



CANNABIS
COMPLIANCE
BOARD
STATE OF NEVADA

Nevada Cannabis Compliance Board

Agency Overview

February 4, 2021

Tyler Klimas, Executive Director
Michael Miles, Deputy Director



Timeline of Nevada's Cannabis Program

*Established through **Assembly Bill 533 (AB533)**, the Nevada Cannabis Compliance Board (CCB) consists of five board members appointed by the governor. AB533 also created the 12-person Cannabis Advisory Commission to study cannabis-related topics and make recommendations to the CCB.*

2000: Nevadans voted to legalize medical use.

2015: The first medical marijuana establishment opened.

2016: Voters approved Ballot Question 2, legalizing adult use (a.k.a. recreational use).

2017: Recreational sales began in Nevada; the state's cannabis program transitioned from the Division of Public and Behavioral Health (DPBH) to the Department of Taxation (DoT).

2019: Governor Sisolak signed AB533, creating the Nevada Cannabis Compliance Board (CCB), modeled after the Nevada Gaming Control Board.

2020: The state's cannabis program transitioned from DoT to the CCB.



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CCB Board Members

The CCB consists of five board members, appointed by the Governor.

Current Membership:

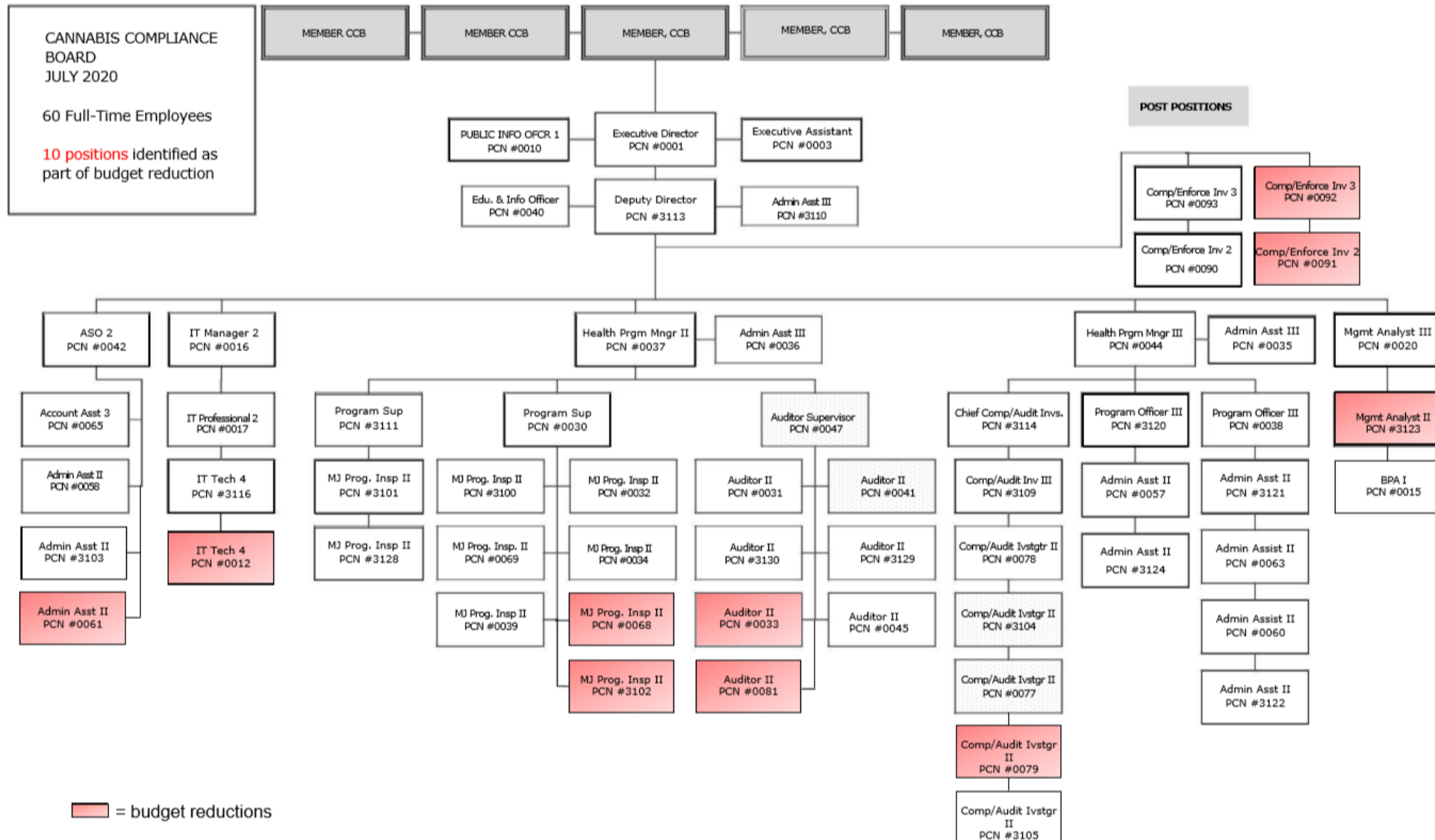
- **Hon. Michael Douglas, Chair** - Legal
- **Dennis Neilander** - Regulatory Enforcement
- **Jerrie Merritt** - Finance
- **Riana Durrett** - Industry
- **Dr. Bryan Young** - Licensed Physician



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Existing Organizational Structure



Cannabis Advisory Commission

The CAC is tasked with studying issues related to the cannabis industry and making policy and regulatory recommendations to the CCB.

- 12-member commission chaired by the CCB Executive Director.
- Includes 8 representatives with expertise related to the cannabis industry, in addition to the Nevada Attorney General, Director of the Department of Public Safety, and the Executive Director of the Department of Taxation.

Agency Mission and Guiding Principles

Mission Statement: *The Nevada Cannabis Compliance Board governs Nevada's cannabis industry through strict regulation of all areas of its licensing and operations, protecting the public health and safety of our citizens and visitors while holding cannabis licensees to the highest ethical standards.*

Guiding Principles

- The Nevada Cannabis Compliance Board will govern Nevada's cannabis industry through strict regulation of all persons, locations, practices, associations, testing and related activities.
- We will protect public health and safety, by enforcing laws and regulations to ensure that only product meeting the highest industry standards is available for adult and medicinal consumption by those legally allowed such activities.
- Through our investigative and equitable licensing practices, we will hold cannabis licensees to high ethical standards and ensure that only suitable licensees can participate.
- We will maintain the industry's economic benefit to the state by generating appropriate taxes and fees.
- All communities within the state will have the opportunity to participate in the industry and prosper from its economic benefit.
- We will operate with the highest levels of integrity and avoid any personal or professional conflicts that may erode public confidence and trust. Our strength lies in our commitment to be the very best at what we do—what we expect from our licensees is what we expect from ourselves.
- We will continue to stay focused on emerging industry technology and best practices, knowing that innovation and growth is a cornerstone to our success.



Summary of Agency Operations & Regulatory Responsibilities

- Regulate and oversee Nevada's 730+ medical and adult-use operational licenses
- Ensure compliance with statutes and regulations set forth in NRS 678A-D and the Nevada Cannabis Compliance Regulations (NCCR 1-14)
- Audit and inspect all licensed cannabis facilities
- Partner with local and state law enforcement on cannabis-related matters
- Conduct investigations and impose disciplinary action on cannabis establishments and licensees
- Facilitate all license requests, agent registration cards, transfers of interest and other industry functions
- Receive and track complaints and incident reports for agency review
- Collect industry fees and fines
- Promulgate regulations and update NCCR as necessary
- Facilitate meetings of the 5-member Cannabis Compliance Board
- Facilitate meetings of the 12-person Cannabis Advisory Commission
- Compile and maintain data from licensees for regulatory functions and statewide reports
- Communicate with the industry and the public to relay important health information and facilitate public health and safety warnings



Nevada Cannabis Compliance Regulations (NCCR)

- The CCB's core set of regulations that guide Nevada's cannabis industry.
- 14 sections; 130+ pages.
- Adopted by the Board, July 21, 2020.
- Regulations can be amended or repealed, upon Board approval and adoption.
- Any member of the public may petition the Board to request changes to the NCCR.



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CCB Divisions

- **Administration & Licensing**
- **Audit & Inspections**
- **Investigations**
- **Enforcement**



Administration & Licensing

- Maintain database of 730+ medical and adult-use operational licensees and ownership listings.
- Process, review license renewal applications; collect related fees.
- Process, review change of location requests and entity name changes from licensees.
- Manage Agent Registration Card program (10,000+ active); all employees, contractors, volunteers, and most owners, officers, and board members of a cannabis establishment must carry an active Agent Card.
- Partner with Department of Public Safety and FBI to conduct background checks, review background reports prior to approval of an Agent Card application.
- Assist the Department of Taxation in collecting unpaid taxes from licensees.



Audits & Inspections

- Perform audits and inspections of cannabis facilities (routine, pre-openings, facility modifications, investigations, etc.).
- Ensure facilities are operating in accordance with the laws and regulations in order to promote public health and safety.
- Process requests for cannabis product package/labeling, facility modifications, menu or equipment changes, laboratory retests, requests to extract, R&D testing.
- Ensure independent testing laboratories adhere to general laboratory standards, practices and procedures.
- Track and monitor all inventory from seed-to-sale, and audit monthly and quarterly reports from licensees required by the CCB.
- Verify compliance and security in all establishments is functioning properly through 24/7 video surveillance.



Investigations

- Review, process, and approve Transfers of Interest (TOI) and/or TOI waiver applications for change of ownership requests.
- Vet potential licensees and affiliated owners, officers, and board members, which includes conducting interviews and a full suite of background and due diligence checks, and financial analysis.
- Process requests for management contract approvals, changes to officers and directors.
- Provide comprehensive and technical review and analysis reports; and make recommendations to the Board.



Enforcement

- Board agents evaluate all complaints made against a licensed facility, and incident reports filed regarding licensed facilities.
- POST-certified enforcement agents along with inspectors and auditors inspect all establishment types.
- Quarantine product if product appears to be untagged or found outside the seed-to-sale tracking system; or if product is found to be potentially unsafe for consumption.
- Disciplinary investigations are performed in conjunction with the Nevada Attorney General's office; two Senior Deputy Attorneys General (SDAGs) assigned to the CCB review investigations and prepare disciplinary complaints when warranted.
- Administrative Law Judge (ALJ) will preside over CCB disciplinary hearings; present recommendations to the Board on potential civil penalties against a licensee.
- The Board is the final arbiter of discipline and has final approval regarding any subsequent settlement agreements.
- Civil penalties may include warnings, fines, destruction of product, suspensions, and/or revocation of licenses/agent cards.
- Partner with local and state law enforcement regarding criminal investigations; and to convey safety notices when necessary.



CCB Statistics

Total Medical and Recreational Operational Licenses statewide: 739

Licensed Medical Cannabis Establishments

- **158** Cultivation Facilities
- **110** Production Facilities
- **10** Independent Testing Labs
- **67** Medical Cannabis Dispensaries

Licensed Recreational Cannabis Establishments

- **151** Cultivation Facilities
- **108** Production Facilities
- **10** Independent Testing Labs
- **78** Retail Cannabis Stores
- **47** Distributors

**as of January 2021*



Types of Facilities

- **Cultivation:** Licensed to grow, harvest and package cannabis; and to sell cannabis to cannabis establishments, but not to consumers.
- **Production:** Licensed to purchase cannabis; manufacture, process, and package cannabis/cannabis products; and to sell to other cannabis establishments, but not to consumers.
- **Dispensary/Retail:** Licensed to purchase cannabis/cannabis products from other cannabis establishments; can sell to consumers.
- **Independent Testing Laboratory:** Licensed to test cannabis/cannabis products.
- **Distributor:** Licensed to transport cannabis from one cannabis establishment to another.



Medical vs. Recreational (Adult-use)

Medical Patients are able to:

- Possess up to 2.5 ounces of cannabis.
- Do not pay 10% excise retail sales tax.
- Grow cannabis at home (up to 12 plants), if appropriate reason is selected when applying for medical patient card.
- Minors under 18 years of age may hold a medical patient card, with a designated primary caregiver.

Nevada's medical-use cannabis program is governed by NRS 678 A-C; NCCR 1-14.

Adult-Use Consumers are able to:

- Possess up to 1 ounce of cannabis.
- Must be 21 years and older to purchase and possess cannabis.
- Grow cannabis at home (up to 6 plants); must be more than 25 miles away from a dispensary.

Nevada's adult-use cannabis program is governed by NRS 678 A, B & D; NCCR 1-14.



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What is Cannabis?

**as defined as “marijuana” in NRS 453*

- All parts of any plant of the genus Cannabis, whether growing or not;
- The seeds thereof;
- The resin extracted from any part of the plant, including concentrated cannabis; and
- Every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin.



Cannabis Tax Collection – FY20

Cannabis Wholesale Tax 15%

Wholesale Tax is collected on the first wholesale sale of cannabis products.

Cannabis Retail Tax 10%

Retail Tax is collected on the retail sale of cannabis products at retail establishments.

Cannabis Fair Market Value (FMV)

Fair Market Value is the assigned value based on the price a buyer would pay to a seller in an arm's length wholesale transaction.

The initial wholesale transaction for every cannabis product is taxed at the sale price or the FMV, whichever is higher. The 15% wholesale tax applies to these transactions.

The FMV is determined by using wholesale transaction records over a 6-month period (some exceptions apply). Internal transfers, samples/promos and outliers are removed. The data is standardized and a median price per pound or unit is determined.



Impact of COVID-19

- Industry specific guidance in accordance with Governor Sisolak's emergency directives.
- Expanded delivery sales through a virtual vehicle inspection process.
- Creation of a curbside pickup model.
- Web-based Agent Registration Card application to replace the outdated paper application.
- Issued extensions for Temporary Delivery Vehicle ID cards and Temporary Agent Cards to accommodate limitations due to COVID.



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Contact Information & CCB Locations

Website: <https://ccb.nv.gov>

Office Locations:

Carson City Office

1550 College Parkway, Ste. 142
Carson City, NV 89706

Las Vegas Office

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