                               |
| 13 | For each person identified in an application for the renewal of |                                   |
| 14 | a cannabis establishment agent registration card .....          | 150                               |

2. In addition to the fees described in subsection 1, each applicant for a medical cannabis establishment license or adult-use cannabis establishment license must pay to the Board:

(a) A one-time, nonrefundable application fee of \$5,000; and

(b) The actual costs incurred by the Board in processing the application, including, without limitation, conducting background checks.

3. Any revenue generated from the fees imposed pursuant to this section:

(a) Must be expended first to pay the costs of the Board in carrying out the provisions of this title; and

(b) If any excess revenue remains after paying the costs described in paragraph (a), such excess revenue must be paid over to the State Treasurer to be deposited to the credit of the State Education Fund.

**Sec. 3.** ~~[Chapter 678D of NRS is hereby amended by adding thereto a new section to read as follows:~~

~~1. An adult use cannabis retail store that is not a dual licensee may acquire and sell cannabis for the medical use of cannabis and medical cannabis products only as provided in this section.~~

~~2. An adult use cannabis retail store described in subsection 1 that wishes to acquire and sell cannabis for the medical use of cannabis and medical cannabis products shall submit a request to the Board. Such a request must be submitted in the form and manner prescribed by the Board and contain any information the Board deems necessary.~~

~~3. Upon receipt of a request submitted pursuant to subsection 2, the Board shall review the request. If the Board approves the request, the Board shall provide written notice of the approval to the adult use cannabis retail store that submitted the request.~~

~~4. An adult use cannabis retail store whose request submitted pursuant to subsection 2 has been approved by the Board shall be deemed to be a dual licensee for the purposes of this title and, except as otherwise provided by regulation of the Board, may acquire and sell cannabis for the medical use of cannabis and medical cannabis products at the location of the adult use cannabis retail store to the same extent and in the same manner as if the retail store also held a medical cannabis establishment license for a medical cannabis dispensary. The adult use cannabis retail store shall comply with all provisions of this title and the regulations adopted pursuant thereto applicable to a dual licensee and any other requirements governing the acquisition and sale of cannabis for the medical use of cannabis and medical cannabis products by the adult use cannabis retail store that the Board may establish by regulation.~~

~~5. The Board may adopt any regulations necessary to carry out the provisions of this section, including, without limitation, regulations establishing additional requirements for the operation of an adult-use cannabis retail store that is deemed to be a dual licensee pursuant to this section.] (Deleted by amendment.)~~

Sec. 3.5. Chapter 678D of NRS is hereby amended by adding thereto a new section to read as follows:

1. Each adult-use cannabis establishment shall be deemed to be a dual licensee for the purposes of this title and may engage in any activity relating to the medical use of cannabis in the same manner and to the same extent as if the adult-use cannabis establishment also held a medical cannabis establishment license of the same type for which the establishment holds an adult-use cannabis establishment license.

2. An adult-use cannabis establishment that engages in activities involving the medical use of cannabis pursuant to this section shall comply with all provisions of this title and the regulations adopted pursuant thereto applicable to a dual licensee, including, without limitation, any provision governing the specific activity relating to the medical use of cannabis in which the establishment is engaged.

3. The Board may adopt any regulations necessary to carry out the provisions of this section.

Sec. 4. 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 cannabis by a medical cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of the fair market value at wholesale of the cannabis. The excise tax imposed pursuant to this subsection is the obligation of the medical cannabis cultivation facility.

2. An excise tax is hereby imposed on each wholesale sale in this State of cannabis by an adult-use cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of the fair market value at wholesale of the cannabis. The excise tax imposed pursuant to this subsection is the obligation of the adult-use cannabis cultivation facility.

3. ~~[Aa]~~ *Except as otherwise provided in subsection 8, an* excise tax is hereby imposed on each retail sale in this State of cannabis or cannabis products by an adult-use cannabis retail store at the rate of 10 percent of the sales price of the cannabis or cannabis products. The excise tax imposed pursuant to this subsection:

(a) Is the obligation of the adult-use cannabis retail 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.

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

(a) To the Cannabis Compliance Board and to local governments in an amount determined to be necessary by the Board to pay the costs of the Board and local governments in carrying out the provisions of chapter 678C 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 Education Fund.

5. The revenues collected from the excise tax imposed pursuant to subsection 2 must be distributed:

(a) To the Cannabis Compliance Board and to local governments in an amount determined to be necessary by the Board to pay the costs of the Board and local governments in carrying out the provisions of chapter 678D 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 Education Fund.

6. For the purpose of subsections 4 and 5, 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 subsection 2 in each fiscal year shall be deemed sufficient to pay the costs of all local governments to carry out the provisions of chapters 678C and 678D of NRS. The Board shall, by regulation, determine the manner in which local governments may be reimbursed for the costs of carrying out the provisions of chapters 678C and 678D of NRS.

7. The revenues collected from the excise tax imposed pursuant to subsection 3 must be paid over as collected to the State Treasurer to be deposited to the credit of the State Education Fund.

8. *The excise tax imposed pursuant to subsection 3 does not apply to a sale of cannabis for the medical use of cannabis or a medical cannabis product to the holder of a registry identification card or letter of approval by an adult-use cannabis retail store that has been deemed to be a dual licensee pursuant to section ~~3.5~~ 3.5 of this act.*

9. As used in this section:

(a) "Adult-use cannabis cultivation facility" has the meaning ascribed to it in NRS 678A.025.

~~(b) "Adult-use cannabis retail store" has the meaning ascribed to it in NRS 678A.065.~~

~~(c) "Cannabis product" has the meaning ascribed to it in NRS 678A.120.~~

*(c) "Letter of approval" has the meaning ascribed to it in NRS 678C.070.*

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

(e) "Medical cannabis cultivation facility" has the meaning ascribed to it in NRS 678A.170.

(f) "Medical cannabis establishment" has the meaning ascribed to it in NRS 678A.180.

*(g) "Medical cannabis product" has the meaning ascribed to it in NRS 678A.200.*

*(h) "Medical use of cannabis" has the meaning ascribed to it in NRS 678A.215.*

*(i) "Registry identification card" has the meaning ascribed to it in NRS 678C.080.*

Sec. 4.3. 1. Notwithstanding the provisions of section 1.3 of this act and except as otherwise provided in subsection 5, a person who, on January 1, 2022, holds a medical cannabis establishment license may, upon the expiration of the license, submit an application to the Board for the issuance of an adult-use cannabis establishment license of the same type.

2. An application submitted pursuant to subsection 1 must:

(a) Contain the same information as required for the renewal of a medical cannabis establishment license pursuant to NRS 678B.210; and

(b) Be accompanied by a fee in an amount that is equal to the fee for the renewal of an adult-use cannabis establishment license of the same type as that of the medical cannabis establishment license which has expired, as set forth in NRS 678B.390, as amended by section 2.9 of this act.

3. If the Board determines that the applicant would have been eligible to renew the medical cannabis establishment license which has expired, the Board shall issue to the applicant an adult-use cannabis establishment license of the same type.



4. An adult-use cannabis establishment license issued by the Board pursuant to this section shall be deemed to be an adult-use cannabis establishment license issued by the Board pursuant to NRS 678B.250.

5. A person who, on January 1, 2022, holds both an adult-use cannabis establishment license and a medical cannabis establishment license may not, pursuant to this section, apply for or be issued an additional adult-use cannabis establishment license upon the expiration of the medical cannabis establishment license of the person.

6. As used in this section:

(a) "Adult-use cannabis establishment license" has the meaning ascribed to it in NRS 678A.040.

(b) "Board" means the Cannabis Compliance Board.

(c) "Medical cannabis establishment license" has the meaning ascribed to it in NRS 678A.185.

Sec. 4.6. 1. The Board shall complete a study of the market for cannabis and cannabis products in this State as required by section 1.3 of this act not later than February 1, 2023.

2. If, based on the results of the study conducted pursuant to subsection 1, the Board determines that the demands of the market for cannabis and cannabis products in this State necessitate the issuance of additional adult-use cannabis establishment licenses, the Board shall:

(a) Begin accepting applications for the issuance of licenses as required by section 1.3 of this act not later than July 1, 2023; and

(b) Issue adult-use cannabis establishment licenses in accordance with the requirements set forth in section 1.3 of this act.

Sec. 4.9. The Cannabis Compliance Board shall, on or before January 1, 2023, submit to the Director of the Legislative Counsel Bureau for transmittal to the 82nd Session of the Legislature a report with recommendations for legislation to consolidate the provisions of chapters 678C and 678D of NRS.

~~Sec. 5. 1. Any person who, on January 1, 2022, holds a medical cannabis establishment license for a medical cannabis dispensary but does not hold an adult-use cannabis establishment license for an adult use cannabis retail store may, on or before June 1, 2022, submit an application to the Board to convert the medical cannabis establishment license for a medical cannabis dispensary to an adult use cannabis establishment license for an adult use cannabis retail store.~~

~~2. An application submitted pursuant to subsection 1 must:~~

~~(a) Be submitted on a form prescribed by the Board;~~

~~(b) Contain any information the Board may by regulation require; and~~

~~(c) Be accompanied by a fee in an amount established by regulation of the Board.~~

~~3. If the Board approves an application submitted pursuant to subsection 1, the approved applicant shall surrender his or her medical cannabis establishment license for a medical cannabis dispensary. Upon surrender of the license, the Board shall issue to the approved applicant an adult use cannabis establishment license for an adult use cannabis retail store.~~

~~4. Except as otherwise provided in NRS 678.220, as amended by section 1 of this act, and NRS 678B.260, as amended by section 2 of this act, an adult use cannabis establishment license for an adult use cannabis retail store issued pursuant to this section shall be deemed to be an adult use cannabis establishment license for an adult use cannabis retail store issued by the Board pursuant to NRS 678B.250.~~

~~5. The Board shall adopt regulations necessary to carry out the provisions of this section. The regulations must, without limitation:~~

~~1. (a) Prescribe the form and required contents for an application submitted to pursuant to subsection 1;~~

~~2. (b) Prescribe the manner in which an application may be approved or denied; and~~

~~3. (c) Establish a fee for the conversion of a license pursuant to this section in an amount the Board determines necessary to cover the costs of carrying out the provisions of this section;~~

~~4. 6. As used in this section:~~

~~5. (a) "Adult-use cannabis establishment license" has the meaning ascribed to it in NRS 678A.040;~~

~~6. (b) "Adult-use cannabis retail store" has the meaning ascribed to it in NRS 678A.065;~~

~~7. (c) "Board" means the Cannabis Compliance Board created by NRS 678A.250;~~

~~8. (d) "Medical cannabis dispensary" has the meaning ascribed to it in NRS 678A.175;~~

~~9. (e) "Medical cannabis establishment license" has the meaning ascribed to it in NRS 678A.185.]~~ **(Deleted by amendment.)**

**Sec. 6.** 1. This section becomes effective upon passage and approval.

2. Sections 1 to 5, inclusive, of this act become effective:

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

(b) On January 1, 2022, for all other purposes.