

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON REVENUE**

**Eighty-First Session
March 25, 2021**

The Committee on Revenue was called to order by Chair Lesley E. Cohen at 4 p.m. on Thursday, March 25, 2021, Online. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Lesley E. Cohen, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblywoman Natha C. Anderson
Assemblywoman Shannon Bilbray-Axelrod
Assemblywoman Venicia Considine
Assemblyman Gregory T. Hafen II
Assemblywoman Heidi Kasama
Assemblyman C.H. Miller
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher
Assemblyman Tom Roberts
Assemblyman Steve Yeager

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Terri McBride, Committee Manager
Gina Hall, Committee Secretary
Cheryl Williams, Committee Assistant



OTHERS PRESENT:

A'Esha Goins, Founder, Cannabis Equity and Inclusion Community Nevada
Andrew Mieure, Owner and CEO, Top Shelf Budtending
Tyler Klimas, Executive Director, Cannabis Compliance Board
Layke Martin, Executive Director, Nevada Dispensary Association
Bri Padilla, Private Citizen, Henderson, Nevada
Ashley Dodson, Private Citizen, Las Vegas, Nevada
Christina Thomas, Chair, Southern Nevada Veterans Advocacy Council; and Owner,
Living Free Souls
Asia Duncan, Private Citizen, Las Vegas, Nevada
Katree Saunders, Private Citizen, Las Vegas, Nevada
Warren Hardy, representing the Urban Consortium
Timothy Eli Addo, Private Citizen, Las Vegas, Nevada
Courtney Lopez, Private Citizen, Henderson, Nevada

Chair Cohen:

[Roll was taken and Committee rules and protocol were reviewed.] We are going to have to recess today at 4:40 p.m. but we will return. After the bill hearing, Mr. Nakamoto from our Fiscal Analysis Division, Legislative Counsel Bureau staff is going to take a few minutes to go through the marijuana tax law for us. Pages 56 through 58 of our *Revenue Reference Manual* contains that information. I will open the hearing on Assembly Bill 322. I believe the hearing will be conducted using the mock-up [[Exhibit C](#)], which is available on Nevada Electronic Legislative Information System. With us today is Assemblyman C.H. Miller.

Assembly Bill 322: Provides for the licensure and regulation of certain events at which the sale and consumption of cannabis or cannabis products is allowed. (BDR 56-789)

Assemblyman C.H. Miller, Assembly District No. 7:

I appreciate this opportunity to present Assembly Bill 322, which provides for the licensure and regulation of certain events at which the sale and consumption of cannabis or cannabis products are allowed [reading from prepared testimony, [Exhibit D](#)]. Assembly Bill 322 was introduced to provide a solution that will curb illicit cannabis consumption at events by creating a designated space at certain events where limited amounts of cannabis can be sold and consumed in a legal and properly controlled way. This bill also aims to lower the barrier of entry into the industry, which will create opportunities for people of color who were largely shut out from acquiring licenses previously due to those high barriers and the limited number of available licenses. Assembly Bill 322 will also help Nevada expand its revenue potential from this booming new industry in a responsible and regulated way.

Presenting with me today is Ms. A'Esha Goins, the innovative mind who developed this concept, and the founder of the Cannabis Equity and Inclusion Community (CEIC). Joining her today will be Ken Evans, President of the Urban Chamber of Commerce, and

Andrew Mieux, a renowned social consumption specialist and President of Top Shelf Budtending. Ms. Goins will take over shortly to discuss the bill and the amendments in greater detail, but first I want to provide some background information on those amendments.

Comprehensive cannabis legislation was enacted in the 2019 Session with the passing of Assembly Bill 533 of the 80th Session. This bill created the Cannabis Advisory Commission (CAC) and the Cannabis Compliance Board (CCB), which are modeled after the regulatory structure Nevada uses in gaming, and we all know Nevada is the gold standard in gaming. While I was not here at the time, I can imagine that many of you who voted for this legislation did so with the goal of establishing Nevada as the gold standard in the cannabis industry as well.

The 2019 legislation also charged the CCB with adopting regulations to provide for the gathering and maintenance of comprehensive demographic information, including, without limitation, information regarding race, ethnicity, age, and gender concerning owners and managers of cannabis establishments and holders of cannabis establishment registration cards. The report submitted to the Nevada Legislature in January 2021 is the first information we have had of the demographic makeup of Nevada's cannabis industry. While I mention this report [Nevada Cannabis Compliance Board - Demographic Report 2021], I will not focus my time here, as I believe Ms. Goins will provide some additional information regarding it when she speaks, and we have members from the CCB on the call if there are questions regarding that report. What I would like to say is that I believe A.B. 322 will provide greater opportunity for diversity within the cannabis industry, further marking Nevada as the gold standard in how to do cannabis right.

As we prepare to go over this bill and the amendment [[Exhibit C](#)], I want to mention a couple of things. In the email I sent to you all, the introduced version of A.B. 322 was largely based on schemes from other states that have similar businesses in their existing law, and there was a significant level of detail imported from those states. In conversations with stakeholders we realized it would be more appropriate at this time not to go into that level of detail in statute, but rather to pare the statutory scheme back to a more bare-bones authorization for these types of businesses to be licensed in Nevada, and grant authority to the CCB to vet best practices and carefully establish what these businesses can and cannot do through regulation. This will allow the process of developing this new business structure to be reactive and flexible, with a goal of bringing the best working structure into statute in a future session.

Nevada stands out as the gold standard in several other industries. I have already mentioned gaming, but there is also tourism, mining, and energy. Now it is time to add cannabis to that list. Chair, with your permission, I would like to turn the remainder of the presentation over to Ms. Goins and our guests.

A'Esha Goins, Founder, Cannabis Equity and Inclusion Community Nevada:
With your permission, I would like Andrew Mieux to do his presentation first.

Andrew Mieure, Owner and CEO, Top Shelf Budtending:

I have an extensive track record in the responsible and lawful handling, managing, and serving of cannabis and cannabis products within cannabis hospitality venues, private events, and wedding spaces, including assisting large-scale, vertically integrated cannabis companies and small boutique brands. I have established responsible consumption standards, effective service solutions, and conceptual development for on-site consumption facilities as well as consumption-friendly venues and events. I have assisted in drafting numerous consumption-friendly bills, including Initiative 300 in Denver as well as House Bill 19-1230 of the Colorado General Assembly, which established a first-of-its-kind, state-level hospitality licensing system for all sizes of cannabis businesses.

Over the past six years, my company, Top Shelf Budtending, has successfully served over 80,000 guests in event settings spanning six adult-use legal cannabis markets. So I have quite literally seen the cannabis hospitality industry in its infancy and grown up from that. I have seen what works and what does not work, which brings me to Nevada and A.B. 322.

I moved to Las Vegas in 2017 with the hope of ushering a new era of cannabis hospitality, because that is what the state is known for—hospitality. Now, nearly four years later, I believe it is our time to allow cannabis hospitality to be included in the unique ecosystem that Nevada has. From my experience living in Las Vegas, cannabis consumption is happening on the streets, in casinos, and at events whether we like it or not, and it has not stopped. It will most likely continue as long as product is available. Currently, with my knowledge, before the pandemic happened the only place to purchase and consume cannabis was at the Paiute Tribe-owned NuWu Cannabis Marketplace dispensary, which is a fantastic place all on its own.

While on-site cannabis hospitality venues that are attached to dispensaries are essential to a thriving cannabis hospitality ecosystem, I believe we need more license types and models that allow small businesses to thrive. Assembly Bill 322 helps us achieve this in a way never before seen in our industry.

Assembly Bill 322 allows small-business owners and operators like me, other event coordinators, and hospitality professionals to properly monetize cannabis. That has never really been done before in the industry on the scale we are looking at here. Currently, we have no way of monetizing cannabis at events, and it makes it very difficult for small businesses to remain afloat. This will allow more tax dollars from overall sales due to consumers choosing the convenience of purchasing cannabis at a reputable vendor at an event. It is better than going against an untaxed legacy dealer, in that case, at the event; so, more tax dollars all around.

This will allow the bring-your-own (BYO) cannabis hospitality establishments to monetize their business properly, whereas this was not possible before. The BYO lounge models are failing in states that have implemented them. We have seen this in Denver. When we

brought up Initiative 300, we basically started the way the BYO lounges worked, and currently there is only one remaining in the city. From my perspective, the BYO cannabis model is currently failing.

Assembly Bill 322 will also provide a pathway for legacy operators to become licensed, which they were talking about as well. It provides a social equity applicant with a license type that has not been touched by big business or out-of-state license holders. This bill provides a pathway to true social equity, which is very rare in the industry right now with the structure they have going on with this license type. It allows underprivileged operators the opportunity to participate in an industry that has largely cut them out, by offering an affordable and manageable pathway to licensing. These licenses have the ability to restore impacted communities and build generational wealth within those communities, which we do not have a lot of in the cannabis space.

Purchased cannabis for resale will be coming directly from already established license holders who have tested and safe cannabis. For the consumers at these events, having tested and safe cannabis available for them to consume makes it easier, not only for us to control those products given to the consumers but also for law enforcement to know where those products are coming from. Dispensary license holders will also be able to monetize the events, product, and cannabis hospitality spaces because we will be working directly with them.

Licenses will require a safer cannabis hospitality experience, including the controlled consumption areas, tested product, and educated workers on-site. We will have control over product in those controlled consumption areas, so it will make it a lot easier for us to keep our guests safe. It is always a big thing to keep the guests safe. With this being such a brand-new solution never seen before, I think safety is going to be our number one concern, and I think this tackles it very well.

As it stands, I am for the bill, but I do have two reservations. I would like to see a two-year residency clause built in to allow Nevadans to have a first shot at the licenses without interference from outside entities. I would also like to see some type of education and cleanliness benchmark added to the bill. Other than that, I like what we have going on here. I think it is a fantastic way forward in the realm of not only social consumption but social equity, and allowing a fair place for everyone to get their businesses started. Thank you for your time.

A'Esha Goins:

"What was sort of striking was the lack of diversity in some of the leadership levels," Layke Martin, Executive Director of the Nevada Dispensary Association, was quoted in February 2021 in an interview with *The Nevada Independent*. In that same article, Tyler Klimas, Executive Director of the Cannabis Compliance Board, said one reason for the lack of diversity is the high bar to enter the industry, including the capital needed to start a cannabis establishment. An application fee for a license is \$5,000, while the actual licensing fee can be as high as \$30,000 depending on the facility type.

Those fees have resulted in fewer cannabis licenses for the communities of color, who were disproportionately targeted or affected by the decades of drug policy, such as the war on drugs. In the 32nd Special Session, the Assembly and Senate unanimously adopted Senate Concurrent Resolution No. 1 of the 32nd Special Session, declaring systematic racism as a public health crisis. A few paragraphs from that resolution read as follows:

WHEREAS, Systemic racism and structures of racial discrimination create generational poverty, and perpetuate debilitating economic, educational and health hardships and disproportionately affect people of color, causing the single most profound economic and social challenge facing Nevada;

WHEREAS, Nevada is a growing and diverse state with continually shifting demographics; and

WHEREAS, Racism has deep, harmful impacts and unfairly disadvantages Black, Indigenous and other persons of color (BIPOC) and has impeded solutions necessary to achieve racial parity.

According to Nevada Cannabis Compliance Board Demographic Report 2021, there were 612 licensed cannabis adult-use owners. Of those owners, 71 are Hispanic or of Latin descent, 28 are Black or of African American descent, and 14 are Indigenous or Alaskan Native, with 74 percent of the cannabis executives identifying as white.

My organization, the CEIC [Cannabis Equity and Inclusion Community] has dedicated our time, energy, and passion to ensure the freedom of our community, equity in the Nevada cannabis marketplace, and opportunities for those disenfranchised by the war on drugs. It is because of my team's dedication to their community I present to you A.B. 322.

The existing law provides for the licensure and regulation of persons and establishments involved in the cannabis industry in this state. I want to call your attention to section 25.5 [[Exhibit C](#)]. It requires the Board [Cannabis Compliance Board] to give priority to a social equity applicant in processing applications for a cannabis event organizer license or portable cannabis vendor license. Section 14.5 defines "social equity applicant" to generally mean an applicant who has been adversely affected by previous laws that criminalized activity relating to cannabis. Section 25.5 further requires the Board to adopt regulations establishing criteria to determine whether an applicant qualifies as a social equity applicant.

I want to introduce the two licenses. A "cannabis event organizer" [section 2, subsection 1 and 2] is a business that is licensed by the Board pursuant to section 15 of this act; and permits, maintains, promotes, conducts, advertises, operates, undertakes, organizes, manages, sells, or gives away tickets to temporary cannabis events. A "portable cannabis vendor" [section 4, subsection 1 and 2] is a business that is licensed by the Board pursuant to section 21 of this act; and purchases cannabis or cannabis products from an adult-use cannabis retail store and sells such cannabis or cannabis products at a temporary cannabis event.

Section 8, subsection 1 and 2 define the "temporary cannabis event." It is an event held by a cannabis event organizer for which a temporary cannabis event permit has been issued by the Board pursuant to section 16 of this act and at which participants of adult-use cannabis retail stores or portable cannabis vendors sell cannabis or cannabis products to persons 21 years of age or older. The consumption of cannabis or cannabis products by persons 21 years of age or older is allowed.

The intent of this bill is to provide new licensing for those who were disenfranchised, but it is also a viable business model. One of the concerns in the marketplace is not just the licensing itself. It is if we provide these licenses to these persons, can they maintain them? Can they be profitable? I believe that these microbusiness models will provide that opportunity, not just for new licensing but also for a pathway into our Nevada cannabis marketplace. I am open for questions.

Chair Cohen:

Could you go through the mock-up [\[Exhibit C\]](#)? I want to ensure we get the whole picture of the changes and how this would proceed if the bill were passed.

A'Esha Goins:

I will start at section 10. Section 10 will amend *Nevada Revised Statutes* (NRS) 678A.010 to read as follows: "As used in this title, unless the context otherwise requires, the words and terms defined in NRS 678A.020 to 678A.240, inclusive, and sections 2 to 9, inclusive, of this act have the meanings ascribed to them in those sections." Section 11, subsection 2, 3, and 4 explain what a "cannabis establishment" means—a medical cannabis establishment, a cannabis event organizer, or a portable cannabis vendor.

Along the lines of a cannabis event organizer license and a cannabis event permit, a portable cannabis vendor event license has been stricken out [section 12, subsection 6]. There were licenses that were unnecessary, so we are striking those out and going with the two licenses and the permit to have the event.

Sections 14.5 goes over the social equity applicant. It means "an applicant for the issuance or renewal of a cannabis event organizer license or portable cannabis vendor license who has been adversely affected by provisions of previous laws which criminalized activity 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."

Section 15 goes over what the organizer can and cannot do. An organizer would act like a host. For example, their job would be to curate and manage events. They could bring in licensees—no more than three licensees—into an organized event. This section also goes over the requirements for the licensee to apply for an application.

Section 16, subsection 1 states, "A person shall not hold a temporary cannabis event unless the person: Is a cannabis event organizer; and has been issued a temporary cannabis event permit for the temporary cannabis event by the Board. . . ." The intent of this is to ensure

that the organizer is the person who is in control of what is happening in that consumption space. If they have curated vendors, that person's job would be to ensure those vendors are operating according to the logistics of what they said. This includes the consumption area, security, and whatever regulations the Board puts in place.

Section 17, subsection 1 states, "A person shall not sell cannabis or cannabis products at a temporary cannabis event unless the person is an adult-use cannabis retail store or a portable cannabis vendor. . . ." This ensures we have safe sales and safe consumption. One thing that has been going on with events is we have had a lot of legacy marketplaces. A legacy market is what the community calls the illicit market. This is to ensure that the person organizing that event is maintaining that the space is being considered in conjunction with regulations of the state of Nevada that include sales.

Section 18, subsection 1 states, "A cannabis event organizer that holds a temporary cannabis event shall: Ensure that only persons who are 21 years of age or older are allowed to access areas within the temporary cannabis event designated for the sale or consumption of cannabis or cannabis products." I want to ensure the Committee understands that these events are specifically for those who are 21 years or older. It is the intent of this bill and these licenses to maintain safe consumption for those 21 years or older. Many times when I have talked about this bill, one of the events people mentioned is Life is Beautiful Music and Art Festival. According to the language in this bill, that event would not necessarily qualify for those two licensees to operate because it is an all-age event. Unless the Board regulates that this event can have safe consumption, it would not qualify because it is supposed to be 21 years or older.

Section 19 states, "A cannabis event organizer shall not sell cannabis or cannabis products at a temporary cannabis event unless the cannabis event organizer is an adult-use cannabis retail store or a portable cannabis vendor. . . ." So the license for a cannabis event organizer is only for a curator or a promotor. Their task is to ensure an event has a safe consumption place and also has vendors and establishments there. They are not a portable cannabis vendor, which I will be going over.

Where you see the language struck out [section 19, subsections 2 and 3; section 20, subsections 1 through 3], these are the regulations we wanted to give back to the CCB because they are the regulators of what is going on in our industry. In order to maintain that the cannabis industry is integral, we wanted to ensure the CCB had the opportunity to put those regulations together.

Section 21 states "A person shall not engage in the business of a portable cannabis vendor unless the person holds a portable cannabis vendor license. . . ." There are the establishments that can be in a cannabis space under the organizer and then there is the portable cannabis vendor. If you are familiar with the portable wine and liquor bars, it is the same idea but with cannabis. That cannabis vendor cannot hold product. The product is available only for that event. They make the purchase for that event and there are requirements that the Board will put in place on how that product will be handled after the event.

Section 22 has been struck out because we wanted to give the CCB the opportunity to put regulations together. Section 23, subsection 1, paragraph (a) states, "A portable cannabis vendor that participates in a temporary cannabis event shall purchase all cannabis or cannabis products for resale at the temporary cannabis event from an adult-use cannabis retail store. . . ." We recognize there is already a flow of how the cannabis marketplace works and we did not want to disrupt that. I understand there is a digital tracking system from seed to sale. This will ensure that the seed-to-sale program stays in place so the CCB can still track that product.

Section 25 states, "A local government having jurisdiction over the location in which a temporary cannabis event is to be held may charge the cannabis event organizer a fee for holding the event. Such a fee must be based on the number of persons who are expected to attend the temporary cannabis event." In no world would I assume a bill would take jurisdiction over a jurisdiction. This allows the jurisdictions to continue to do business the way they do it but also understand what is going on.

Section 25.5, subsections 1 and 2 state, "In processing applications for a cannabis event organizer license or portable cannabis vendor license and in the issuance of such a license, the Board shall give priority to a social equity applicant. The Board shall adopt regulations establishing criteria to be used by the Board for determining whether an applicant for the issuance or renewal of a cannabis event organizer license or portable cannabis vendor license qualifies as a social equity applicant for the purposes of this section. . . ." There have not been any rules set in place for how equity should be handled in the cannabis marketplace. This is one of the first times a social equity program has been introduced in the Nevada cannabis marketplace. We wanted to ensure the CCB had the authority to decide what that should look like based on their findings and based on their analysis—that is what this does.

I believe the last section is going to deal with excise tax. Section 31, subsection 2, paragraphs (a), (b), and (c) state, "The Board shall establish by regulation fees for: The issuance and renewal of a cannabis event organizer license; the issuance of a temporary cannabis event permit; the issuance and renewal of a portable cannabis vendor license." Again, this is just assuring that the CCB has the authority to put regulations in place they believe are in the best interest of the industry.

Section 31, subsection 3 states, "The Board may by regulation establish reduced fees for an applicant for the initial issuance or renewal of a cannabis event organizer license or portable cannabis vendor license that is a social equity applicant." We wanted to ensure that the social equity applicants have the opportunity to get into the industry without there being so many barriers.

Section 33, subsection 9 states, "Set forth rules pertaining to the safe and healthful operation of temporary cannabis events, including, without limitation: Requirements for the testing, labeling and sale of cannabis and cannabis products at a temporary cannabis event. . . ."

This is reiterating the statutes that are already there as it relates to labeling and presentation. The CCB has done a great job of ensuring those products are labeled for safe consumption, and since they will be going from retail to these events, that will stand in place.

Section 34, subsection 3 states, "For the purposes of sub-subparagraph (I) of subparagraph (1) of paragraph (d) of subsection 1, an area within a temporary cannabis event that is designated for the consumption of cannabis or cannabis products is not a public place or a place open to the public or exposed to public view." Again, it is important that the integrity of the cannabis industry remains in place. It is never our intent to have youth or underage persons have access to cannabis. What this will do is ensure at these events that there is an enclosed area for sales and for consumption.

Section 36, subsection 2 states, "For the purposes of sub-subparagraph (I) of subparagraph (1) of paragraph (d) of subsection 1, an area within a temporary cannabis event that is designated for the consumption of cannabis or cannabis products is not a public place or a place open to the public or exposed to public view." This is reiterating section 34, subsection 3.

Section 37, subsection 9 states, "A person may smoke or otherwise consume cannabis or a cannabis product in an area within a temporary cannabis event that is designated for the consumption of cannabis or cannabis products." Our intent is to ensure when the sale happens, those persons stay in that area. It is not intended that there will be sales at an event and there will be people walking around at an event selling unless the whole event is enclosed. Again, this is just ensuring we have safe sales and safe consumption, so we keep the integrity of our tourism and our events in Nevada.

Section 42 deals with excise tax. Subsection 8 states, "The excise tax imposed pursuant to subsection 3 does not apply to a sale of cannabis or cannabis products by an adult-use cannabis retail store to a portable cannabis vendor for the purpose of resale." Because the vendor will be purchasing from retail, which would be a retail price, this asks that the vendor puts the excise tax on that end, so it acts as a wholesale purchase from a retailer to the vendor.

Chair Cohen:

We need to recess at this time, but before we do, for the members of the public who are on hold and want to testify, you are welcome to wait or call back in later. However, if you do not want to do that, feel free to send us your testimony in written form. We will review that and add it to the exhibits. We are in recess [at 4:40 p.m.].

We are reconvened [at 5:55 p.m.]. We will continue with the bill hearing on A.B. 322. Assemblyman Miller and Ms. Goins, is there more to the presentation or are you ready for questions?

A'Esha Goins:

There is just one section left in the bill and then I will be ready for questions. Section 45, subsection 1 reads, "This section becomes effective upon passage and approval." I want to paint a picture of what these two ideal licenses would be like, the first being a cannabis event organizing license. That person would act as a promoter, an advertiser, an event curator. The idea is that they could, for example, host an event—bring the event together. Their responsibilities could be that they would ensure there is safe consumption and there are safe sales by facilitating no more than a few establishments within this space. The space would be enclosed. It could have space for people to consume safely, having security in that space, and they would be responsible to ensure persons coming in and out of that space are of the appropriate age, which is 21 or older.

The portable vendor license, in concept, would operate only when a temporary event permit has been given. Both of these licenses cannot operate without the approval of the CCB upon each event. The portable cannabis vendor would be getting their product from a retailer hours prior to the event. They could only be in a specific area that has been submitted to the CCB for approval. That approval would ensure the space, what is being sold in that space, what the available seating is in that space. They would be required to ensure those persons are over the age of 21, and they have safe consumption in that area.

These individual licenses are not to operate alone without getting the approval from the CCB, and they are not to be operating at events that have not been sanctioned by those jurisdictions. These are not stand-alone operational licenses. These are not brick-and-mortar licenses. These are just small-business, microbusiness, ideal licenses that could only operate in the capacity the CCB gave them. That is the end of my presentation. I am available for questions.

Chair Cohen:

Assemblyman Miller, are we ready for questions or is there anyone else presenting?

Assemblyman Miller:

I believe we are ready for questions if Ms. Goins is ready.

Assemblyman Yeager:

Some of my questions are clarifications because the amendment [[Exhibit C](#)] made some pretty substantial changes. I want to ensure I understand what the amendment is doing versus the original bill. My first question would probably be for Ms. Goins. I think the original bill had specified that there would be a mechanism where a portable cannabis vendor, and I am probably getting the name wrong, but that they would have to return the product back to the dispensary where they got it. In your presentation, I thought you said you took that out and you are going to leave that up to the CCB to figure out the mechanism. I just wanted to confirm that was the intent of the amendment presented.

A'Esha Goins:

Yes, that is the intent, to allow the CCB to put those regulations in place however they see fit—to maintain the integrity of the industry.

Assemblyman Yeager:

If you had an event where cannabis was going to be allowed, is your vision of how this would operate be that people would be able to bring their own cannabis or would they have to exclusively purchase on-site from the licensed vendors?

A'Esha Goins:

The intent is safe sales and safe consumption, so only products that have been regulated through the CCB, from already retailed establishments, would be available for sale. Those persons coming in and out of those sanctioned spaces would be secured to have that happen.

Assemblyman Yeager:

My next couple of questions go to the social equity piece, which is obviously something I am very interested in and I think a number of Committee members are too. Section 14.5 of the amendment [[Exhibit C](#)] defines what social equity is. It makes a reference to impacted geographic locations where the event might take place. I wanted to get a little bit of your thought process. It makes a lot of sense when we think about individuals who are impacted, being able to obtain these licenses, but give me a little bit of the thought process on looking at geographic locations and how that really fits into the social equity piece.

A'Esha Goins:

That specific segment was taken out of your consumption lounge bill [[Assembly Bill 341](#)]. I wanted to be consistent with that language because I know social equity is the conversation for this session. So the geographical part would not apply to this. We already had the conversation before we were able to amend that; that would not apply to this bill.

Assemblyman Yeager:

This may be a question for Mr. Klimas, who I know is on the Zoom call. When we talk about social equity, when we look at section 25.5 of the amendment [[Exhibit C](#)], it kind of specifies how social equity is going to play out in this process. On page 16 of the amendment [[Exhibit C](#)], section 25.5, it talks about the Board giving priority to a social equity applicant. I am curious what your vision or what Assemblyman Miller's vision was for priority. Does that mean they are going to jump the line over everyone else and get the license; is there going to be some kind of scoring system where they get additional consideration; or are we just going to leave that up to the CCB to structure it?

A'Esha Goins:

The intent is to ensure there is equity in this marketplace. I would absolutely leave that to the Cannabis Compliance Board (CCB) and the Cannabis Advisory Commission (CAC), and how they see the best way to roll that process out.

Assemblyman Yeager:

This question might be one for our Legal or Fiscal Analysis staff who are on the Zoom call. We heard some discussion about the excise tax and how the vision here is that a vendor would essentially purchase the product from a retail establishment, and the excise tax would not be collected then and there, but would be collected once the product was actually sold at an event to a consumer. My question here is I think we have two different taxes we were talking about. There was the one passed by the voters in the initiative petition [State Question No. 2 of the 2016 General Election] and Senate Bill 487 of the 79th Session where the Legislature added an additional 10 percent excise tax. My question is, are both those taxes going to be paid by the end-user consumer at the event or is one paid at the time of purchase from the actual retail establishment?

Russell Guindon, Principal Deputy Fiscal Analyst:

That is a very good question and observation, Assemblyman Yeager. I have been thinking about that myself and interacting with the Department of Taxation by email. I think that is one of the things your staff would have to look into.

To answer your question, this is clearly tangible personal property, so the sales tax is attached when the retail sale occurs. What you were referencing is the ballot question and the 15 percent wholesale excise tax in it, and then at the end of the 2017 Session the Legislature put in place the 10 percent retail excise tax. So when there is a retail sale of cannabis and cannabis products, the sales tax attaches to that retail sale as well as the 10 percent. As I look at section 23 of the mock-up [[Exhibit C](#)], which is also in the bill as introduced, that is one of the things that will happen.

On the sales tax side of things, we have what is called a "resale certificate." So when you are selling at retail, the portable vendors may have to register with the Department of Taxation as a retailer and obtain a seller's permit, and they could also obtain a resale certificate. Then, when the portable vendor is purchasing the products from the adult-use establishment they can show that resale certificate and the tax will not be collected by the adult use person from the portable vendor. So it would seem to me when the portable vendor is selling it at retail to a person at the event, the sales tax would have to be collected and remitted. That is my logic with regard to the sales tax.

It is less clear to me thinking through the 10 percent retail tax because under the current regulated controlled environment for marijuana, I do not know that our statutory provisions envisioned this wholesaler-resale type interaction where somebody can buy something from a retail adult-use establishment, then resell it at retail. That is one of the things that is also on my radar, and I will be interacting with the Department of Taxation to seek additional clarity on that as well. I do not work for the Department of Taxation, so I gave you my opinion. Once I get the answer from them, we can provide that. I think it is possibly clearer on the sales tax side because we have well-established provisions to handle somebody buying it and then wanting to sell it again at retail. I have not had a chance to read the provisions for the 10 percent retail marijuana excise tax to see if we have that, or if the Department of Taxation

feels they would be comfortable administering that without any additional regulatory provisions put in place or a statutory change that would be needed to accommodate this new structure.

Assemblywoman Bilbray-Axelrod:

As I came into the meeting late, perhaps this was discussed before I joined. I was curious about how this lines up with compliance of the Nevada Clean Indoor Air Act. Has this been considered?

A'Esha Goins:

Again, I have an expectation that the CCB will put in regulations for the Nevada Clean Indoor Air Act. I do know all our hope is that the cannabis industry stays integral, but that is something the CCB would have to put in place.

Assemblywoman Bilbray-Axelrod:

I see Mr. Klimas is on the Zoom call. Is that something he could answer?

Chair Cohen:

Mr. Klimas is here in neutral today. Mr. Klimas, are you available to answer that question?

Tyler Klimas, Executive Director, Cannabis Compliance Board:

Obviously, it is something we would have to look into. This is a very new concept. We would have to draft language with some kind of regulations around the Nevada Clean Indoor Air Act, but I would not have any kind of clarity at this point of where we are on that. You are right to bring it up. It would be a concern.

Assemblyman Roberts:

I have a couple of questions regarding event security. I know regular vendors or regular businesses are limited in the amount they can transport, and they have put in some contingencies for transporting large amounts of marijuana. Also, it is a cash-only business. This is probably something for the CCB. Would the same regulations apply to vendors for these events?

Tyler Klimas:

Yes, all of those regulations. Just talking about this concept being very new for the state of Nevada, obviously enforcement and regulation would be at the top. It is probably the most critical piece. We consider security one of the most important aspects of compliance, and it has to be ingrained in compliance plans for all of our establishments as we currently sit. So, if these were to be new license types or these events were to be permitted, these security plans would have to be extremely vetted, and then, of course, we would have to have the enforcement resources to go out there and ensure those security concerns were being met in all aspects—cash handling, product distribution—from top to bottom.

Assemblyman Roberts:

So your staff would be doing those follow-up inspections and things like that? The only reason I ask is in Las Vegas we have thousands and thousands of special events every year, and we have had an overview of your staff on some other presentations. Is this something your agency can handle, or is this something you would have to scale up for?

Tyler Klimas:

We would absolutely have to scale up on our resources. We are working on a fiscal note right now, doing the best to try to anticipate. If we are talking about permits for events, there is an unlimited capacity as you just mentioned. We are not just talking about Las Vegas. We would be talking about the state of Nevada. So yes, we anticipate, and we have made it clear to the bill sponsors, that a fiscal note is coming. We are trying to find metrics that make sense as far as the quantity of events that are possible, event licenses, and certainly we want to put forth a reasonable, responsible kind of fiscal note on this. As far as enforcement, the CCB's charge is to regulate and oversee all aspects of the cannabis industry. So if these were to go on, it would be imperative that the CCB has enforcement and regulatory control of these.

Assemblyman Roberts:

Would your office be approving site plans? I cannot remember what section of the bill says something about approved plans. For other special events, when I was at Metro [Las Vegas Metropolitan Police Department], the jurisdiction—whether it was the Clark County, City of Las Vegas, or whoever—approved special events plans and the local police department was involved in that. Would that be the process for this or would this all go through the CCB?

Tyler Klimas:

The bill sponsor might be able to clarify this, but the way I understand the bill, the CCB would oversee the approval process of the plans and the permits. However, a local approval, including whatever fees the locals attach to that, is part of that approval process similar to how we do approvals for changes of locations and things like that. You are absolutely right, enforcement of these will be a joint operation between the locals and local law enforcement. It would take that type of coordination to oversee these kinds of events, estimating that there is going to be a range from small events to very large events.

Assemblyman Hafen:

Assemblyman Miller, at the beginning of your testimony you referenced a report from the CCB. I want to confirm the one I was looking at is the correct report. It is the Demographic Report of Nevada's Cannabis Industry, dated January 29, 2021.

Assemblyman Miller:

Yes, that is correct.

Assemblyman Hafen:

Is that the report that will be used in reference to section 25.5 [[Exhibit C](#)] to ensure the CCB is actually meeting those criteria?

Assemblyman Miller:

Yes, I believe that would serve as a guideline; however, the criteria and the path to meeting the criteria have not yet been developed.

Assemblyman O'Neill:

I apologize. I have been having some IT [Information Technology] issues and lost connection, so these questions may have already been asked. Will alcohol sales also be allowed at these events where you would be mixing alcohol and cannabis usage?

Assemblyman Miller:

Alcohol may be a part of the larger events, but it would not be a part of the specified cannabis event. If the cannabis event is in the footprint of a larger event, nothing outside of cannabis would be in the cannabis space; however, it is designed for this event to fit within the footprint of a larger event that may have alcohol sales outside of the cannabis space.

Assemblyman O'Neill:

So there is a possibility of mixing both alcohol and cannabis. The visitors could partake in both, correct?

Assemblyman Miller:

If someone so chose to consume both, they would have that option, just as they likely would do now without the space.

Assemblyman O'Neill:

Just before I lost connection with the meeting, there was conversation of not being allowed to bring in any personal cannabis. It was my understanding the answer to that was, correct. When alcohol is not allowed to come into an event, they take quick looks through backpacks, bags, et cetera. Considering the ease of hiding cannabis, do you have any idea what the policies could be, or who would establish those policies to prevent cannabis being brought into an event?

Assemblyman Miller:

Those policies would be part of the regulation the CCB would develop. The goal with the bill and the amendment [[Exhibit C](#)] is to be able to authorize the licenses and give the CCB the opportunity to properly vet best practices and implement those things through regulation, so we can really figure out the best way to maneuver as we develop the industry. Anything that comes to regulation of how things will flow, who can go where, who can have what, what the size of the event will be, we look to work with the CCB on the regulatory process to develop them. I believe the initial bill can also serve as a framework, or a footprint, to start to build from as we build out these regulations, because the initial bill is based on other states that already have some similar types of cannabis event organizers or hosts, and things like that.

Assemblyman O'Neill:

For clarity's sake, if you have an event, I heard that you have secluded areas for cannabis usage, and then you may also have the larger one where the entire event would be considered cannabis. What would be the protection for your security, law enforcement, staff, or your medics, if you have any, so they do not consume or are exposed to secondhand smoking and become under the influence? I just hate to see law enforcement, security, et cetera, be suffering with that. Is there any plan or thought to that issue?

Assemblyman Miller:

I, too, share your desire to want to protect our law enforcement officers, the security, as well as anyone who may be working or operating at the event. Off the top of my head, the first thing I would think of is that appropriate PPE [personal protective equipment] would be necessary. However, I would again look to work with CCB to discover what is the best way to protect those who are there to work and not actually engage, to protect them from the smoke.

Chair Cohen:

Mr. Klimas, can you tell us the CCB's involvement with alcohol as it stands right now? Obviously, I know you do not regulate it, but is there any type of involvement any of the facilities have, any training your staff has, that type of thing?

Tyler Klimas:

The CCB has no involvement in alcohol. Alcohol is not allowed at any cannabis facilities nor can it be sold at retail establishments.

Chair Cohen:

Does your agency ever work with any of the agencies that regulate alcohol in the state?

Tyler Klimas:

No. There has not really been a point of intersection at this time, but I think given this bill, and the consumption lounge conversations, we will see where it goes. But at this point, there has never been that intersection from the regulatory side or from the retail side.

Assemblywoman Kasama:

It sounds like it may be complicated to have these indoors. Maybe these have to be spaces outdoors adjacent to the indoor events where they directly go outdoors. It just sounds like it is getting complicated to have it inside with the air quality features. I know you said that people could not bring cannabis in, but if you purchase it and do not use it all in the space, can you take it with you out of the space?

A'Esha Goins:

The intent is for that not to happen. The intent is for safe consumption and safe purchase in that space. This bill's intent is not to have large purchases or those purchases to be consumed later. If you were to go to a special event and purchase alcohol, they do not like you to take the alcohol out of those special events. It would be the same concept.

Assemblywoman Kasama:

Assemblyman Yeager may have touched on this, but in section 14.5, the social equity applicant, I find that confusing. I think you said the geographic location would be taken out, but there is a section there, ". . . adversely affected by provisions of previous laws which criminalized activity relating to cannabis . . ." and then if we go to section 15, I am looking at page 7, line 14 of the amendment [[Exhibit C](#)], it says people cannot "have been convicted of an excluded felony offense." Perhaps I do not understand it. To me it almost reads as if you have had crimes for possession, I would guess, and then it says to qualify for the license, you cannot have had those issues. They seem in conflict to me. I am not a lawyer, so perhaps I am not reading that correctly.

A'Esha Goins:

I am glad you pointed that out. I actually had to Google that myself. So an excluded felon does not qualify for those cannabis-related offenses.

Assemblywoman Kasama:

So a person who had a charge or conviction of cannabis could still get the license and operate. Is that correct?

A'Esha Goins:

I want to clarify that excluded felonies are specific felonies, and that is what that language is alluding to. Cannabis is not one of those excluded felonies.

Chair Cohen:

Assemblyman Miller, have you communicated with the counties and municipalities about the roles they would play in this?

Assemblyman Miller:

Yes. I have had some conversations with representatives from NACO [National Association of Counties], Clark County, as well as I believe it is the Urban . . . it represents the city. I am sorry if I do not recall the actual association. What I understand is they are likely to call in today, possibly in opposition, not because they do not like the bill or the concept of it; they just want to also ensure they have the ability to approve the events within their local jurisdictions. That is something we are definitely open to and initially was the intent, to allow the local jurisdictions to have the authority to allow or deny these events within their borders, and as Mr. Klimas said, work with the CCB as it relates to enforcement and all of the other necessary components to ensure the events are safe, secure, regulated, and successful.

Assemblyman Yeager:

Ms. Goins, I want to go back to the idea of unused product being returned to the vendor. I was able to find that section. It is section 23 of the amendment. Here is one of my concerns because the way I read this, what would happen is the portable cannabis vendor is going to buy the product from the retailer but they are probably going to end up having some kind of certificate from the Department of Taxation that indicates they do not have to pay

the taxes. They are going to take that product out and to the event. If they do not sell it all, the way I read that provision is the cannabis retail store must accept the product back and then refund the money. My concern is if I am an owner of a retail store, I may not want to provide that product because once that product leaves my store, how do I ensure the integrity of the unused product coming back? I think about Las Vegas and music festivals in the middle of the summer, where you have product potentially being out there in the heat. I guess the question really is, have you or Assemblyman Miller conferred with retail stores about whether they would be willing to do that because my concern is they just will not sell. If you walk in with the certificate and you are a portable cannabis vendor, they are going to say, We do not want any part of that because we do not want to take the product back.

A'Esha Goins:

I hate to keep reverting back to the CCB, but those were ideas that we had gotten from other regulatory and statutory conversations from other states. That does not necessarily have to be. I definitely want to defer all regulations back to the CCB because I believe they are the professionals in this marketplace and will act on behalf of the integrity of the industry moving forward. I agree with you that may not be the case, and I look forward to a better solution if that is the case.

Assemblyman Yeager:

Mr. Klimas, under the Metrc tracking system we have for product, in theory if we were to implement this procedure, the retail shop is going to show a sale of the product to the portable cannabis vendor, and then the portable cannabis vendor would have their scan system where you would know that product was being sold. What would happen with the unused product? If ultimately the decision was that you cannot force the retail shop to take the product back, maybe it needs to be destroyed in some way. I think about restaurants, they have to try to inventory and buy product, and sometimes they buy too much and it goes to waste. The way the Metrc system is currently set up, is there a way to account for that? Could you talk about that? I did not ask the question in a great way, but I want to see how these things fit together.

Tyler Klimas:

That would be a concern of ours as we work through this process. The Metrc is from seed to sale, and it remains to be seen if it can be seed to sale and then returned back into a retail store. It is something we would have to look at and obviously consult with Metrc on the mechanisms for something like that. You brought up destruction and we utilize destruction for [unintelligible] product in other instances where it cannot be tracked. So maybe that is a way to move or a way to work with product that is left unused. Those are big points that would certainly have to be worked through.

Assemblyman Roberts:

There are sections with mention of submitting fingerprints and background checks—things like that—and it highlights the standards of an applicant being either rejected or accepted. I am curious, are those going to be the same as other licensees for cannabis or is it going to be different for vendors and promoters?

A'Esha Goins:

The intent is to be consistent; however, there is a space where it says the CCB has the authority to make exceptions if necessary. The answer is that is the intent. The intent is to, again, maintain the integrity of the industry. That has been consistent with other licensing, and although I understand that this is a small-business license, or what we would call a microbusiness license, we still want to ensure that process is followed through. Again, it is still left up to the CCB; however, yes, the intent is to maintain that component of the process.

Chair Cohen:

We will now hear testimony in support of A.B. 322. We will limit testimony to two minutes. Please note if there is more information you would like us to have, feel free to submit your testimony.

Layke Martin, Executive Director, Nevada Dispensary Association:

The Nevada Dispensary Association board is still reviewing the amendment [[Exhibit C](#)] in detail, but we are familiar with the concept and we support the bill's aim to create new opportunities and greater inclusion in the cannabis industry. With respect to section 23, which came up a couple of times during the bill presentation, we look forward to continuing to work with the bill sponsor and the CCB to clarify the procedure and timing for returning product to retailers. Again, we applaud Assemblyman C.H. Miller and A'Esha Goins for their work on developing this new license type, which will create opportunity and increase diversity in the cannabis industry.

Bri Padilla, Private Citizen, Henderson, Nevada:

I am commenting my support for A.B. 322, not only as a member of CEIC [Cannabis Equity and Inclusion Community], but also a member of the Latino community, a professional in the industry, and a citizen whose life has been negatively impacted by the war on drugs [reading from prepared testimony, [Exhibit E](#)]. With the legalization of cannabis in Nevada, there was a robust and highly regulated multibillion-dollar industry that has been spawned; however, there are deep and disturbing disparities and inequities that have become increasingly clear as our industry matures.

Through the growing number of vertically integrated cannabis operators and the consolidation of licensees in our state and others, we have seen the interests of the local and small-business owners fall to the wayside. From steep barriers to entry that prevent the participation of any applicant who does not have access to tens of thousands, if not hundreds of thousands, of dollars in funding, to the lack of representation of women, Latinos, Black, and Indigenous community members in our industry, there is a need for the Legislature to act now.

In support of this assertion, I point to the CCB's recent demographic report findings, which highlighted the need for viable business options and opportunities for communities impacted by the war on drugs. Due to a plethora of reasons, including the negative impacts of systemic racism and discrimination against women—remember, for much of history, women were excluded from the business and banking opportunities, and it has only been in the last

few decades that the participation of women in industry and entrepreneurship has become established. This historical context is crucial because this state of affairs underscores the need for targeted and specific opportunities that protect and preserve the interest of small-business owners, many of whom are women, people of color, and other minority groups.

As an entrepreneur, cannabis advocate, and event planner who directly services the cannabis community, I have seen firsthand the deleterious impact of the current set of restrictions on cannabis businesses and ancillary companies seeking to serve their communities and the industry. Not only does the current set of laws encourage illegal and unsafe behavior by not providing legal options for consumption, it also robs conscientious cannabis entrepreneurs with smaller business models of the opportunity to work in the same realm as their peers.

By considering legislation such as [A.B. 322](#) the Legislature will be giving our cannabis industry a dynamic and robust set of tools that allows for diversity, including when it comes to the kinds of businesses and opportunities our community is able to participate in. I will submit the rest of my comments if I am out of time [[Exhibit E](#)].

Ashley Dodson, Private Citizen, Las Vegas, Nevada:

I am a licensed social worker and co-founder of CEIC in support of [A.B. 322](#). As an advocate and patient user of cannabis, I believe this bill will be a positive step toward social equity and social justice for those who have been adversely affected by the failed war on drugs. This will open up more opportunities for those in the Black and Brown communities, and from the legacy market, creating jobs and addressing the barriers to keep those who identify as such out of the marketplace. [Assembly Bill 322](#) will also help increase public safety as it will regulate a small-business model, as an industry should always have. Those who have been previously concerned with how those who will consume and purchase, this bill will provide safe environments for those over the age of 21, like alcohol.

According to recent data, in 2020 there were \$530 million in legal sales of cannabis; however, with nearly half of the Nevada marijuana industry workforce being people of color, those who hold executive-level positions for cannabis are more significantly white and male. As you can see and imagine, these numbers are staggering, and in terms of distribution, wealth, and equity, people of color are disproportionately represented and still in impoverished circumstances in a near billion-dollar industry. This is a perfect representation of systemic racism and the continued social injustices faced by people of color and those disenfranchised by the failed war on drugs.

[Assembly Bill 322](#) will help diminish this wealth gap, which will lead to more freedom, equity, and opportunities. Small-business models are necessary and representation matters. It is my hope that Nevada will join in becoming a leader and being an example in the cannabis industry by cultivating more diversity and inclusion, and making those who again are disenfranchised by the failed war on drugs with a fair, affordable, and just opportunity.

Thank you to CEIC founder A'Esha Goins and Assemblyman Miller for their efforts and continuous work. Again, I would urge you to support A.B. 322 and create change in the growing cannabis industry.

Christina Thomas, Chair, Southern Nevada Veterans Advocacy Council; and Owner, Living Free Souls:

I am part of the core team at CEIC. I would like to state that I am in favor of this bill because of personal [unintelligible] medical patient. I also represent several other veterans who are not able to attend certain events as well as these, because they are not able to consume cannabis in a safe way while at events. While at events it is also imperative that we offer those types of licenses to others who have been disenfranchised as well as other minorities and people of color. If we are able to do that, then we are also able to include social equity, the inclusion of everyone, also creating a more social economic standard, as we have been given the gold standard for cannabis throughout the world.

It is imperative that we take the stance now to be able to say we are participating and ensuring that we not continue the failed war on drugs, and we set the example that is necessary. I urge all of you to support A.B. 322 in reference to those who are trying to get safe access while at events, and also to allow other small businesses to allow across-the-board social and inclusion for those who are looking to go out and support A.B. 322.

Asia Duncan, Private Citizen, Las Vegas, Nevada:

I am in support of A.B. 322 because I am a representative of communities disenfranchised by the war on drugs. I am also a co-founder of CEIC. I am a Black woman, mother, aunt, sister, and neighbor of Black and Brown communities disproportionately affected by the failed war on drugs policies, directly and systematically in terms of wealth, business, growth, resources, and health for generations. Now we have created an entire industry around cannabis sales, cultivation, and production without including social equity, microsmall business models, or reinvestment. I believe we can do better.

I am currently an active agent cardholder and I work in compliance for a license and cultivation facility here in Nevada. As the director of a cultivation facility, we have two licenses, medical and recreational, and we are cultivation only. On an executive employee level, I see firsthand the lack of diversity and inclusion, and I also feel the struggle and see the struggle of a small cultivation cannabis license trying to gain market share and brands without enough sales outlet because a good majority of these dispensaries also are vertically integrated, either not taking on outside brands for cultivations or just having limited shelf space.

I feel A.B. 322 introduces two new microbusiness model concepts that will procure product from dispensaries legally and allow more growth and production overall. I think it will contribute to overall revenue and growth. I support A.B. 322 and believe the bill will be a true tangible way to address social equity because disenfranchised communities are where small business and microbusiness thrive.

Katree Saunders, Private Citizen, Las Vegas, Nevada:

I am in favor of the bill, although I would like for it to be amended on some things. I have been disenfranchised by the war on drugs, not only at a state level but also at a federal level. I got set up by the DEA [Drug Enforcement Administration] under Operation Chronic Problem. I helped protect over 800 patients when I fought my federal case. When I got out of prison, I helped with medical to retail cannabis. I help make over \$100 million for local business owners and the state of Nevada, where they then changed the law to exclude sellers from working in the industry. My wrist pops out of place. I was lied to about stock options, insurance, and raises. Being disenfranchised, not only by the war on drugs but also by the State of Nevada, has left me homeless, left me unable to get a job, not only in the cannabis industry but also even as a Lyft driver. My family deserves to build generational wealth within the cannabis industry. I have a son who fights for the United States Air Force. I have three other children who deserve for me to be able to build generational wealth, not only limited to portable use vendor licenses but also inclusion and real ownership, that includes cannabis cultivation, dispensaries, labs, tissue culture companies, all those things should be included in real equity when we are speaking in regard to cannabis, and those most disenfranchised by the war on drugs. Thank you for my time. I will yield the floor. That is all I have to say, but I am demanding social justice on an economic level, not only inclusive to these licenses but also additional licenses need to be distributed to build sustainable generational wealth.

Chair Cohen:

Because you are requesting change to the way the amendment is drafted, at this point we are going to list you in opposition. Feel free to contact the sponsor and continue to work with him, to see if he is willing to accept your requested changes. We will now hear from the next caller in support. [There was no one.] We will now hear from callers in opposition.

Warren Hardy, representing the Urban Consortium:

I am here today representing the Urban Consortium, which is made up of the Cities of Las Vegas, Henderson, Reno, and Sparks. Under Assembly Standing Rule No. 54, we are here in opposition, but I had a good exchange with Assemblyman Miller this afternoon. I think the concerns we have, he articulated in his comments to your question, Madam Chair, so we look forward to continuing to work with him to provide an amendment to clarify the local government's responsibility and ability to approve these events. I also want to thank Ms. Goins for her willingness to work with us on this. She has indicated to some of my colleagues that is her intention. We look forward to continuing to work with the sponsor and want to thank Assemblyman Miller and Ms. Goins for their consideration of our concerns.

Timothy Eli Addo, Private Citizen, Las Vegas, Nevada:

I am speaking in opposition to A.B. 322 for the reasons that I would like include, hopefully include, are [unintelligible] languages that will support the equity aspects for social equity for people of color who have been disproportionately marginalized from this industry. I had a local nonprofit back in 2012 and 2013 and the biggest obstacles we faced back then are still some of the biggest obstacles we face today, and that is banking and also real estate. I am speaking in opposition in terms that we would like to be able to provide for pathways to

ownership like they do in other states, which include so many different resources that could also be diverted back to communities to also help people of color basically improve our community and also improve the lives of our teenagers.

The reason for our opposition is as of Senate Bill 374 of the 77th Session and other bills in the past, we understand that it went through a lot of changes that basically kept a few of us out of the industry, and in respect to Senator Tick Segerblom's work, we understand that a few of these amendments could be rewritten to favor people that have the experience and the knowledge to also be able to basically have work in the supply chain.

Chair Cohen:

Your two minutes are up. I invite you to continue to communicate with the bill sponsor to see if you can come to some consensus with him.

Timothy Eli Addo:

Thank you.

Chair Cohen:

Is there anyone else in opposition?

Courtney Lopez, Private Citizen, Henderson, Nevada:

While I support most of the bill, I am speaking in opposition in that part that prohibits consumers from entering the venues with their own products. I just feel that it presents more of a financial constraint on people. Events in Las Vegas are notoriously expensive. To have people come in to these events after paying a high-priced ticket, and be forced to pay what is undoubtedly going to be expensive for buying cannabis at an event, if they have to mark up from an already expensive dispensary from which they are buying, it just seems to be too much of an economic burden no matter who is trying to enjoy one of these events. I think that allowing consumers to come in with products that have been purchased at a dispensary on their own, they could come up with a way to show proof of purchase, I think that would be a little bit easier. But the markup is going to be astronomical, as all markups are in Las Vegas. Go to any event. Buy a drink. You will see what I am talking about. I just do not think if we are trying to take into consideration people of color, who have been disenfranchised, and, let us be honest, have a lower socioeconomic standing which they have less money to work with, this is not really going to be beneficial to them.

Chair Cohen:

As that was the last person in opposition, we will move to those who are neutral on the bill. Mr. Klimas, would you like to make a statement in neutral?

Tyler Klimas:

I do not.

Chair Cohen:

We appreciate your being here. With no one else in neutral on Zoom, we will go to the phones and see if we have anyone who is neutral. [There was no one.] I will invite the bill sponsor back to make a closing statement, as well as Ms. Goins.

Assemblyman Miller:

I will allow Ms. Goins to make her closing remarks and then I will make my final statement.

A'Esha Goins:

I appreciate the Committee allowing this time to present this bill. I want to make sure everyone knows, and I know I have continuously said this, but it is my heart to always keep the integrity of the cannabis marketplace in place. I was a pioneer in this industry. It has become a part of me. It is my life's work to ensure that there is a safe and equitable pathway for those disenfranchised by the war on drugs. I appreciated every single question and look forward to working with those who are interested in this bill, in coming to an agreement with all so we can move forward and offer new licensures in our cannabis marketplace.

Chair Cohen:

We appreciate your work on this. Please go ahead, Assemblyman Miller.

Assemblyman Miller:

I want to echo Ms. Goins and thank her for bringing the bill to my attention as well as joining us today. I want to thank her for all her work and the work of the stakeholders we have had conversations with, beginning to work on getting to a place that we can all agree. That is something I am committed to—connecting with all interested parties, all stakeholders—to find a solution that will allow this bill to move forward. Thank you, Chair and Committee, for your time today. I urge you to reach out with more questions so we can gain your support on this bill.

Chair Cohen:

I will close the hearing on A.B. 322. We will move on to our brief overview of marijuana tax from Mr. Nakamoto.

Michael Nakamoto, Deputy Fiscal Analyst:

Mr. Guindon and Assemblyman Yeager had a little bit of back and forth about the taxes, so my high-level explanation might become a little higher-level as a result. Basically, since the bill under discussion today, A.B. 322, is more on the regulatory side, I was asked by the Chair to go through a little bit of the taxation.

As those of you on the Committee and most of you remember, Question 2 of the November 2016 General Election sought voter approval for decriminalization, regulation, and taxation of marijuana. That having passed imposed a 15 percent tax on wholesale for marijuana that is produced in Nevada. It is taxable at the transfer from wholesale to the next stage of production. That was the law specifically for recreational marijuana.

The Legislature in Senate Bill 487 of the 79th Session, in an effort to streamline the medical and recreational marijuana, removed the excise tax of 2 percent that was on the sale of medical marijuana, edible marijuana products, and marijuana-infused products by cultivators, producers, and dispensaries, and that is medical only. It removed that and imposed the same 15 percent wholesale tax on medical marijuana. So all marijuana, be it adult-use that is recreational or medical, is subject to this 15 percent wholesale tax.

Let me back up a little. The proceeds from that 15 percent excise tax, less administrative costs to the Department of Taxation, as well as costs for administration that are paid to local governments, are currently deposited in the State Distributive School Account (DSA) for the benefit of K-12 education, and that is as was required by the ballot question back in 2016. Senate Bill 487 of the 79th Session, in addition to streamlining the medical and recreational wholesale taxes, additionally imposed a 10 percent tax on recreational marijuana only at the retail level. That tax does not apply to the sales price of medical marijuana, but the 10 percent tax does apply to the recreational marijuana, as well as the sales tax that would apply. The proceeds from the 10 percent retail tax are also deposited into the State DSA. I would finally note that effective July 1, 2021, those proceeds would be deposited into the State Education Fund, with the transition from the DSA to the State Education Fund approved pursuant to Senate Bill 543 of the 80th Session. I am glad to answer any questions members of the Committee may have.

Assemblywoman Anderson:

I am happy to have this conversation offline because I think there are a large number of rumors and a large amount of things other people have stated, that with many of the other states now legalizing marijuana sales in other ways, has there been a downward trend of this tax, or does it continue to be standard since it was enacted in 2017, or is it even on the rise? I am asking for more information on how much the utilization has been impacted since other states have started to legalize marijuana sales.

Michael Nakamoto:

I would have to go back and look at the collections, particularly in this fiscal year (FY), and those might actually be a little distorted because of the pandemic. The last information I have with respect to the retail tax, the 10 percent tax, is that the collections actually increased in FY 2020 compared to FY 2019, and it was by about \$5 million. The wholesale tax had an increase of approximately 2 percent during that same period, by about \$44 million to \$44.7 million, all told between the local government portion and the portion that went to the Department of Taxation and the DSA. We can have the conversation offline with respect to various trends because I would have to look a little more into that. But my speculation would be that this is a market that is continuing to grow in spite of having surrounding states, namely California, legalizing marijuana at the same time.

Chair Cohen:

Are there any other questions from the members of the Committee? [There were none.] I want to remind the members of the Committee that staff is always available if you have any other questions on this issue or anything else related to revenue. We will now move on to public comment. Is there anyone on the line for public comment? [There was no one.] Are there any comments from the members of the Committee? [There were none.] We are adjourned [at 7:10 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Lesley E. Cohen, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a proposed amendment titled "Proposed Amendment 3139 to Assembly Bill No. 322," dated March 24, 2021, presented and submitted by Assemblyman C.H. Miller, Assembly District No. 7.

[Exhibit D](#) is written testimony presented and submitted by Assemblyman C.H. Miller, Assembly District No. 7, dated March 23, 2021, regarding Assembly Bill 322.

[Exhibit E](#) is written testimony submitted by Bri Padilla, Private Citizen, Henderson, Nevada, in support of Assembly Bill 322.